Principles for Responsible Banking
2022 self-assessment
NAB was an inaugural signatory to the United Nations Environment Programme Finance Initiative’s (UNEP FI) Principles for Responsible Banking (PRB) in 2019. The Principles require signatories to implement a program of work over four years encompassing alignment; impact and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability. NAB is working to align its practices to these principles. This is NAB’s third PRB self-assessment report to demonstrate its progress against all six principles.
Principle 1: Alignment

Principle 1: We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</td>
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<thead>
<tr>
<th>Summary response</th>
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<tbody>
<tr>
<td>NAB’s more than 35,000 colleagues serve more than 10 million customers who rely on NAB to deliver secure, easy, and reliable banking services. The Group’s services primarily support customers across Australia and New Zealand, whilst its Corporate and Institutional Bank serves customers throughout the world, including Australia, New Zealand, the United Kingdom, United States of America, and Asia. The Group’s business model is outlined on page 11 of its 2022 Annual Report. This summarises how the Group seeks to create value for stakeholders, including NAB’s main business activities. The Group’s businesses are outlined on page 11, and detailed information is available in “Segment information” on page 159 of the 2022 Annual Report.</td>
</tr>
</tbody>
</table>

References and links
2022 Annual Report
(page 11: The Group’s Businesses)
(page 19: Creating Value)
(page 159: Note 2: Segment information)

1.2 Strategy alignment

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</td>
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<tr>
<td>X Yes No</td>
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</tbody>
</table>

| Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks. |

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<th>Summary response</th>
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<tbody>
<tr>
<td>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</td>
</tr>
<tr>
<td>X UN Guiding Principles on Business and Human Rights</td>
</tr>
<tr>
<td>X International Labour Organization fundamental conventions</td>
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<tr>
<td>X UN Global Compact</td>
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<tr>
<td>☐ UN Declaration on the Rights of Indigenous Peoples</td>
</tr>
<tr>
<td>X Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: (outlined in below response)</td>
</tr>
<tr>
<td>X Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: (outlined in below response)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References and links</th>
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</thead>
<tbody>
<tr>
<td>2022 Annual Report</td>
</tr>
<tr>
<td>(page 12: Strategic ambition)</td>
</tr>
<tr>
<td>(page 20: Sustainability in the Group’s strategy)</td>
</tr>
<tr>
<td>(page 24: Sustainability scorecard)</td>
</tr>
</tbody>
</table>

The Group’s strategic ambition is to serve customers well and help communities prosper. The Group’s approach to sustainability is integrated within its Strategy. It is included in the long-term pillar of What we will be known for, and focuses on sustainability through:

- Commercial responses to society’s biggest challenges
- Resilient and sustainable business practices
- Innovating for the future.

As summarised in the response to 2.1, the Group has considered and prioritised activity in areas of the greatest potential positive impact. These areas were selected based on the business impact areas, strategic focus, and local needs, with alignment to United Nations Sustainable Development Goals 5, 7, 8, 9, 11, 13 and 15.

The Group is working to further integrate its overarching strategic long-term approach to sustainability into customer-facing and enabling business units.

Applicable regulatory reporting on environmental and social risk assessments

The Group complies with applicable environmental regulatory requirements in a number of jurisdictions, including National Greenhouse and Energy Reporting (NGER) Act in Australia and the Energy Savings Opportunity Scheme in the UK.

The Group is voluntarily reporting data required for the Streamlined Energy & Carbon Reporting (SECR). The Group is subject to environmentally related prudential guidance issued by prudential regulators in a range of the jurisdictions in which the Group operates, including but not limited to:

- Australian Prudential Regulation Authority’s prudential guidance on climate risk: CPG229 Climate Change Financial Risks
- Singapore Monetary Authority’s Guidelines on Environmental Risk Management
- Hong Kong Monetary Authority’s Supervisory Policy Manual GS–1 on Climate Risk Management
- UK Prudential Regulatory Authority’s SS3/19: Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change.

The Group complies with applicable regulatory requirements related to social risks and transparency in jurisdictions where it operates. Examples include, but not limited to regulatory requirements related to modern slavery in Australia and the United Kingdom, and Australia’s Workplace Gender Equality Act (WGEA).
Principle 2: Impact & Target Setting

Principle 2: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (“Key step 1”)  

**Requirement**  
Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfill the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

**Summary response**

In 2022\(^2\), the Group continued to build its understanding of the areas where it can have the most significant potential positive or negative impact towards achieving society’s goals.

**Portfolio Impact Analysis Tool for Banks (‘Impact Analysis Tool’)**

The Group completed a review of its lending portfolio using the United Nations Environment Programme Finance Initiative’s (UNEP FI) Impact Analysis Tool. This analyses the positive and negative impact of a bank’s portfolio of products and services by sector and geography, considering the relevant ‘country needs’ in relation to the Sustainable Development Goals. The Group’s analysis using the Impact Analysis Tool covered the majority of its lending activity, including consumer, business and corporate lending across Australia and New Zealand.

Data quality and availability continues to present a challenge for more granular impact analysis, and in furthering the Group’s understanding of scale of potential compared to realised impact. The Group will continue its participation in the UNEP FI Impact Analysis Working Group (IAWG) so it can further develop its internal practice of impact assessment.

**ESG Materiality Review**

The Group continues to disclose the outcomes of its annual ESG materiality review in its reporting. This materiality review draws on the Global Reporting Initiative (GRI) Standards, and guidance provided by the Integrated Reporting Framework. It considers ESG materiality through potential impacts on the Group’s ability to continue to create value, and the Group’s potential impacts on society.

**References and links**

- 2022 Annual Report  
  (Page 22: What matters most)
- 2022 Annual Report  
  (Page 28: How NAB drives a long-term focus)
- 2022 Annual Report  
  (Page 28: Helping Indigenous businesses prosper)
- 2022 Half Year Pillar 3 Report  
  (Page 17: Lending)
- 2022 Half Year results announcement
  (Page 60: Note 7 loans and advances)
- 2022 Half Year Pillar 3 Report
  (Page 19: 4.1 General disclosures)

**Requirement**

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- by sectors & industries\(^5\) for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

**Summary response**

The Group has considered the distribution of its portfolio across geographies and business segments\(^6\) in its impact analysis completed through the Impact Analysis Tool:

- **Geography:** More than 96% of lending is provided by the Group’s businesses in Australia and New Zealand. The Group has other international lending, including Corporate and Institutional lending from the United Kingdom and the United States.
- **Major industry type:** The following breakdown shows credit risk exposures (EAD) by major industry type:
  - Residential mortgage (41%)
  - Finance and insurance (23%)
  - Commercial Property (8%)
  - Agriculture, forestry, fishing, and mining (8%)
  - Retail and wholesale trade (3%)
  - Transport and storage (3%)
  - Manufacturing (2%)
  - Property and business services (2%)
  - Construction (1%)
  - Accommodation, cafes, pubs, and restaurants (1%)
  - Personal (1%)
  - Other - includes government and public authorities, utilities and other (10%)

**Portfolio breakdown by segment:**

- Business and Private Banking (34%)
- Personal Banking (34%)
- Corporate and Institutional Banking (17%)
Requirement
c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank’s portfolio impacts into the context of society’s needs.

Summary response
Country needs analysis
The Group has undertaken a review of ‘country needs’ for Australia and New Zealand through its involvement in the UNEP FI IAWG. The IAWG considered global and regionally relevant sources to provide a score-based weighting for sustainable development impact areas on a country by country basis. These ‘country need’ weightings assisted the Group in prioritising impact areas when considering key challenges related to sustainable development arising through its lending portfolio. These priority areas identified through the Impact Analysis Tool were:

- Climate stability (emissions intensity, impacts of weather-related loss events)
- Housing (availability, accessibility, affordability, quality of resources & services)
- Resource intensity (energy and water consumption)
- Socio-economic factors (including healthy economies and economic convergence), particularly for certain groups of society including Indigenous people in Australia and New Zealand.

ESG Materiality assessment:
A key objective of NAB’s 2022 ESG materiality assessment was to identify and prioritise the ESG areas of most relevance to its stakeholders, performance and potential impact on society. The annual process assists NAB in addressing and disclosing, these priority areas.

NAB draws on external frameworks and resources, such as the GRI Standards and UNEP FI Impact Radar, as well as its own feedback mechanisms (e.g. customer feedback, employee engagement surveys, investor engagement).

In addition to stakeholder feedback, NAB validates its findings through consideration of external ESG assessments and benchmarking services, e.g. the Dow Jones Sustainability Index, CDP and others.

Results of the materiality assessment are reviewed against the Group’s strategic priorities and market position. In 2022, the identified and prioritised material ESG areas are:

- Conduct and culture.
- Managing climate change.
- Supporting customers.
- Colleague capability and wellbeing.
- Data security and technology.

For more information on this process, material topics and associated indicators, see page 23 of the 2022 Annual Report.

Requirement
Outcome: Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

Summary response
NAB’s three identified areas of most potential or negative impact remain unchanged from prior years. NAB has updated the terminology used to describe its three prioritised impact areas to align with the latest Impact Analysis tool. These areas are: (1) climate stability; (2) housing (availability, accessibility, affordability, quality of resources & services); and (3) socio-economic convergence (supporting improved outcomes for Indigenous Australians by focusing on Indigenous Australians’ businesses).

NAB has set targets for climate stability and housing (availability, accessibility, affordability, quality of resources & services) detailed in section 2.2.

NAB’s targets to drive greater economic prosperity for Indigenous Australians are managed through its Reconciliation Action Plan (RAP). NAB is currently working on its next RAP, which will consider appropriate target/s to improve outcomes for Indigenous Australians.

References and links
2022 Annual Report
(page 23: What matters most)
(page 20: ‘How NAB drives a long term focus’ diagram
(page 28: Helping Indigenous businesses prosper)

References and links
2022 Annual Report
(page 24: Sustainability scorecard)
(page 28: Helping Indigenous businesses prosper)
NAB Elevate Reconciliation Action Plan 2019-2021
Principle 2: Impact & Target Setting (cont.)

Summary response

Climate stability

NAB commenced measuring and reporting financed emissions attributable to five sectors in its Australian lending portfolio in 2020. In 2021, The Group became a signatory to the Net Zero Banking Alliance (NZBA). In 2022, NAB aligned the measurement of its financed emissions to the 10 emissions-intensive sectors outlined in the UNEP FI Guidelines for members of the NZBA. This information has assisted NAB in prioritising target-setting for sectors with higher absolute emissions and/or emissions intensity.

In 2022, NAB has set and published in its 2022 Climate Report its first tranche of interim (2030) sector decarbonisation targets (‘sector targets’), four of the most emissions-intensive sectors were prioritised for the first round of targets: power generation, thermal coal, oil and gas, and cement. These sector targets are complemented by existing targets to reduce operational greenhouse gas emissions, and to provide environmental financing to help address climate change and support the transition to a low carbon economy.

Housing (availability, accessibility, affordability, quality of resources & services)

NAB recognises it has a role in helping Australians into suitable housing, and is determined to play a leadership role in providing greater supply of safe and affordable homes.

NAB has prioritised the positive impact it can have by financing organisations improving the supply of social, affordable and community housing, and specialist disability accommodation, and initiatives that support access to finance for first home owners.

To measure performance in these areas, NAB considers metrics including the amount ($AUD) in lending provided, the number of new dwellings created, and the number of people supported into housing because of the financing provided.

In 2019, NAB announced its target to provide $2 billion in financing for affordable and specialist housing by 2023. In 2022, NAB surpassed this target by reaching a cumulative total of $3.6 billion in financed facilities. NAB is currently working on its future ambition in recognition of the significant need in this area.

Self-assessment summary (2.1 Impact analysis)

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

| Scope: | X Yes | In progress | No |
| Portfolio composition: | X Yes | In progress | No |
| Context: | X Yes | In progress | No |
| Performance measurement: | X Yes | In progress | No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate stability, housing (availability, accessibility, affordability, quality of resources & services) and socio-economic convergence (supporting improved outcomes for Indigenous Australians by focusing on Indigenous Australians’ businesses).

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication
Up to 12 months prior to publication
Up to 18 months prior to publication
Longer than 18 months prior to publication

Additional commentary

NAB will continue to work with the UNEP FI PRB working group on the Portfolio Impact Analysis Tool for Banks to assist in further refining NAB’s own assessment of impact areas.
Principle 2: Impact & Target Setting (cont.)

2.2 Target Setting (Key Step 2)

Requirement
Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets should have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a–d), for each target separately:

a) Alignment: Which international, regional or national policy frameworks to align your bank’s portfolio with? Have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

Summary response
Climate stability

The Group’s climate ambition is to support emissions reduction and to align with pathways to net zero by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Group’s climate targets are set to support the achievement of SDGs #7 ‘Affordable and clean energy’, #9 ‘Industry, Innovation and infrastructure’ and #13 ‘Climate action’.

The Group’s first tranche of interim (2030) sector decarbonisation targets have been set for four of the highest emitting sectors: the Group’s Australian lending portfolio, informed by the UNEP FI Guidelines. The International Energy Agency’s Net Zero Emissions 2050 (IEA NZE 2050) scenario was selected as the reference scenario for the Group’s first four sector targets. More information on the targets set, and the methodology used for setting the targets, can be found in the Group’s 2022 Climate Report.

Housing (availability, accessibility, affordability, quality of resources & services)

NAB’s affordable and specialist housing target has been set to support achievement of SDGs #9 ‘Industry, Innovation and infrastructure’ and #11 ‘Sustainable cities and communities’.

Affordable and specialist housing includes support for the supply of affordable housing, specialist disability accommodation and sustainable housing. The target also considers financing that improves access to housing, including a subset of loans made under the Home Guarantee Scheme (previously the First Home Loan Deposit Scheme) for properties under the national median house price, and for borrowers with taxable income below the national median household income.

Progress is based on total lending facilities committed, where first drawdown occurred during the target period.

NAB’s Framework for Customers Experiencing Vulnerability includes a range of actions aimed at reducing potential negative impact experienced by people in Australian communities who may be excluded from full access to financial services.

Requirement
b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators developed by the UNEP FI PRB.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Summary response
Impact area: Climate change

As a signatory of the NZBA, NAB has set interim sector decarbonisation targets for 2030 (‘sector targets’) for its lending portfolio in four of the most emissions-intensive sectors in its Australian lending portfolio: power generation, oil and gas, thermal coal mining and cement. These targets have been informed by the UNEP FI Guidelines. Please refer to the Group’s 2022 Climate Report for all relevant information and important disclosures relating to these targets, including detailed methodology information.

Indicators (As developed by the UNEP FI PRB)

Paris alignment target (A.1.2)

- Refer to p19 of the Group’s 2022 Climate Report for information on the ambition the Group has stated to align its operational and 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. The Group’s 2022 Climate Report also includes information on the sector targets that have been set to date, including 2021 baseline information and information on the selection of the International Energy Agency’s Net Zero Emissions 2050 scenario (IEA NZE 2050 scenario) as the reference scenario for the targets.

Client engagement process (A.2.1)

- The Group has a target to work with 100 of its largest greenhouse gas emitting customers to support them as they develop or improve their low-carbon transition plans by 30 September 2023. For more information on this target and the Group’s performance to date, refer to page 8 of the 2022 Climate Report.

References and links

2022 Annual Report
(pages 20–24: Sustainability approach)
(page 29: Affordable and specialist housing)
2022 Climate Report
(page 19: Metrics and targets)
2021–2023 NAB’s Framework for Customers Experiencing Vulnerability
Principle 2: Impact & Target Setting (cont.)

Indicators (As developed by the UNEP FI PRB) (cont.)

Absolute financed emissions (A.2.2)
- The Group’s 2021 absolute emissions estimate is 21.6 MtCO₂-e and covers ten lending portfolio sectors. Please see p21-24 and 39 of the Group’s 2022 Climate Report for more information.

Sector-specific emission intensity (A.2.3)
- The Group has elected to use physical intensity metrics for its power generation and cement sector targets, as each of these sectors will require growth to support living standards and expected population increases. For more information on this, please see p23 of the Group’s 2022 Climate Report.

Proportion of financed emissions covered by a decarbonisation target (A.2.4)
- The Group’s four sector targets set to date cover 1.07% of the Group’s 2021 exposure at default 2021 absolute financed emissions portfolio. For a breakdown of financed emissions attributable to each sector, see p23 of the Group’s 2022 Climate Report.

Financial volume of green assets/low-carbon technologies (A.3.1)
- Please see p34 of the Group’s 2022 Climate Report for a breakdown of the Group’s environmental financing by lending category, including cumulative progress against the Group’s target to provide $70 billion in environmental financing by 2025 (2015 baseline). In 2022, the Group achieved this target reaching a cumulative total of $70.8 billion. Further details on how environmental financing is calculated is available in the Group’s 2022 Climate Report (p50-51).

Housing (availability, accessibility, affordability, quality of resources & services)
NAB uses the following indicators to assess performance against its ambition to help Australians into suitable housing and increase the supply of safe and affordable housing:
- Financed volume AUD to affordable and specialist housing, this includes affordable housing, specialist disability accommodation and sustainable housing.
- New dwellings created as a result of finance provided by NAB.
- Number of people assisted into housing as a result of finance provided by NAB.

In addition to NAB’s target for new financing to affordable and specialist housing, NAB works with Australian community partners and State and the Federal government to explore policy challenges and work towards scalable housing solutions. See page 29 of the Group’s 2022 Annual Report for NAB’s housing target.

Requirement

c) SMART targets: (incl. key performance indicators (KPIs))
Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Summary response
NAB has set the following targets, which are detailed in its 2022 Annual Report and 2022 Climate Report:
- Sector targets for four of the most emission intensive sectors in the Group’s lending portfolio, as part of its ambition to align its lending portfolio to net zero by 2050.
- Target to provide $70 billion in environmental financing to help address climate change and support the transition to a low-carbon economy, by 30 September 2025.(4)
- In 2019, NAB announced its target to provide $2 billion in financing for affordable and specialist housing by 2023.(5) In 2022, NAB surpassed this target by reaching a cumulative total of $3.6 billion in financed facilities. NAB is currently working on its future ambition in recognition of the significant need in this area.

This self-assessment is focused on the above set of targets, however the Group also works towards achieving a range of other goals aimed at increasing positive impact and mitigating or reducing potential negative impact, and to monitor performance in ESG areas presented in its Annual Report, Accessibility Action Plan, and NAB’s Framework for Customers Experiencing Vulnerability. For example, NAB has set a target to work with 100 of its largest greenhouse gas emitting customers to support them as they develop or improve their low-carbon transition plans by 2023.

The Group also has credit risk policy setting and limits in place to manage its exposure to emissions-intensive, climate sensitive and low-emissions sectors. These are outlined on pages 12-18 of the Group’s 2022 Climate Report.

References and links
2022 Climate Report
(pages 12-18: Risk management (pages 21-33: Metrics and targets)
2022 Annual Report
(page 29: Affordable and specialist housing)
2021-2023 NAB’s Framework for Customers Experiencing Vulnerability
Principle 2: Impact & Target Setting (cont.)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>References and links</th>
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</thead>
<tbody>
<tr>
<td>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</td>
<td>2022 Climate Report (pages 5-11: Strategy)</td>
</tr>
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<td></td>
<td>(page 39: Financed emissions methodology)</td>
</tr>
<tr>
<td></td>
<td>2022 Annual Report (page 29: Affordable and specialist housing)</td>
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</table>

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<table>
<thead>
<tr>
<th>Summary response</th>
<th>Action plan:</th>
</tr>
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<tbody>
<tr>
<td>NAB’s plan to achieve its climate targets are set out in its 2022 Climate Report. Refer to the ‘Strategy’ section on pages 6-11, and the ‘Reducing financed emissions’ section, which specifically outline plans to operationalise its sector targets. NAB’s plan and progress relating to its affordable and specialist housing target, is outlined on page 29 of the Group’s 2022 Annual Report. This includes its governance model to monitor and drive activity across NAB’s business units.</td>
<td>NAB’s plan and progress relating to its affordable and specialist housing target, is outlined on page 29 of the Group’s 2022 Annual Report. This includes its governance model to monitor and drive activity across NAB’s business units.</td>
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</tbody>
</table>

Indirect impacts:

The Group recognises that pursuing specific targets to drive positive impact in one area, could potentially generate negative impact elsewhere.

In relation to the target examples provided above, NAB recognise that the transition to a low-carbon society is likely to impact communities in differing ways, and targets have been developed with minimising potential misalignment with any SDGs in mind.

Consideration of ESG risks is integrated within the Group’s Risk Management Strategy and Framework, including the Group’s risk appetite, policies and risk management processes. ESG risk assessment is part of the Group’s supplier due diligence and credit risk assessment, recognising that the Group’s intention to drive positive impact in one area (e.g. environment) could present potential for negative impact (e.g. human rights) in other areas, if the Group does not remain alert to broader impacts. NAB’s target to support additional supply of affordable and specialist housing is intended to drive positive societal impact. However, NAB notes that estimated financed emissions attributable to residential lending in Australia total 1.8 MtCO₂-e. To mitigate this, NAB is exploring ways to support consistent minimum energy efficiency standards and disclosure for housing.

(1) Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

(2) Your bank should consider the main challenges and priorities in terms of sustainable development in your main country(ies) of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

(3) Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

(4) The Group’s target is to provide a cumulative flow of new environmental financing activities of AUD $70 billion over the ten years to 30 September 2025 (off a 2015 baseline). Refer to the Supporting Information section of the NAB 2022 Climate Report and the Group’s 2022 Sustainability Data Pack for a further breakdown of this number and reference to how the environmental financing commitment is calculated.

(5) Affordable and specialist housing includes affordable housing, specialist disability accommodation, sustainable housing and this includes loans made under the First Home Guarantee, and Family Home Guarantee, as part of the Home Guarantee Scheme (previously the First Home Loan Deposit Scheme) for properties under the national median house price, and for borrowers with taxable income below the national median household income. Progress is based on total lending facilities committed, where first drawdown occurred during the target period. This number does not reflect debt balance.

Self-assessment summary (2.2 Target setting)

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

<table>
<thead>
<tr>
<th>...first area of most significant impact: ...</th>
<th>...second area of most significant impact: ...</th>
<th>(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: Socio-economic convergence (supporting improved outcomes for Indigenous Australian’s by focusing on Indigenous business).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate stability</strong></td>
<td><strong>Housing (availability, accessibility, affordability, quality of resources &amp; services)</strong></td>
<td></td>
</tr>
<tr>
<td>Alignment</td>
<td>Alignment</td>
<td><strong>Socio-economic convergence (supporting improved outcomes for Indigenous Australian’s by focusing on Indigenous business).</strong></td>
</tr>
<tr>
<td><strong>Yes</strong></td>
<td><strong>X Yes</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>X In progress</strong></td>
<td><strong>X Yes</strong></td>
<td><strong>X Yes</strong></td>
</tr>
<tr>
<td><strong>No</strong></td>
<td><strong>In progress</strong></td>
<td><strong>In progress</strong></td>
</tr>
<tr>
<td><strong>Baseline</strong></td>
<td><strong>Baseline</strong></td>
<td><strong>Yes</strong></td>
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<tr>
<td><strong>X Yes</strong></td>
<td><strong>X Yes</strong></td>
<td><strong>X Yes</strong></td>
</tr>
<tr>
<td><strong>In progress</strong></td>
<td><strong>In progress</strong></td>
<td><strong>In progress</strong></td>
</tr>
<tr>
<td><strong>No</strong></td>
<td><strong>No</strong></td>
<td><strong>No</strong></td>
</tr>
<tr>
<td><strong>SMART targets</strong></td>
<td><strong>SMART targets</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>Yes</strong></td>
<td><strong>Yes</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>X In progress</strong></td>
<td><strong>X In progress</strong></td>
<td><strong>X In progress</strong></td>
</tr>
<tr>
<td><strong>No</strong></td>
<td><strong>No</strong></td>
<td><strong>No</strong></td>
</tr>
<tr>
<td><strong>Action plan</strong></td>
<td><strong>Action plan</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>Yes</strong></td>
<td><strong>Yes</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>X In progress</strong></td>
<td><strong>X In progress</strong></td>
<td><strong>X In progress</strong></td>
</tr>
</tbody>
</table>
2.3 Target implementation and monitoring (Key step 3)

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show that your bank has implemented the actions it had previously defined to meet the set target.</td>
</tr>
<tr>
<td>Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</td>
</tr>
<tr>
<td>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</td>
</tr>
</tbody>
</table>

**Summary response**

NAB’s actions to support achievement of its targets are outlined in its 2022 Climate Report and 2022 Annual Report.

**Climate stability**

In NAB’s 2021 Annual Review, NAB outlined its intention to set and publish emissions reduction targets for a substantial majority of its Australian lending portfolio. The Group has since joined the NZBA, furthering this ambition to align its operational and 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, NAB has set interim 2030 sectoral decarbonisation targets (sector targets) for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production. Information on these targets, including published baselines, are available on pages 21-33 of NAB’s 2022 Climate Report.

As 2022 is the first year in which NAB has set sector decarbonisation targets, it recognises its early stage of maturity in meeting requirements of its participation in the NZBA and in implementation of its first tranche of sector targets. Page 25 of NAB’s Climate Report outlines its approach to operationalising these targets.

Also in 2022, NAB refreshed its climate strategy and created a new role of ‘Chief Climate Officer’, reporting to the Group Executive, Strategy and Innovation, to drive NAB’s work in this area. Active recruitment is in progress to fill this role.

**Housing (availability, accessibility, affordability, quality of resources & services)**

2022 marked the third year of NAB reporting against its target to provide $2 billion in financing for affordable and specialist housing by 2023. NAB’s progress towards this target, including ongoing participation in the Constellation Project, and engagement with Local, State and Federal Governments, has been considerable. In 2022, NAB surpassed this target by reaching a cumulative total of $3.8 billion in financed facilities.

NAB is currently working on setting its future ambition in recognition of the significant need in this area. See page 29 of the Group’s 2022 Annual Report for more information on NAB’s activity in this area.

**References and links**

- 2022 Climate Report (pages 21-33: Metrics and targets)
Principle 3: Clients & Customers

Principle 3: We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

<table>
<thead>
<tr>
<th>Requirement</th>
<th>X Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</td>
<td>Yes</td>
<td>In progress</td>
<td>No</td>
</tr>
<tr>
<td>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Summary response

The Group’s actions to support achievement of its targets are outlined in its 2022 annual report suite.

Climate stability (See Climate Report)

In the Group’s 2021 Annual Review, the Group outlined its intention to set and publish emissions reduction targets for a substantial majority of its Australian lending portfolio. The Group has since joined the NZBA, furthering this ambition to align its operational and 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 Group has set interim 2030 sectoral decarbonisation targets (‘sector targets’) for four of the most emissions-intensive sectors in its lending portfolio: power generation, oil and gas, thermal coal mining and cement production. Information on these targets, including published baselines, are available on pages 19-34 of the Group’s 2022 Climate Report.

As 2022 is the first year in which the Group has set sector decarbonisation targets, it recognises its early stage of maturity in meeting requirements of its participation in the NZBA and in implementation of its first tranche of sector targets. Page 25 of the Group’s 2022 Climate Report outlines its approach to operationalising these targets.

Also in 2022, the Group refreshed its climate strategy and created a new role of ‘Chief Climate Officer’, reporting to the Group Executive, Strategy, and Innovation, to drive NAB’s work in this area. Active recruitment is in progress to fill this role.

Housing (availability, accessibility, affordability, quality of resources & services) (See Annual Report page 29)

2022 marked the third year of NAB reporting against its target to provide $2billion in financing for affordable and specialist housing by 2023. NAB’s progress towards this target, including ongoing participation in the Constellation Project, and engagement with Local, State and Federal Governments, has been considerable. In 2022, NAB surpassed this target by reaching a cumulative total of $3.6 billion in financed facilities (3). NAB is currently working on its future ambition in recognition of the significant need in this area.

Partnerships, advocacy and associations

NAB’s approach to stakeholder engagement, including processes for consultation on sustainability topics, is set out in its Social Impact Policy and informed by the AA1000 Stakeholder Engagement Standard. Information on relevant activities is detailed in page 22 of its 2022 Annual Report.

References and links

2022 Climate Report
(page 6: Supporting customers to decarbonise and build resilience)
(pages 14-18: Risk Management)
(Pages 19-34: Metrics and targets)
2022 Annual Report
(page 22: Stakeholder engagement)
(page 29: Affordable and specialist housing)

(1) A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

(2) Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

(3) Affordable and specialist housing includes affordable housing, specialist disability accommodation, sustainable housing and this includes loans made under the First Home Guarantee and Family Home Guarantee, as part of the Home Guarantee Scheme (previously the First Home Loan Deposit Scheme) for properties under the national median house price, and for borrowers with taxable income below the national median household income. Progress is based on total lending facilities committed, where first drawdown occurred during the target period. This number does not reflect debt balance. Only the 2022 and 2021 portion of the cumulative progress figure has been assured by EY.
3.2 Business opportunities

Requirement
Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Summary response
Sustainability is considered within the Group’s business strategy as a source of risk and opportunity. A key subset of the Group’s long-term pillar is identifying and driving commercial responses to society’s biggest challenges. Activity in the Group’s prioritised impact areas is summarised below:

**Climate stability**
In a report commissioned by NAB (‘All Systems Go’), Deloitte Access Economics concluded that there is significant economic opportunity in Australia’s transition to a net zero economy by 2050, with an estimated $420 billion in new investment required to 2050, and a reallocation of $70 billion from emissions-intensive to low-emissions activity by 2030.

NAB recognises that it has a role to support customers and communities through the transition, by funding investments needed to create a strong and sustainable future for Australia.

The Group has provided $70.8 billion in environmental financing against its target to provide $70 billion in environmental financing by 30 September 2025 (since 1 October 2015). The methodology for how the Group calculates the cumulative finance for this target is set out in the Group’s 2022 Climate Report.

Noting a lack of comparable methodologies and challenges in data quality and availability, the Group does not currently report on total ‘environmental’ or ‘sustainable’ products or assets as percentage of its portfolio.

**Housing (availability, accessibility, affordability, quality of resources & services)**
Lack of long-term funding options for specialist housing providers is a significant social issue.

NAB can help through initiatives that target funding being provided for more affordable and specialist homes and improving the capacity and financial maturity of the sector, which may in turn attract further investment.

NAB’s investment in the sectors may also help develop policies and viable funding options that over time may facilitate funding these sectors on a larger scale. In 2022, NAB surpassed its target to provide $2 billion in financing for affordable and specialist housing by 2023 by reaching a cumulative total of $3.6 billion in financed facilities.

**Indigenous business**
NAB has not yet set targets with specific reference to its ambition to help Indigenous businesses prosper in Australia.

References and links
All Systems Go, Deloitte Access Economics commissioned by NAB, July 2020
2022 Annual Report (page 29: Affordable and specialist housing)
2022 Climate Report (Page 50: Environmental financing methodology)
Principle 4: Stakeholders

Principle 4: We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

4.1 Stakeholder identification and consultation

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups)(1) you have identified as relevant in relation to the impact analysis and target setting process?</td>
</tr>
<tr>
<td>X Yes</td>
</tr>
</tbody>
</table>

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Summary response

Effective stakeholder engagement supports the Group’s understanding of expectations, potential issues and opportunities to improve. In 2022, the Group has continued engagement with stakeholders through its ESG Materiality process and in its priority impact areas.

- NAB’s stakeholder engagement approach is detailed in its Social Impact Policy and informed by the AA1000 Stakeholder Engagement Standard.
- The Group’s annual materiality process, discussed in 1.1, incorporated questions on stakeholders’ understanding of how NAB could improve its positive impacts and reduce its negative impacts.
- NAB identifies and engages with key stakeholders – this process is well developed. For example, stakeholders are regularly engaged when the Group reviews key policies.
- NAB is participating in a range of partnerships and industry initiatives and on a range of topics. This includes but is not limited to groups focusing on natural capital, sustainable agribusiness, climate risk and scenario analysis and a just low-carbon transition.
- NAB engages with policy makers on topics such as climate change, biodiversity, modern slavery and other sustainability issues via industry associations and/or directly. Some specific examples in 2022 include:
  - Working with the Australian Banking Association (ABA) to support a joint submission that collectively represented the voice of 20 peak professional, industry and investor bodies on the International Sustainability Standards Board’s (ISSB) two proposed IFRS Sustainability Disclosure Standards.
  - Supporting the ABA development of the banking industry’s climate roadmap, which details how the banking sector is supporting the Paris Agreement target of net zero emissions by 2050.

References and links

2022 Annual Report (pages 22-23: Sustainability approach)

(1) Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of Indigenous population and non-profit organizations.
Principle 5: Governance & Culture

Principle 5: We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Does your bank have a governance system in a place that incorporates the PRB?</th>
</tr>
</thead>
<tbody>
<tr>
<td>X Yes</td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as remuneration practices linked to sustainability targets.

Summary response

Implementation of the PRB is integrated within existing governance structures. The Board retains ultimate oversight for sustainability-related risks and opportunities and receives regular updates on sustainability performance.

The Group has a ‘Sustainability Council’ chaired by the Chief Operating Officer, designed to drive and align execution of the long-term pillar of the Group’s strategy. This includes fulfilling external obligations such as the PRB and NZBA.

The Group Credit and Market Risk Committee has oversight of Sustainability risk.

Matters are escalated to the Executive Risk and Compliance Committee, Board Risk and Compliance Committee and Board as required. The Group’s overall approach to the governance of ESG risk is detailed in its 2022 Annual Report and 2022 Climate Report.

The Group’s 2022 Climate Report outlines the Executive and Board approval and oversight of NAB’s sector decarbonisation targets, as well as the current stage of operationalisation of these targets, see page 25.

Executive compensation is subject to the Group Performance Indicators (GPI), which is used as a measure of the Group’s performance over the financial year. The GPI comprises financial and non-financial measures (explicitly including environmental, sustainability and social impact measures), overlaid by a qualitative assessment to support any adjustment of the outcome. The qualitative assessment is integral to the outcome and may result in the outcome being adjusted upwards or downwards (including to zero), for risk and quality of performance.

References and links

2022 Annual Report
(page 20-24: Sustainability approach)
(Page 117: Section 3 - Our 2022 executive variable remuneration plans)

2022 Climate Report
(page 25: Operationalising the targets)
5.2 Promoting a culture of responsible banking:

**Requirement**

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

**Summary response**

A range of initiatives are in place, under way and/or planned to help foster a culture of responsible banking among the Group’s colleagues, including:

- Investment over three years to raise the bar of professionalism in banking with training for its workforce in the fundamentals of the industry. This accredited course is being run in partnership with the Financial Services Institute of Australasia (FINSIA) and is an industry first in Australia and New Zealand. More than 8,000 colleagues have completed the Professional Banking Fundamentals qualification, which covers ethics, corporate social responsibility, sustainability and the PRB.
- NAB has extended its partnership with FINSIA to offer the ‘Green and Sustainable Finance Certificate’ to selected colleagues within Corporate and Institutional Banking.
- NAB has continued its partnership with the University of Melbourne Business School to invest in colleagues’ capability to support customers with their climate transition. 125 agribusiness and corporate banking colleagues have completed the climate banking training since it commenced in 2021.
- Continued focus on driving a responsible banking culture and encouraging colleagues to speak up if they have concerns.
- The role of leaders in communicating the Group’s efforts to increase positive, and reduce negative, impact is also important. This year, there has been consistent internal and external communications from the Group Executive for Corporate and Institutional Banking on the opportunities that arise from seeking to drive positive impact in environmental financing affordable and specialist housing and the overall importance of achieving a just transition.
- NAB has also re-launched an internal social media channel specifically to communicate with colleagues about NAB’s environmental impacts, including greenhouse gas emission reductions, carbon offset usage, and climate financing.
- NAB’s Social Impact work is integrated within its Performance Recognition Program NAB Honour, ensuring that this initiative to recognise and connect NAB’s highest performing colleagues also drives relevant messages about creating positive impact throughout the organisation.

5.3 Policies and due diligence processes

**Requirement**

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

**Summary response**

The Group’s risk management system and processes include specific obligations relating to the PRB. Analysis of (potential) positive and negative impacts arising from ESG risk is increasingly being integrated into its Risk Management Strategy and Framework. ESG risk assessment is part of NAB’s credit risk assessment and due diligence processes, and factors into decisions about operations and suppliers. Updates to management and Board committees on the Group’s sustainability performance include progress on targets and challenges the Group needs to address. The Group’s implementation of the PRB was initially led out of the Corporate Affairs and Risk divisions, but accountability for meeting the PRB is now assigned across business divisions.

The Group has a range of relevant policies (e.g. Human Rights, Environment, ESG Credit Policies) and Principles (e.g. Supplier Sustainability, Animal Welfare) in place to help integrate sustainability/ESG considerations into day-to-day management processes and decision-making.

The Group’s overall approach to the governance of ESG risk is detailed in its 2022 Annual Report and 2022 Climate Report. The Group has integrated ESG risk considerations within its Group Risk Appetite Statement under the Risk category ‘Sustainability Risk’ which was added to its enterprise risk taxonomy in October 2021. This helps drive consideration of (potential) positive and negative ESG-related impacts as part of day-to-day business decision making and risk management processes across the Group.

<table>
<thead>
<tr>
<th>References and links</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Annual Report (page 13: What we will be known for)</td>
</tr>
<tr>
<td>2022 Climate Report (page 9: Investing in Climate capabilities)</td>
</tr>
</tbody>
</table>

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(1) Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.
### Self assessment summary (5 Governance and culture)

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the CEO or other C-suite officers have regular oversight</td>
<td>X</td>
<td>In progress</td>
<td>No</td>
</tr>
<tr>
<td>over the implementation of the Principles through the bank’s governance system?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</td>
<td>X</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</td>
<td>Yes</td>
<td>In progress</td>
<td>No</td>
</tr>
</tbody>
</table>
Principle 6: Transparency & Accountability

Principle 6: We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Assurance

Requirement
Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

<table>
<thead>
<tr>
<th>Yes</th>
<th>Partially</th>
<th>No</th>
</tr>
</thead>
</table>

If applicable, please include the link or description of the assurance statement.

Summary response
- KPMG provide limited assurance over the Group’s PRB self-assessment, as well as several environmental performance metrics referred to in this self-assessment.
- EY provide limited assurance over key non-financial reporting metrics.

References and links
- Annual Performance and Reporting Suite
- 2022 Annual Report
- (page 50: EY limited assurance statement)

6.2 Reporting on other frameworks

Requirement
Does your bank disclose sustainability information in any of the listed below standards and frameworks?

| GRI | SASB | CDP | IFRS Sustainability Disclosure Standards (to be published) | TCFD | Other: |

Summary response
The Group’s sustainability-related disclosures are prepared with due consideration of relevant frameworks. NAB worked with the Australian Banking Association (ABA) to support a joint submission that collectively represented the voice of 20 peak professional, industry and investor bodies on the International Sustainability Standards Board’s (ISSB) two proposed IFRS Sustainability Disclosure Standards, covering general and climate-related disclosures. NAB also worked with the ABA on its submission to the Australian Accounting Standards Board on the ISSB’s draft sustainability standards. Both submissions supported the need for clear, transparent, comprehensive and comparable disclosure of sustainability-related information, including action on climate risk. NAB lodged its own submission to the ISSB, reaffirming its support for a consistent global baseline.

For more information, see the Group’s 2022 Annual Report and Sustainability Data Pack, as well as information on nab.com.au.

References and links
- Annual Performance and Reporting Suite
- 2022 Annual Report
- (About this Report)
- 2022 Sustainability Data Pack (GRI index tab)

6.3 Outlook

Requirement
What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Summary response
- Extending sector coverage for interim sector decarbonisation targets. The Group will set sector-level targets for the remaining six carbon-intensive sectors by May 2024, consistent with requirements of the NZBA.
- Improving operational maturity for the achievement of the Group’s decarbonisation targets. This includes ensuring appropriate policy environment, investments in resources, systems, data, and capability.
- Assessing and setting relevant targets for the third prioritised area of ‘Economic equality’ with a focus on how the Group can drive growth in Indigenous businesses in Australia and employment opportunities that can help them prosper.
- Continued participation in UNEP FI working groups, with a focus on further development of impact analysis, and nature and climate-related risk and opportunity assessment.

References and links
- 2022 Climate Report
- (page 23: Metrics and targets)

(1) For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

(2) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
### 6.4 Challenges

<table>
<thead>
<tr>
<th>Requirement</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Embedding PRB oversight into governance</td>
<td>Customer engagement</td>
<td></td>
</tr>
<tr>
<td>Gaining or maintaining momentum in the bank</td>
<td>Stakeholder engagement</td>
<td></td>
</tr>
<tr>
<td>Getting started: where to start and what to focus on in the beginning</td>
<td><strong>X</strong> Data availability</td>
<td></td>
</tr>
<tr>
<td>Conducting an impact analysis</td>
<td><strong>X</strong> Data quality</td>
<td></td>
</tr>
<tr>
<td>Assessing negative environmental and social impacts</td>
<td>Access to resources</td>
<td></td>
</tr>
<tr>
<td><strong>X</strong> Choosing the right performance measurement methodology/ies</td>
<td>Reporting</td>
<td></td>
</tr>
<tr>
<td><strong>X</strong> Setting targets</td>
<td>Assurance</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td>Prioritizing actions internally</td>
<td></td>
</tr>
</tbody>
</table>

**If desired, you can elaborate on challenges and how you are tackling these:**

**Response**

NAB’s 2022 Climate Report (pages 44-45) provides detail on the complexities and limitations in measuring financed emissions and setting targets in this space. Page 25 of the Climate Report summarises how NAB is seeking to further operationalise its sector targets, including data systems and internal capabilities.