



## Notice of meeting

# Annual General Meeting 2023

The Annual General Meeting (AGM) of National Australia Bank Limited (NAB) will commence at 9:30am (AEDT) on Friday, 15 December 2023 at:

- Fullerton Hotel Grand Ballroom (Level B), 1 Martin Place, Sydney, and
- Online at <http://meetnow.global/NAB2023> using the platform provided by our share registry, Computershare Investor Services Pty Limited.

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

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

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# Chair's message



## Dear Shareholder

I am pleased to invite you to attend National Australia Bank Limited's (NAB's) 2023 AGM, which will be conducted as a hybrid meeting. The Notice of Meeting together with the Online Meeting Guide provide all the important information you need to know about attending our AGM and are available at [nab.com.au/agm](https://nab.com.au/agm). The Items of Business at the AGM are outlined on pages 12 to 14 and should be read together with the Explanatory Notes located on pages 16 to 36.

## Strength and stability

Our consistent execution of the bank's strategy over multiple years is continuing to benefit NAB's customers, employees and shareholders. We are making steady progress in building the bank we want and that work continues.

Our executive leadership team is delivering consistently and demonstrating discipline in how the bank operates. This includes prioritising the experiences of our customers and our people. We are seeing the outcomes of this through our Net Promoter Score\* and market share while our employee engagement is growing. The calibre of our senior people has been demonstrated through internal appointments to senior executive roles during the year.

This capability has enabled us to grow the bank safely and support our customers in a complex economic environment.

We are improving the culture within NAB, with a strong focus on the impact we have in the communities we serve. Culture and risk management remain front of mind for all of us.

The outstanding regulatory issues identified through the Financial Services Royal Commission have largely been closed. Matters relating to NAB's Enforceable Undertaking with AUSTRAC are progressing to plan.

Lessons learned guide our approach to keeping the bank safe, protecting customers and innovating to be a leading financial services provider.

\* Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter Systems are trademarks of Bain & Company, Inc., NICE Systems, Inc. and Fred Reichheld.

# Chair's message

## Financially secure bank

An increase in underlying earnings this year reflects positive contributions from all businesses. The Board has determined dividends for the year of 167 cents per share, returning \$5.2 billion in total to shareholders.

For the third consecutive year we have undertaken a share buy-back while maintaining healthy capital levels. This supports our ambition to progressively manage down our share count and support shareholder returns.

Over the three years to September 2023, total shareholder return was 85.8 per cent, against an average return of 65.2 per cent for NAB's major bank peers.

The Board has determined executive and employee remuneration outcomes based on the bank's performance against the targets set in NAB's 2023 plan. These are aligned with shareholder outcomes and include financial performance, market share growth, customer outcomes and colleague engagement. These outcomes reflect good progress of our strategy. The Board is focused on maintaining responsible levels of executive remuneration.

## Board renewal

We were pleased to announce the appointment of Christine Fellowes, Carolyn Kay and Alison Kitchen to the NAB Board, to be considered by NAB's shareholders at our Annual General Meeting (AGM) in December. Our existing directors Simon McKeon and Ann Sherry will also stand for re-election with our full support.

At the same time and after having each served three terms of three years, David Armstrong and Peeyush Gupta will retire from the NAB Board at the conclusion of the AGM. On behalf of all shareholders, I thank them for their significant contributions in this period.

These changes are in line with NAB's Board renewal strategy and desire to bring relevant new skills, experience and broader diversity to the Board.

## Preparing for the future

We are focused on securing NAB's position for the long term. The economic environment remains uncertain and there are new and emerging risks to be managed. While the Australian economy is slowing, it is still growing.

Australia is in a good position and we are cautiously optimistic for the future while being alert to geopolitical tensions and the impact that these may have.

We are modernising our technology and our digital, data and analytics capability.

At the same time, we are ensuring the bank is well prepared for further shifts in the global operating environment and acting to strengthen communities and build value for shareholders.

Where appropriate, we will engage in and take action to support broader community issues where there is benefit for our customers, community and the bank. These decisions are made after careful consideration of a range of views. During the year we supported the 'Yes' campaign on the referendum for an Indigenous Voice. This was done because of our strong interest in addressing First Nations disadvantage in the communities in which we operate. We continue to work towards reconciliation through our own Reconciliation Action Plan and growing Indigenous businesses.

Global decarbonisation is gathering pace and there is a growing urgency to transition economies faster.

What we achieve from now to 2030 is critically important and Australia needs to act quickly to set up our economy to capitalise on the opportunity before us.


This year NAB has set 2030 decarbonisation targets for another three emissions-intensive priority sectors: aluminium, iron and steel, and aviation. This builds on targets set last year for power generation, oil and gas, thermal coal mining and cement production. We plan to set further targets in May next year, in line with our requirements as a member of the UN-convened Net Zero Banking Alliance and our ambition to align our lending portfolio to net zero emissions by 2050.

On behalf of the Board, I would like to thank you for your ongoing support as shareholders. I would also like to recognise NAB's team of more than 38,000 for the work they do serving customers well and helping our communities prosper.

We are fortunate to have Ross McEwan as CEO. Ross has never wavered from his intent to have NAB operating as a good bank that does the basics well for customers. NAB has come a long way in recent years. There's still more to do, and we are pleased with the progress being made.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Chronican', with a long horizontal line extending to the right.

**Philip Chronican**  
Chair

# How to participate in NAB's 2023 AGM

NAB will hold its 2023 AGM on Friday, 15 December 2023, 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.

If you are unable to attend, a recording of the webcast will be available on the following business day at [nab.com.au/agm](http://nab.com.au/agm).

## Registration

Registration will commence from 8.30am (AEDT) on the day of the AGM for those attending in person and online.

## Attending in person

The meeting will be held on Level B in the Grand Ballroom of the Fullerton Hotel at 1 Martin Place, Sydney.

This is a meeting for shareholders. Visitors will be required to register to gain entry to the venue.

We ask that all attendees are courteous and respectful to others attending the AGM. This includes being respectful of the privacy of others and not taking photographs or audio or video recordings of the proceedings.

Security measures will be in place for the safety of shareholders, proxyholders and NAB colleagues. We ask that all attendees respect these security measures and allow time for queuing. All attendees will be required to present any bags for a security search. Larger bags will not be permitted into the meeting for security reasons and will need to be stored in the venue's cloakroom.

## Attending online

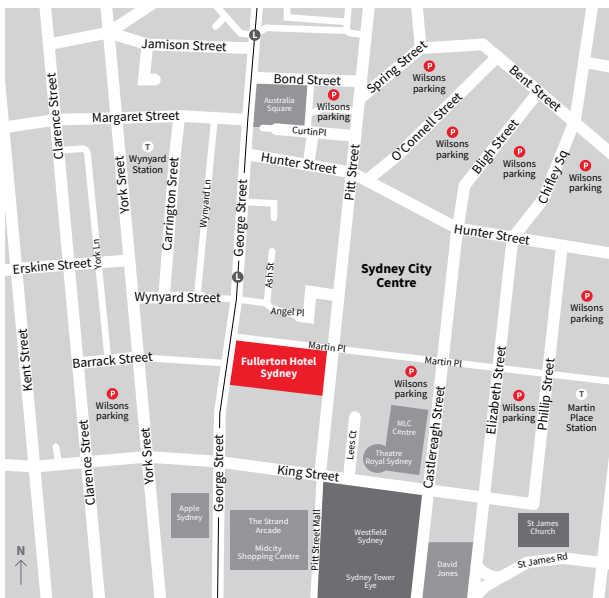
Shareholders and proxyholders can watch, vote and ask questions online during the AGM by visiting our online AGM platform

<http://meetnow.global/NAB2023> or by visiting [nab.com.au/agm](http://nab.com.au/agm) and clicking 'Attend the AGM'.

Please ensure you have your **SRN/HIN** (shareholding number) and the postcode or country of residence for your shareholding available when you log in as you won't be able to vote and ask a question without them. If you are unable to locate your SRN/HIN, please contact Computershare. Please refer to the Online Meeting Guide for more detailed instructions.

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

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



## How to get to the venue

### By car

The Fullerton Hotel offers a valet parking service with entry via 159 Pitt Street. Secure parking is also located at 159 Pitt Street and Wilson Parking is located at 123 Pitt Street. Parking rates are variable.

### By train, tram or on foot

The Fullerton Hotel is centrally located in Sydney and is well serviced by trains and buses that are within walking distance of the hotel. It is approximately 7 minutes' walk from Wynyard Station.

# How to participate in NAB's 2023 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, 13 December 2023.

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 or appoint a proxy 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 the postcode or country of residence for your shareholding to log in. 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, 13 December 2023**.

## Voting during the AGM

Shareholders and proxyholders may vote during the AGM by attending in person or online through the online platform 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 (**CEO**) 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 of the Board and management.

### Before the AGM

Shareholders who are unable to attend the AGM or prefer to register a question in advance may submit questions by Thursday, 7 December 2023 online at [www.investorvote.com.au](http://www.investorvote.com.au) or via email to [nab2023agm@computershare.com.au](mailto:nab2023agm@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 (inside Australia) or +61 3 9415 4299 (outside Australia) by **9.30am (AEDT) on Wednesday, 13 December 2023** 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, we ask shareholders 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 questions to the Items of Business or matters that are relevant to shareholders as a whole. If questions appear to be more relevant to a shareholder's own circumstances rather than to shareholders as a whole, the question will be referred to customer service attendants and will be addressed outside of the AGM proceedings.

# How to participate in NAB's 2023 AGM

## **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 who attend the AGM have a reasonable opportunity to participate, a limit on the number of questions each shareholder 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.

Information on proxy appointments:

- If you are entitled to attend and cast two or more votes, you may appoint up to two proxies.
- A proxy may be an individual or a body corporate and does not need to hold securities in NAB.
- 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 and Election of Directors

- (a) To re-elect Mr Simon McKeon AO as a director following his retirement in accordance with the Company's Constitution.
- (b) To re-elect Ms Ann Sherry AO as a director following her retirement in accordance with the Company's Constitution.
- (c) To elect Ms Christine Fellowes as a director following her retirement in accordance with the Company's Constitution.
- (d) To elect Ms Carolyn Kay as a director following her retirement in accordance with the Company's Constitution.
- (e) To elect Ms Alison Kitchen as a director following her retirement in accordance with the Company's Constitution.
- (f) Mr Stephen Mayne nominates himself as a director and offers himself for election. Mr Mayne nominated himself for election as a director in accordance with the Company's Constitution and his nomination is not endorsed by the Board.

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), 1(c), 1(d) and 1(e).

The Board recommends that shareholders vote against item 1(f). If Item 1(f) is approved, Mr Mayne's election as a director will become effective only if he satisfies the Company's standard requirements for director candidates and meets associated regulatory requirements. Mr Mayne has not met any of these requirements to date.

### 2. Remuneration Report

To adopt the Company's Remuneration Report for the financial year ended 30 September 2023.

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

### 3. Deferred Rights and Performance Rights – Group CEO

- (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 Incentive 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. 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 2023.

#### **5. 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. The resolution in Item 5(a) is a special resolution. The resolution in Item 5(b) is contingent on Item 5(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.

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

##### **Transition Plan Assessments**

Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. Noting our company's requirement that oil and gas customers have a transition plan in place to receive new lending and renewals from 1 October 2025,<sup>1</sup> shareholders request further disclosure addressing:

1. whether all 'fossil fuel companies'<sup>2</sup> will be required to have climate change transition plans in place in order for NAB to provide new lending and renewals;
2. whether the restriction on new lending and renewals applies to all 'new financing'<sup>3</sup>;
3. whether NAB will bring its requirement that customers have transition plans forward to 1 January 2025 to match peer timelines<sup>4</sup>; and
4. whether and how NAB will assess such transition plans for credible alignment with the 1.5°C goal of the Paris Agreement<sup>5</sup>.

(Refer to pages 40 to 41 for footnotes).

# Notice of annual general meeting

The Board recommends that shareholders vote against Items 5(a) and 5(b).

The resolution for each Item of Business (except Item 5(a)) is an ordinary resolution and to be passed requires approval by at least 50% of eligible votes cast on the resolution.

## By order of the Board

Louise Thomson  
Group Company Secretary

9 November 2023

## 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) or 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) or 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 intends to vote all available proxies:

- in favour of Items 1(a), 1(b), 1(c), 1(d), 1(e), 2, 3(a) and 3(b); and
- against Items 1(f), 5(a) and 5(b).

# Explanatory notes

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

Footnotes are on pages 40 to 41.

## **Item 1: Re-election and Election of Directors**

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

Other than in relation to Mr Mayne, the Board, with the assistance of the Nomination & Governance Committee, has:

- assessed the skills and experience of directors offering themselves for re-election and 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;
- considered whether each director standing for re-election and election is independent and has sufficient capacity to undertake the duties expected of a director of the Company; and
- prior to appointment, undertaken a comprehensive background check into a candidate's background and experience.

In accordance with Article 10.3 of the Company's Constitution, Mr Simon McKeon and Ms Ann Sherry will retire at the AGM and will offer themselves for re-election. In addition, Ms Christine Fellowes, Ms Carolyn Kay and Ms Alison Kitchen, who were each appointed as a director since the last AGM, will retire at the AGM in accordance with Article 10.3 of the Company's Constitution and, being eligible, present themselves for election.

The Board has concluded that each of Mr McKeon, Ms Sherry, Ms Fellowes, Ms Kay and Ms Kitchen are independent and that each has sufficient capacity to undertake the duties expected of a director of the Company.

Mr Mayne has nominated himself for election as a director. The Board has considered Mr Mayne's nomination and recommends shareholders vote against Mr Mayne's election as a director for the reasons set out on page 23 of the Explanatory Notes.



### **Mr Simon McKeon AO**

BCom, LLB, FAICD

Appointed as a non-executive director in February 2020.

Chair of the Board's Risk & Compliance Committee and member of the Board's Nomination & Governance Committee.



**Industry experience:** Mr McKeon has more than 40 years' experience in a wide range of sectors including the financial services, legal, government and charity sectors. During his executive career, he held investment banking leadership roles within Macquarie Group, including as Executive Chair of its business in Victoria. In his non-executive career, Mr McKeon served as AMP Limited Chair (2014-2016) (and non-executive director 2013-2016). Through these roles in the financial services industry, he has gained deep experience in strategy, business performance, risk management, legal and regulatory matters, client experience, stakeholder engagement, and people and culture.

**Other business and market experience:** Mr McKeon has broad experience from a range of governance roles in private, public and social sectors. This includes experience gained as former Chair of MYOB Limited, CSIRO, MS Research Australia and a Federal Government Panel that completed a strategic review of health and medical research in 2013. Mr McKeon is an active philanthropist and has contributed over many years to charitable, educational, public health, social housing and other community-based organisations and social causes. Mr McKeon has a strong interest in ESG matters, gained through his broad range of roles and experiences. He is also the Chair of the Australian Industry Energy Transitions Initiative and was the inaugural President of both the Australian Takeovers Panel and the Banking and Finance Oath's Review Panel.

**Directorships of other listed entities:** Rio Tinto Group (ASX: RIO) (since January 2019).

**Other relevant interests:** Monash University (Chancellor), Greater South East Melbourne (Chair), The Big Issue (Advisory Board Member) and GFG Alliance Australia (Advisory Board Member).

#### **RECOMMENDATION**

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

# Explanatory notes

## Ms Ann Sherry AO

BA, Grad Dip IR, FAICD, FIPAA

Appointed as a non-executive director in November 2017.

Chair of the Board's Customer Committee and member of the Board's People & Remuneration Committee. Co-Chair of NAB's Indigenous Advisory Group.



**Industry experience:** Ms Sherry had a 12-year banking career at Westpac in senior business and people and culture leadership roles, including as divisional CEO for Westpac New Zealand and Bank of Melbourne, and Group Executive, People & Culture. In these roles, Ms Sherry gained deep experience in strategy, business performance, operations, risk management, customer experience, stakeholder engagement, and people and culture, with a strong focus on diversity and inclusion. She also gained broad experience in technology, capital management and marketing. Ms Sherry also served as a director on the ING Group Supervisory Board and as a director of ING DIRECT Australia.

**Other business and market experience:** Ms Sherry has significant experience in executive roles within the tourism and transport industries in Australia and New Zealand, as well as in government and public service. Ms Sherry served as CEO and Chair of Carnival Australia, the largest cruise ship operator in Australasia and the South Pacific. Earlier in her career, Ms Sherry was First Assistant Secretary of the Office of the Status of Women advising the Prime Minister on policies and programmes to improve the status of women.

Ms Sherry is an active philanthropist and has contributed over many years to charitable and social causes. She has a deep interest in ESG matters, with particular interest and experience in diversity and Indigenous matters.

**Directorships of other listed entities:** Eneo Group Limited (ASX: EGG) (Chair since January 2020).

**Other relevant interests:** Queensland University of Technology (Chancellor), UNICEF Australia (Chair), Port of Townsville (Chair) and Queensland Airports Limited (Chair).

### RECOMMENDATION

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

**Ms Christine Fellowes**  
BE, MAICD

Appointed as a non-executive director in June 2023.

Member of the Board's Customer Committee.



**Business and market experience:** Prior to her retirement from executive roles, Ms Fellowes was a global media executive with experience in transformation, disruptive technology and complex operating environments. She gained extensive experience in leading growth businesses across regional expansion, strategy and operations roles for prominent US multinationals in media, entertainment, and technology companies operating in the Asia-Pacific region. Most recently she served as the Managing Director of the NBCUniversal Global Networks and Direct to Consumer business in Asia Pacific, overseeing Pay-TV, television and digital services, where she also served on corporate boards. Prior to that, she held leadership positions at Comcast International Media Group, Turner Broadcasting System and Omnicom Group.

Ms Fellowes has a deep understanding of navigating strategic digital transformation. Her expertise lies in strategy development, business performance, customer experience, stakeholder engagement and organisational culture. She is also highly competent in the area of data and analytics and has expertise in understanding different markets, cultures, demographics and consumer trends.

**Recent directorships of other listed entities:** VIQ Solutions (TSX: VQS and NASDAQ: VQS) (April 2022 to August 2023).

**Other relevant interests:** Co-founder of NINEby9 Pte Ltd, a Singapore based company dedicated to research and advocacy for gender equality in organisations in Asia.

**RECOMMENDATION**

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

# Explanatory notes

## Ms Carolyn Kay

LLB, BA, Grad Dip Mgmt, FAICD

Appointed as a non-executive director in July 2023.

Member of the Board's Risk & Compliance Committee.



**Industry experience:** Ms Kay has more than 30 years' experience in the financial services industry in executive and non-executive roles. Ms Kay was a lawyer and banker at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. She has held a number of non-executive director roles in the financial services industry including at The Future Fund, Commonwealth Bank of Australia, Treasury Corporation of Victoria, Victorian Funds Management Corporation and Colonial State Bank and is currently Chair of Rothschild & Co Australia.

**Other business and market experience:** Ms Kay's experience as a non-executive director spans the private, public and not-for-profit sectors. In the private sector, Ms Kay is a director of Scentre Group Ltd. In the public sector, Ms Kay is a member of the Foreign Investment Review Board and was previously a Guardian of the Future Fund as well as a panel member of the Commonwealth Retirement Income Review. In the not-for-profit sector, Ms Kay is on the board of the General Sir John Monash Foundation and Sydney Grammar School.

During her executive and non-executive careers, Ms Kay gained deep experience in banking, governance, risk management, business performance, stakeholder engagement, people and culture, and public policy.

Ms Kay was awarded a Centenary Medal for services to Australian society in business leadership.

**Directorships of other listed entities:** Scentre Group Ltd (Since February 2016).

**Other relevant interests:** Myer Family Investments (Director), Rothschild & Co Australia (Chair), Foreign Investment Review Board (Member), General Sir John Monash Foundation (Director) and Sydney Grammar School (Trustee).

## RECOMMENDATION

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

### **Ms Alison Kitchen**

BA (Hons), FCA, MAICD

Appointed as a non-executive director in September 2023.

Member of the Board's Audit Committee and will succeed David Armstrong as Chair of that Committee after he retires from the Board following the AGM.



**Industry experience:** Prior to her retirement from KPMG in September 2023, Ms Kitchen served as lead external audit partner for a range of ASX-listed organisations, including one of Australia's largest banks. Ms Kitchen's experience extends to providing advice in areas including audit, transaction support, risk management, internal controls, business processes and regulatory change to a wide range of industries, including financial services.

**Other business and market experience:** Ms Kitchen has more than 30 years' experience in a variety of management and governance roles within the KPMG partnership, as well as serving as lead external audit partner for a range of ASX-listed organisations, including five ASX Top 50 companies with global operations. Ms Kitchen was the National Chairman of KPMG Australia and a member of KPMG's Global and Regional boards having responsibility for the overall governance and strategic positioning of the firm.

Ms Kitchen has worked in geographically diverse and complex operating environments and provided advice to industries including energy, mining, transport and consumer goods, as well as financial services.

**Other relevant interests:** Business Council of Australia (Director and Chair of Macroeconomic Committee) and Australian National University (Council Member and Chair of Audit and Risk Committee).

#### **RECOMMENDATION**

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

# Explanatory notes

## Mr Stephen Mayne

BCom, GAICD

Mr Mayne nominated himself for election as a non-executive director of the Company in accordance with Article 10.6 of the Company's Constitution.



Mr Mayne's nomination is not supported by the Board. Mr Mayne declined to engage with the Company's usual director candidate assessment process, citing the unlikelihood of success in his candidacy.

Mr Mayne requested the following information be included in this Notice of Meeting. The information has not been verified by the Company.

*'Stephen is a Walkley Award-winning business journalist, former Banking Writer for The Age, local government councillor and Australia's leading retail shareholder advocate.'*

*He founded the digital business [www.crikey.com.au](http://www.crikey.com.au), Australia's best known independent journalism ezine, in 2000 before successfully selling it in 2005 and remains a regular contributor to this day. He publishes the corporate governance ezine [www.maynereport.com](http://www.maynereport.com) and also produces regular columns and podcasts for Alan Kohler's Eureka Report investor newsletter.*

*His governance experience includes 7 years as a City of Manningham councillor in Melbourne's eastern suburbs, a 4-year term (2012-2016) as a City of Melbourne councillor and 5 years on the Australian Shareholders' Association board.*

*Mr Mayne nominated for the NAB board out of concern over the bank's refusal to address the concern of the AGM being held too early in the cycle, meaning that in 2023 board nominations closed on October 13, well before the proposed release of the full year results on November 9. The vast majority of public companies release their full year results before the deadline for nominations, so if concerns are raised in the results, shareholders have time to intervene on board composition.*

*Mr Mayne believes it would make sense for NAB to delay its future AGMs until late January, which would have the additional benefit of allowing shareholders to fly in for the meeting in Melbourne and then attend the Australian Open tennis.*

*The ASX itself used to hold its AGM prematurely in late September but relented this year to delay it to October 19, thereby no longer closing off board nominations before the full year results were released. NAB needs to do likewise.*

*Mr Mayne owns one (1) NAB share and is running on a single (1) issue platform that he will represent the interests of NAB shareholders.'*

## RECOMMENDATION

Based on the information available, in the Board's view:

- Mr Mayne lacks the skills and experience necessary to perform as an effective director on the board of a complex, regulated financial services institution such as the Company;
- Mr Mayne would not add to the effectiveness of the Board; and
- It is not in the best interests of the Company and its shareholders that Mr Mayne be elected as a non-executive director.

If a majority of shareholders vote in favour of Mr Mayne's election, Mr Mayne's election as a director will become effective only if he satisfies the Company's standard requirements for director candidates and meets associated regulatory requirements. Mr Mayne has not met any of these requirements to date.

The Board recommends that shareholders vote against the election of Mr Mayne.

## Item 2: Remuneration Report

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.

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 2023 (**2023 Remuneration Report**).

The 2023 Remuneration Report is contained in the 2023 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 2023.

You can get a copy of the 2023 Remuneration Report using one of the methods described in the Explanatory Notes to Item 4.

In 2023, the Board changed the executive remuneration framework to ensure it continues to provide competitive remuneration while complying with requirements introduced by APRA Prudential Standard CPS 511 Remuneration (**CPS 511**). The new executive remuneration framework continues to focus on risk and conduct management, long-term safe growth and better customer outcomes. The new executive remuneration framework became effective from 1 October 2023 and applies for the 2024 financial year.

# Explanatory notes

The 2023 Remuneration Report provides information on the new executive remuneration framework and important context on the deferred rights and performance rights for the Group CEO addressed at Items 3(a) and 3(b).

## 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 (**Annual VR**) plan and Long-Term Incentive (**LTI**) plan.

#### Mr McEwan's remuneration package

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

In 2023, the Board changed the executive remuneration framework to ensure it complies with the new requirements in CPS 511.

For 2024, Mr McEwan's remuneration package will be comprised of annual fixed remuneration of \$2,500,000, with a maximum Annual VR opportunity of 100% of annual fixed remuneration (\$2,500,000) and a maximum LTI opportunity of 140% of annual fixed remuneration (\$3,500,000).

Further detail on Mr McEwan's remuneration package for 2023 and the Company's performance and remuneration frameworks (including changes made to the executive remuneration framework for 2024) is provided in the 2023 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.



## **Annual VR and LTI arrangements for Mr McEwan**

The non-executive directors have reviewed the performance of Mr McEwan during 2023 under the Company's performance and remuneration frameworks and have determined to grant Mr McEwan deferred rights under the Company's Annual VR plan for 2023 and performance rights under the Company's LTI plan for 2024, subject to shareholder approval. The deferred rights and performance rights are equity securities for the purposes of the ASX Listing Rules.

As Mr McEwan is a director of the Company, under the ASX Listing Rules shareholder approval is required to issue the deferred rights and performance rights to him. If shareholders do not approve the grant of the deferred rights or performance rights, it is intended that all of his Annual VR or LTI award (as applicable) will be provided in cash, subject to the performance, service and other conditions outlined below.

### **Annual VR award – deferred rights**

The Annual VR plan aims to reward Group Executives for the 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 \$2,700,000 (which equates to 72% of his maximum Annual VR opportunity under the 2023 executive remuneration framework) be awarded to Mr McEwan in respect of performance in 2023, 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 receives from the deferred half of his Annual VR award is tied to the Company's share price at the relevant Restriction End Dates (defined below). 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.

As the Annual VR is being provided in respect of performance in 2023, it is being provided under the 2023 executive remuneration framework. As a result, 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 2024 for the deferred rights in tranche one, 15 November 2025 for the deferred rights in tranche two, 15 November 2026 for the deferred rights in tranche three, and 15 November 2027 for the deferred rights in tranche four.

# Explanatory notes

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

It is proposed that Mr McEwan be granted 46,680 deferred rights.

That number of deferred rights was determined by dividing 50% of Mr McEwan's Annual VR award of \$2,700,000 for 2023 (being the face value attributed to the deferred rights by the Company) by the weighted average price at which the Company's ordinary shares were traded on the Australian Securities Exchange (**ASX**) in the five trading days from 25 September 2023 to 29 September 2023 inclusive, which was \$28.92.

The deferred rights cannot be transferred and are subject to lapse conditions until 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. Clawback applies to shares acquired after vesting.

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

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

The deferred rights do not carry any voting rights.

Mr McEwan will receive a cash amount (**Deferred Right Dividend Equivalent Payment**) when a deferred right vests. That Deferred Right 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 is exercised (including the value of any imputation credits which applied to the dividends).

## **LTI award – performance rights**

Under the new executive remuneration framework that became effective on 1 October 2023, Mr McEwan's 2024 LTI award will be comprised of two elements: the Long-Term Equity Award (**LTEA**) and the Long-Term Variable Reward (**LTVR**). Details on the LTEA and LTVR are outlined below. The LTI award forms part of Mr McEwan's 'at risk' remuneration.

Terms of award	LTEA	LTVR
<b>Proposed number of rights to be granted</b>	60,511 performance rights.	60,511 performance rights.
<b>How was that number determined?</b>	<p>By dividing Mr McEwan's maximum LTI opportunity for 2024 of \$3,500,000 (being the face value attributed to the performance rights granted under the LTI award by the Company) by the weighted average price at which the Company's shares were traded on the ASX in the five trading days from 25 September 2023 to 29 September 2023 inclusive, which was \$28.92.</p> <p>50% of the performance rights are proposed to be awarded in respect of the LTEA and 50% of are proposed to be awarded in respect of the LTVR.</p> <p>Each performance right that vests and is exercised will entitle Mr McEwan to receive one share.</p>	
<b>Price payable for rights granted</b>	No price is payable by Mr McEwan for the grant or exercise of the performance rights.	
<b>Performance Period</b>	From 15 November 2023 to 15 November 2027.	

# Explanatory notes

Terms of award	LTEA	LTVR
<b>Performance measure</b>	<p>The number of performance rights that vest will depend on:</p> <ul style="list-style-type: none"><li>• the Company's risk performance against the Company's risk expectations; and</li><li>• whether the Company has maintained an acceptable level of risk exposure within the Company's agreed risk appetite levels for risks specific to the Group.</li></ul> <p>Performance against this measure will be assessed by the Board at the end of each year within the Performance Period and at the end of the Performance Period.</p> <p>The percentage of performance rights that vest following the final assessment of the performance measure will be determined by the Board having regard to achievement against the performance measure over the Performance Period and may range from 0% to 100% of the performance rights vesting.</p>	<p>The number of performance rights that vest will depend on the Company's Total Shareholder Return (<b>TSR</b>) performance over the Performance Period relative to a peer group comprising a selection of top financial services companies in the S&amp;P/ASX 200 approved by the Board (<b>Peer Group</b>).</p> <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 performance measure is tested once at the end of the Performance Period.</p>
<b>Pre-vesting assessment</b>	<p>If performance rights remain eligible to vest following testing of the relevant performance measure, the vesting of those rights will also be subject to a pre-vesting assessment of Mr McEwan's performance, risk and conduct and Board discretion.</p>	

Terms of award	LTEA	LTVR
<b>Exercise</b>	One third of the performance rights that vest will be automatically exercised on each of the First Retention Period End Date (15 November 2027), the Second Retention Period End Date (15 November 2028) and the Third Retention Period End Date (15 November 2029) unless they lapse earlier.	
<b>Lapse conditions</b>	Unvested and vested rights can lapse up until the relevant Retention Period End Date. The circumstances in which unvested and vested rights can lapse are detailed below.	
<b>Board discretion</b>	The Board will retain discretion in relation to the final outcome of the relevant performance measure and vesting and exercise generally, including absolute discretion to adjust the number of performance rights that vest or are exercised down, or to zero, where appropriate.	
<b>Dividend Equivalent Payment</b>	If performance rights vest and are exercised, Mr McEwan will receive a cash amount equal to the value of any dividends paid by the Company during the period between the date the right vests to the date it is exercised (including the value of any imputation credits which applied to the dividends).	

# Explanatory notes

## Terms that apply to deferred rights and performance rights

### Lapse conditions

Until the relevant Restriction End Date or relevant Retention Period End Date, a deferred right or a performance right (as applicable) will lapse in certain circumstances, including if:

- Mr McEwan does not meet threshold measures of performance and conduct as set by the Company;
- Mr McEwan resigns from the Company;
- the Board determines that some or all of the deferred rights or performance rights were granted in error; or
- the Board determines in its absolute discretion that some or all of the deferred rights or 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 relevant Restriction End Date or the relevant Retention Period 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 relevant Restriction End Date or the relevant Retention Period End Date, Mr McEwan will retain his deferred rights or performance rights (as applicable) unless the Board determines that some or all of the deferred rights or performance rights will lapse.

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

The Board may extend each Restriction End Date or Retention Period 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.

## **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 2024 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.

## **Other information**

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

Mr McEwan has previously been granted 410,310 performance rights following receipt of shareholder approval. This is comprised of the grant of 180,655 performance rights at the 2020 AGM, 118,010 performance rights at the 2021 AGM, and 111,645 performance rights at the 2022 AGM. No price was payable by Mr McEwan for the grant of those performance rights. Following shareholder approval at the 2022 AGM, Mr McEwan was also granted half of his 2022 Annual VR in deferred rights, being 47,664 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.

## **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).

# Explanatory notes

## **Item 4: 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 2023 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 2023 (**2023 Annual Report**).

You can get a copy of the 2023 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** 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 2023 Annual Report. Shareholders will also be able to ask questions of the Company's auditor, EY, who will attend the AGM.

## **Item 5: Resolutions requisitioned by a group of shareholders**

A group of shareholders has:

- proposed the resolutions for Items 5(a) and 5(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 5(a) and 5(b) are not supported by the Board. The Board considers that the resolutions for Items 5(a) and 5(b) are not in the best interests of the Company and shareholders as a whole and recommends that shareholders vote against Items 5(a) and 5(b).

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

The proposed resolution in Item 5(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. Resolutions that are advisory could confuse the role of the Board and shareholders and impact on the Board's ability to effectively make decisions in the interests of shareholders as a whole.

The Board considers that a constitutional right to propose resolutions to express non-binding opinions is likely to disproportionately favour activist shareholders who have a practice of requisitioning special interest resolutions. As a consequence, it could result in future AGMs being dominated by non-binding special interest resolutions that could be time-consuming (in terms of Board and management time and AGM length) and may not necessarily be aligned with the broader shareholder base.

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. 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 assists the Company to understand shareholder concerns and address key areas of shareholder feedback at the AGM.

Sustainability considerations (including climate risk) regularly form a significant part of investor and shareholder engagement and the Company's progress on such matters is reported through its annual reporting suite of documents including the 2023 Annual Report, 2023 Climate Report, Investor Presentation and Sustainability Data Pack. The disclosures in the 2023 Climate Report are aligned to the recommendations of the Task Force on Climate-related Financial Disclosures.

#### **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.

# Explanatory notes

## **(b) Transition Plan Assessments – the Board’s response**

Item 5(b) is an advisory resolution and may be properly considered at the AGM only if Item 5(a) is passed by special resolution. If Item 5(a) is not passed, then this Item will not be put to the AGM. 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 5(a).

The advisory resolution in Item 5(b) proposes that the Company disclose further details on the Company’s approach to assessing the transition plans of its fossil fuel sector customers.

## **Climate Strategy**

The Company’s climate strategy is aligned to our strategic ambition – to serve customers well and help our communities prosper. It is designed to maximise the climate transition’s economic benefits for customers, the Company and the community, and to help achieve emissions reduction targets consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Company is working to:

- Improve its understanding of the emissions attributable to its lending and investment activities (‘financed emissions’).
- Set sector-level decarbonisation targets to achieve an overall reduction in its attributable financed emissions, prioritising emissions-intensive sectors. The Company has now set seven interim sector decarbonisation targets for 2030 with further targets planned for disclosure in May 2024.
- Mobilise investment in colleagues, processes, technology and partnerships that will support the Company in achieving its operational and portfolio-based targets.

## **Climate Reporting**

The Company has publicly reported on climate-related performance since 2003. Recognising the increasing level of demand for detailed disclosures on climate-related matters, the Company prepared a separate Climate Report in 2022 and 2023. 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.

## Disclosure on Customer Transition Plans

In the Strategy section of the Company's 2023 Climate Report, the Company has provided further disclosure about its requirements and considerations for customer transition plans<sup>6</sup>. The Company's initial focus is on major customers in fossil fuel sectors served by the Corporate & Institutional Banking business unit due to the scale and impact customers in that segment can bring to the transition.

Aligned to the Company's reporting and performance year, and to provide sufficient notice to customers, from 1 October 2025, the Company intends to require a customer transition plan to be in place for new or renewed corporate lending or project-level lending<sup>7</sup> for the Company's Corporate & Institutional Banking business unit customers in the following sectors<sup>8</sup>:

- power generation, where at time of lending 25% or more of the electricity generated by the customer is from thermal coal;
- oil and gas<sup>9</sup>; and
- metallurgical coal.

The Company will develop a framework to assess customer transition plans. In developing an appropriate framework the Company will consider relevant external guidance and benchmarks, and may engage external experts to support this work.

The Company expects a framework will include consideration of elements such as:

- relevant Scope 1, 2 and 3 emissions disclosures;
- inclusion of interim and long-term targets and their alignment to scenarios consistent with the Paris Agreement;
- actions planned to meet their target, including, where appropriate, considerations around capital expenditure to drive those actions; and
- details about the customer's level of reliance on offsets over time and future technology development.

Where the Company assesses a customer transition plan would make it difficult for the Company to meet its stated decarbonisation targets on a portfolio basis, the Company will engage with the customer to review any areas of concern. If necessary, on application for new or renewed lending, the Company will consider contractual protections, or reduce its exposure.

As government requirements and industry obligations on companies change, the Company will seek to harmonise its expectations on customers, in an effort to reduce complexity and expense. The Company also recognises that its approach may need to evolve over time, to reflect advancements in technology and science, and improvement to the accuracy of data and information provided by customers, on which the Company relies.

# Explanatory notes

The Company does not intend to apply this requirement to customers in the thermal coal sector because the Company has set a target to reduce financed emissions for this sector to zero by 2030. The Company no longer has any corporate lending to thermal coal mining customers or project finance in respect of thermal coal mining assets.<sup>10</sup> The Company intends to maintain this position into the future. The Bank of New Zealand is exiting all lending to thermal coal mining by the end of 2025.

The Company considers climate-related matters for lending, capital markets activity and other transactions in fossil fuel sectors and as part of periodic customer reviews to monitor known risks and identify new or emerging risks. Further disclosures about the Company's customer-related environmental, social and governance (ESG) policies and risk settings, as well as updates on the Company's exposures to fossil fuel sectors including in its power generation and resources portfolios, are also contained in the Company's 2023 Climate Report.

The Board considers that the Company's approach appropriately manages fossil fuel-related financial and non-financial risks of the Company, while supporting customers to decarbonise, build their climate resilience, and help achieve the Company's net zero by 2050 goal.

## **RECOMMENDATION**

Given the Company's ongoing goals and progress delivering against its climate ambition and strategy, and the further disclosure the Company has made about its requirements and considerations for customer transition plans, the Board considers the Company has detailed its approach to the substantive matters raised in Item 5(b) and recommends that shareholders vote against the proposed resolution.

# Appendices

The comments in Appendix 1 and 2 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 5(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 5(b)**

*‘Despite committing to the 1.5°C target of the Paris Agreement and net zero global emissions by 2050, NAB continues to finance fossil fuel expansion, undermining these goals, and exposing our company to increased climate-related financial, legal, regulatory, and reputational risks.*

*NAB therefore has both the imperative and the opportunity to ensure alignment with its climate commitments by addressing crucial gaps in the bank’s currently disclosed approach to fossil fuel lending.*

*Based on NAB’s current disclosures, NAB will not require most companies in the fossil fuel sector to have climate change transition plans in place before providing further finance. While NAB has stated upstream oil and gas companies will be required to have such plans in place for any*

# Appendices

“new lending and renewals” from 1 October 2025<sup>11</sup>, the bank has failed to make the same commitment for other fossil fuel sub-sectors – such as metallurgical and thermal coal mining or thermal power generation – which similarly threaten to undermine the climate goals NAB claims to support. The bank has failed to explain why it would neglect to assess the plans of companies in these other fossil fuel sub-sectors for alignment with the Paris Agreement’s goals before providing further finance to support those plans.

It is also not clear if the requirement for “new lending and renewals” applies to all the financial products NAB provides its clients, such as bond arrangement, potentially leaving the bank exposed to ongoing financial support for companies actively undermining climate goals.

A clearly articulated commitment and process to assess all fossil fuel customers’ plans for alignment with a 1.5°C warming pathway is required to live up to NAB’s own climate commitments and meet regulator, investor, and community expectations.

## **Financing fossil fuel expansion**

The gaps in NAB’s current policies have enabled our company to continue providing billions to fossil fuel expansion, which undermines the Paris goals.

The Intergovernmental Panel on Climate Change (IPCC) has confirmed projected emissions from the planned lifetimes of existing fossil fuel infrastructure would significantly exceed the carbon budget remaining to meet the goal of limiting global warming to less than 1.5°C.<sup>12</sup>

The International Energy Agency (IEA) concluded in 2021 that reaching net zero emissions by 2050 means no new or expanded coal mines and no new oil and gas fields should be approved<sup>13</sup>, largely reiterating this finding in 2022<sup>14</sup> and 2023.<sup>15</sup> NAB has relied on the IEA’s Net Zero by 2050 scenario (NZE) to develop some of its climate targets yet has failed to align its lending with the NZE’s critical conclusion that no new oil and gas fields can be developed. The UN-convened Net-Zero Banking Alliance (NZBA), of which NAB is a member, has also categorically stated it “does not support the financing of fossil fuel expansion.”<sup>16</sup>

Yet in 2022 alone, NAB:

- Loaned A\$72 million to Santos, which sanctioned the new Pikka oil field in August 2022,<sup>17</sup> is targeting a final investment decision on Papua LNG in 2024,<sup>18</sup> and plans to increase production 60% between 2022 and 2030.<sup>19</sup> Meanwhile the latest NZE projects global oil and gas production must fall 20% this decade.<sup>20</sup>
- Loaned \$290 million to Global Infrastructure Partners to acquire a stake in the Pluto 2 LNG project – a deal which facilitated the development of the massive new Scarborough gas field.<sup>21</sup>

Until July 2023, our company maintained a credit facility to Australia’s biggest undiversified coal miner, Whitehaven Coal.<sup>22</sup> In May 2023, while its loan was active, Whitehaven Coal announced plans to start production at the new Vickery thermal coal mine.<sup>23</sup>

NAB loaned a total of \$2.5 billion to fossil fuel expansion across 2021 and 2022, more than double its peer Commonwealth Bank in that period.<sup>24</sup> Commonwealth Bank has also committed<sup>25</sup> to no longer providing corporate finance, trade finance or bond facilitation to oil and/or gas producing, metallurgical coal mining and coal-fired power generation clients that do not have climate transition plans in place by 2025. These plans will be assessed using a framework based on the Climate Action 100+ benchmark, must include scope 1, 2 and 3 emissions targets, and will be verified by an independent third-party.<sup>26</sup>

NAB's financing continues to facilitate fossil fuel expansion that is incompatible with global climate goals. The bank must disclose a credible and comprehensive plan to assess all fossil fuel finance for alignment with a 1.5°C pathway to address the glaring inconsistency between its climate commitments and its financing activities.

### **Regulatory and legal risk**

Australian misleading and deceptive conduct law requires companies to have a reasonable basis for making climate-related statements, including net zero commitments.<sup>27</sup> The misalignment between NAB's Paris and net zero commitments and its ongoing financing of new fossil fuels enlivens this 'greenwashing' risk. As stated by the chair of a UN High-Level Expert Group focused on corporate net-zero claims:

*"Non-state actors cannot claim to be net zero while continuing to build or invest in new fossil fuel supply."<sup>28</sup>*

The Australian Senate is currently conducting an inquiry into greenwashing,<sup>29</sup> while regulators have raised serious concerns about misconduct in this area and have begun taking enforcement action. ASIC's greenwashing interventions report states "We identified net zero statements and targets, and claims of decarbonisation, that did not appear to have a reasonable basis",<sup>30</sup> while ACCC's greenwashing guidance states that companies must have "reasonable grounds" for making environmental claims.<sup>31</sup>

Without disclosing a comprehensive and credible approach to assess the transition plans of existing and potential fossil fuel customers, NAB does not have a reasonable basis for its commitments to the Paris Agreement and net zero emissions by 2050, leaving the bank open to greenwashing challenges.

This resolution presents an opportunity for NAB to address these risks and take a position as a true climate leader.

*We urge shareholders to vote in favour of this resolution.'*

# Footnotes

- 1 <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-climate-report.pdf>
- 2 As defined in Science-Based Targets Initiative Fossil Fuel Finance Position Paper Consultation Draft (<https://sciencebasedtargets.org/resources/files/The-SBTi-Fossil-Fuel-Finance-Position-Paper-Consultation-Draft.pdf>)
- 3 Defined as: The provision of new corporate lending, project finance or trade finance to a customer, including the refinancing of existing facilities, and the arranging or underwriting of capital markets transactions to a customer.
- 4 See:
  - ANZ Climate Change Commitment (<https://www.anz.com.au/content/dam/anzcomau/about-us/anz-climate-change-commitment-2023.pdf>)
  - Commonwealth Bank Environment & Social Framework (<https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>);
  - Westpac Climate Change Position Statement and Action Plan ([https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Climate\\_Change\\_Position\\_Statement\\_and\\_Action\\_Plan.pdf](https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Climate_Change_Position_Statement_and_Action_Plan.pdf))
- 5 Criteria for determining climate change transition plan credibility include, but are not limited to:
  - Short, medium-and long-term scope 1, 2 and 3 emission reduction targets;
  - Strategies (including capital expenditure plans) to align with those targets; and
  - No unreasonable reliance on emissions offsets or negative emissions technologySee, for example:
  - Climate Action 100+ Net-Zero Company Benchmark (<https://www.climateaction100.org/net-zero-companybenchmark>)
  - IGCC Corporate Climate Transition Plans Guide (<https://igcc.org.au/wp-content/uploads/2022/03/IGCC-corporate-transition-plan-investor-expectations.pdf>)
- 6 The Company defines customer transition plans to be a customer's time-bound decarbonisation plan which details the customer's interim and long-term emissions reduction targets and outlines the overall strategies and actions to meet those targets. Such plans may also cover other climate-related issues including governance, just transition and scenario analysis.
- 7 This includes lending at a corporate level (for example, general facilities made available to the parent company of a group of companies), or at a project-level (that is on an individual project basis for a specific project purpose, and subject to national security considerations).
- 8 Referenced sectors are consistent with sector definitions used for the Company's target setting emissions baseline, although metallurgical coal forms part of the iron and steel sector. Refer to page 71 in the Company's 2023 Climate Report for further details.
- 9 This requirement for customers in the oil and gas sector was previously communicated in the Company's 2022 Climate Report.
- 10 Refers to direct exposure to customers and projects whose primary activity is thermal coal mining based upon the recorded 1993 ANZSIC codes on a net exposure at default basis. Includes lending, derivatives, financial guarantees and performance guarantees for the rehabilitation of existing assets. It excludes metallurgical coal mining and diversified mining customers and transactional banking (including deposit services) that do not give rise to exposure at default and similar ancillary products and services.
- 11 <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-climate-report.pdf>
- 12 <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>
- 13 <https://www.iea.org/reports/net-zero-by-2050>
- 14 <https://www.iea.org/reports/world-energy-outlook-2022>
- 15 <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>
- 16 <https://www.unepfi.org/industries/banking/nzba-responds-to-recent-research-on-fossil-fuels-coal/>
- 17 <https://www.santos.com/news/santos-announces-pikka-fid/>



- 18 <https://www.santos.com/wp-content/uploads/2023/08/Santos-2023-Half-Year-Results-Appendix-4D.pdf>
- 19 <https://www.marketforces.org.au/wp-content/uploads/2023/03/2023-03-STO-WDS-investor-briefing.pdf>
- 20 <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>
- 21 <https://www.marketforces.org.au/campaigns/banks/nab/>
- 22 <https://www.marketforces.org.au/banks-finally-dump-whitehaven-coal/>
- 23 <https://www.marketforces.org.au/whitehaven-rushing-ahead-with-new-coal-mine-backed-by-nab-and-westpac>
- 24 <https://www.marketforces.org.au/campaigns/banks/banking-climate-failure-2023/>
- 25 <https://www.marketforces.org.au/commbanks-climate-policy-update-leaves-anz-nab-and-westpac-in-the-dust/>
- 26 [https://www.commbank.com.au/content/dam/commbank-assets/investors/2023-08/climate/2023-climate-report\\_print.pdf](https://www.commbank.com.au/content/dam/commbank-assets/investors/2023-08/climate/2023-climate-report_print.pdf)
- 27 <https://asic.gov.au/regulatory-resources/financial-services/how-to-avoid-greenwashing-when-offering-or-promoting-sustainability-related-products/>
- 28 [https://www.un.org/sites/un2.un.org/files/high-level\\_expert\\_group\\_n7b.pdf](https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf)
- 29 [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/Greenwashing](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing)
- 30 <https://download.asic.gov.au/media/ao0lz0id/rep763-published-10-may-2023.pdf>
- 31 [https://www.accc.gov.au/system/files/Environmental%20and%20sustainability%20claims%20-%20draft%20guidance%20for%20business\\_web.pdf](https://www.accc.gov.au/system/files/Environmental%20and%20sustainability%20claims%20-%20draft%20guidance%20for%20business_web.pdf)

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