



Principles for Responsible Banking **2024 self-assessment**



Principles for Responsible Banking self-assessment

NAB was an inaugural signatory to the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking (PRB) ("the Principles") in 2019.

The Principles provide a framework for signatories to guide their responsible banking practices, encompassing alignment with the UN Sustainable Development Goals and the Paris Agreement on Climate Change, impact and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability.

This is NAB's fifth PRB self-assessment report to demonstrate our progress in aligning our practices to the Principles. As outlined in the following self-assessment, we have achieved good progress in understanding and embedding societal and environmental impact in our business. There is still work to be done. We will drive towards our public targets, through the actions outlined across our reporting suite.

NAB is working with fellow PRB signatory banks to align PRB disclosures with emerging reporting requirements globally.

NAB's Reporting Suite

This self-assessment should be read alongside NAB's annual reporting suite, specifically our:

- 2024 Annual Report
- 2024 Climate Report
- 2024 Sustainability Data Pack

available at nab.com.au/annualreports

Further information on BNZ's sustainability-related performance can also be found at [Sustainability reports - BNZ](#)

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

Requirement

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.

Summary response

NAB's more than 38,000⁽¹⁾ colleagues provide about 10 million customers with secure, easy and reliable banking services. NAB's services primarily support customers across Australia and through its subsidiary, BNZ, New Zealand, while NAB's Corporate and Institutional Bank serves customers throughout the world, including Australia, New Zealand, the United Kingdom, France, the United States of America, and Asia. Over the last year, NAB India and NAB Vietnam have continued to grow. This forms a significant part of NAB's strategy, a global, skills-based workforce that's positioned for the future.

NAB's business model is outlined on page 18 of its 2024 Annual Report. This summarises how NAB seeks to create value for stakeholders, including NAB's main business activities. For detailed information on NAB's business, see the 'Segment information' on pages 178-179 of the 2024 Annual Report.

References and links

[2024 Annual Report](#)
(page 18: Our business)
(pages 178-179: Note 2: Segment information)

1.2 Strategy alignment

Requirement

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes ☐ No

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.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: (outlined in below response)

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: (outlined in below response)

☐ None of the above

Sustainability is embedded in NAB's strategy. We understand our responsibilities and recognise the crucial role successful management of social and environmental matters will play in the overall health of NAB's business, customers, environment and communities - now and in the future.

Summary response

NAB is prioritising support for customers in three areas:

- Climate action
- Affordable and specialist housing
- First Nations economic advancement

As summarised in the response to 2.1, NAB 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.

NAB undertook a strategic review in 2024, which highlighted the importance of continuity of the existing strategy, as well as the opportunity to lift NAB's ambition as it relates to delivering exceptional outcomes for customers. For further information, see "Evolving our Group Strategy" in NAB's 2024 Annual Report.

Applicable regulatory reporting on environmental and social risk assessments

NAB 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. NAB is also voluntarily reporting data required for the UK Streamlined Energy & Carbon Reporting (SECR).

In 2024, NAB's NZ subsidiary, BNZ, became subject to an obligation for mandatory climate-related disclosures under the amended Financial Markets Conduct Act 2013. Similar requirements will apply to NAB in Australia from its 2025-26 Financial Year, with the introduction of mandatory climate-related financial disclosures under the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 (Cth).

NAB is subject to environmentally-related prudential guidance issued by prudential regulators in a range of the jurisdictions in which NAB operates, including but not limited to:

- the Australian Prudential Regulatory Authority's prudential guidance on climate risk: CPG229 Climate Change Financial Risks

References and links

[2024 Annual Report](#)
(page 12: Strategy)
(page 19: Sustainability approach)
(page 24: Sustainability performance)

Principle 1: Alignment (cont.)

- the Singapore Monetary Authority's Guidelines on Environmental Risk Management
- the Hong Kong Monetary Authority's Supervisory Policy Manual GS-1 on Climate Risk Management for Banks.
- the UK Prudential Regulatory Authority's SS3/19: Enhancing banks' and insurers' approaches to managing the financial risks from climate change.

NAB complies with applicable regulatory requirements related to social risks and transparency in jurisdictions where it operates. Examples include, but not limited to:

- Modern Slavery Act 2015 (UK)
- Modern Slavery Act 2018 (Cth)
- Australia's Workplace Gender Equality Act (WGEA).

(1) Number of full-time equivalent colleagues as at 30 September 2024, excluding discontinued operations.

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^(a) and fulfil the following requirements/elements (a-d)^(a)

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.

Summary response

In 2024^(a), NAB continued to build its understanding of the areas where it can have the most significant potential positive or negative impact.

UNEP FI Portfolio Impact Analysis Tool for Banks ('Impact Analysis Tool')

- NAB has completed annual reviews of the potential impacts of its lending portfolio since 2020, using the UNEP FI Impact Analysis Tool.
- These reviews cover NAB's core business areas, informing NAB's understanding of the most significant areas of potential impact across its lending portfolio (including exposure to major industry types across its corporate and business lending; and a breakdown of its personal lending in the context of the 'country needs' of the areas in which NAB operates.
- In 2024, NAB refreshed its impact analysis exercise, with the aim to deepen the level of insights into its main impact areas. The 2024 analysis included the use of updated impact mapping (via the most recent UNEP FI Impact Analysis Tools) and the use of more granular financial exposure and ANSZIC classification data.
- This analysis covered a material portion of NAB's lending portfolio, including business and corporate, and consumer lending.
- In 2024, this exercise covered NAB's Australian lending activity.
- NAB considers its impact analysis process and coverage annually.

This work is detailed in **section 2.2** of this self-assessment.

We have previously flagged limitations in using the tool given limited availability of specific demographic consumer data. NAB's 2024 impact analysis exercise made progress in incorporating more granular consumer information, including demographic-specific information. We intend to further build capability in this area as developments in data allow.

ESG Materiality assessment

NAB discloses the outcomes of its annual ESG materiality assessment in its annual reporting (see the "ESG materiality assessment" section of NAB's 2024 Annual Report for more information). This exercise draws on the Global Reporting Initiative (GRI) Standards. It considers ESG materiality through potential impacts on NAB's ability to continue to create value, including their influence on stakeholder decisions, and NAB's potential impacts on society.

More information on the ESG materiality assessment and its findings are detailed under section 2.1c of this self-assessment.

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⁽⁴⁾ 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

NAB has considered the distribution of its portfolio across geographic and business segments⁽⁵⁾ in its most recent impact analysis completed through the Impact Analysis Tool:

- Geography:** More than 97% of lending is provided by NAB's businesses in Australia and New Zealand.
- Major industry type:** The following breakdown shows credit risk exposures (EAD) by major industry type as at 31st March 2024:
 - Residential mortgage (43%).
 - Finance and insurance (20%).
 - Commercial Property (7%).
 - Agriculture, forestry, fishing, and mining (6%).
 - Retail and wholesale trade (3%).
 - Transport and storage (2%).
 - Manufacturing (2%).

References and links

[2024 Annual Report](#)
(Page 23: ESG materiality assessment)
(page 19: Sustainability in NAB's strategy)
(page 28: First Nations business banking)

References and links

[2024 Annual Report](#)
(page 10: Our business)
[2024 Half year results announcement](#)
(page 27: Lending)
(page 66: Note 7 loans and advances)
[2024 Half Year Pillar 3 Report](#)
(page 22: 4.1 General disclosures)

Principle 2: Impact & Target Setting (cont.)

- Property and business services (2%).
- Construction (1%).
- Accommodation, cafes, pubs, and restaurants (1%).
- Personal (2%).
- Other- includes government and public authorities, utilities and other (10%).

Portfolio breakdown by segment:

Business and Private Banking (37%), Personal Banking (33%) and 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?⁽⁶⁾ 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

NAB regularly monitors 'country needs' through its ESG materiality assessment.

In 2024, this included considering global and regionally relevant sources to provide a score-based weighting for sustainable development impact areas. These scores support the underlying data used through the Impact Analysis Tool.

The weightings assist NAB in prioritising impact areas when considering key challenges related to sustainable development arising through its lending portfolio. NAB's 2024 'country needs' review identified the following priority areas (via the Impact Analysis Tool):

- Climate change and biodiversity (emissions intensity, impacts of weather-related loss events, soil integrity)
- Resource intensity (energy and water consumption, waste production)
- Affordable and specialist housing (availability, accessibility, affordability, quality of resources & services).
- Infrastructure and mobility
- Indigenous economic advancement.

ESG Materiality assessment:

A key objective of NAB's 2024 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 and listening sessions, and investor engagement).

NAB validates its findings through consideration of external ESG assessments and benchmarking services (e.g. the Dow Jones Sustainability Index, MSCI).

Results of the materiality assessment are reviewed against NAB's strategic priorities and market position. In 2024, the identified and prioritised material ESG areas are:

- Supporting customers.
- Managing climate change.
- Data security, technology and innovation.
- Governance, conduct and culture.
- Colleague engagement, inclusion and capability.
- Human rights

For more information on this process, material topics and associated indicators, see page 23 of the 2024 Annual Report.

References and links

[2024 Annual Report](#)

(page 23: ESG materiality assessment)

(page 19: Sustainability in NAB's strategy)

(page 28: First Nations business banking)

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)⁽⁷⁾? Please disclose.

Summary response

NAB's three identified areas of most potential positive or negative impact remain unchanged from prior years. These areas are: (1) climate change; (2) affordable and specialist housing and (3) Indigenous economic advancement.

NAB has prioritised:

- Progressing target setting for climate change, including setting further sector decarbonisation targets, and a new 2030 \$80bn environmental financing ambition (announced in June 2024);
- Progress against NAB's 2029 \$6bn affordable and specialist housing ambition; and
- Progress against NAB's 2026 \$1bn financing ambition to support improved outcomes for First Nations Australians, supported by a suite of actions outlined in NAB's Reconciliation Action Plan (2024-2027), which was published in September 2024.

See **section 2.2** for further detail.

References and links

[2024 Annual Report](#)

(page 24: Sustainability performance)

(page 28: First Nations business banking)

[2024 Climate Report](#)

(pages 41-68: Metrics and targets)

[NAB Reconciliation Action Plan 2024-2027](#)

Principle 2: Impact & Target Setting (cont.)

Requirement

d) Performance measurement: For these (minimum two) prioritised areas, has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Summary response

Climate change

NAB is supporting customers to decarbonise and build climate resilience. We are prioritising action in the sectors most material and necessary to achieve the transition. Our approach has aligned measurement of financed emissions (and setting of decarbonisation targets) to the nine high-emitting sectors outlined in the UNEP FI Guidelines¹ for members of the NZBA.

NAB has now set and published 12 interim sector-specific decarbonisation targets across eight sectors (thermal coal, oil and gas, power generation, cement, iron and steel, transport (sub-sector targets covering aviation, shipping and road), aluminium and real-estate (sub-sector targets covering commercial real-estate [retail and office], and residential).

NAB assessed a number of credible, science-based agriculture reference pathways and concluded none are both sufficiently localised, and capable of being applied to NAB's large, diverse agri portfolio. As such, NAB has deferred setting an agri sector decarbonisation target, and will update the market on its approach to decarbonising its agriculture portfolio in the 2025 Climate Report.

NAB's sector targets are complemented by its science-based Scope 1 and 2 operational (market-based) GHG emissions target to reduce emissions by 72% by 2030, against a 2022 baseline⁽²⁾.

NAB is working across the bank to support and fund customer transitions and commercial opportunities. In June 2024, NAB announced a new, \$80 billion environmental finance ambition for the period 1 October 2023 to 30 September 2030.

Affordable and specialist housing

NAB is prioritising and assessing its impact in affordable housing in two main ways:

- Funding increased supply: including financing organisations that improve the supply of social, affordable and community housing, and Specialist Disability Accommodation (SDA).
- Supporting pathways to home ownership: including supporting initiatives that improve access to housing finance for individuals.

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.

Indigenous economic advancement

As Australia's largest business lender, NAB has prioritised the positive impact it can have by supporting growth in the Indigenous business economy. This is a powerful way to support self-determination by creating jobs and supporting wealth creation for First Nations people.

While the provision of finance to support Indigenous business plays a key role in supporting improved outcomes for First Nations peoples, NAB knows it has more work to do to understand the broader changes needed to unblock barriers and enable growth. In 2024, NAB Foundation funded the Australian National University (ANU) to undertake Indigenous-led research that explores the opportunities for Indigenous business, as well as the structural barriers to growth, including the role of the financial system. In 2025, NAB will further develop its understanding in this area, and intends to further develop how it can define and measure the impact of its initiatives.

NAB's other targets for greater economic prosperity for Indigenous Australians are included in NAB's 2024-2027 Reconciliation Action Plan (RAP).

References and links

[2024 Climate Report](#)

(Pages 41-68: Metrics and targets)

(page 63: Environmental finance ambition)

(Page 64-68: Reducing operational emissions)

[2024 Annual Report](#)

(page 29: Affordable and Specialist Housing)

(page 28: First Nations business banking)

[2024 Sustainability Data Pack](#) ('Finance' tab)

[NAB Reconciliation Action Plan 2024-2027](#)

(1) That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

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

(3) NAB's financial year ends on 30 September. The financial year ended 30 September 2024 is referred to as 2024 and other financial years are referred to in a corresponding manner.

(4) Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

(5) Breakdowns included in 2.1b are based on information presented in NAB's 2024 half year reporting suite. NAB's 2024 impact analysis exercise was conducted based off FY23 information. The portfolio composition information presented in response to 2.1 (c) refers to the more recent, publicly available data. NAB has compared 1H24 and FY23 portfolio composition data and determined there are no changes material enough to alter the outcomes of the impact analysis.

(6) Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

(7) To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

(8) The Group's operational science-based Scope 1 and 2 (market-based) GHG emissions reduction target aligns with pathways that limit warming to 1.5°C. The Group's target is for a 72% reduction in Scope 1 and 2 (market-based) GHG emissions by 2030 from a 2022 baseline. This target is science-based and has been developed using the SBTi target-setting tool and criteria. It has not been submitted to SBTi for validation.

Principle 2: Impact & Target Setting (cont.)

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?⁽¹⁾

Scope:	<input checked="" type="checkbox"/> Yes	In progress	No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	In progress	No
Context:	<input checked="" type="checkbox"/> Yes	In progress	No
Performance measurement:	<input checked="" type="checkbox"/> Yes	In progress	No

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

Climate change, affordable and specialist housing and Indigenous economic advancement.

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

(1) You can respond 'Yes' to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

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⁽¹⁾ 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⁽²⁾ 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.

You can build upon the context items under 2.1.

Summary response

Climate change

NAB'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.

NAB's climate targets support the achievement of SDGs #7 'Affordable and clean energy', #9 'Industry, Innovation and Infrastructure' and #13 'Climate action'.

NAB's interim (2030) sector decarbonisation targets have been set across eight of the high-emitting sectors in NAB's Australian lending portfolio (four were set in 2022, with additional targets set in October 2023 and in June 2024), informed by the UNEP FI Guidelines.

To inform target-setting, NAB assesses a range of net-zero scenarios aligned to its ambition. NAB has used the following to inform its sector-based decarbonisation targets: International Energy Agency's Net Zero Emissions 2050 (IEA NZE 2050); International Aluminium Institute Greenhouse Gas Pathway (AIA GHG) 2050; Air Transport Action Group (ATAG) Waypoint 2050; Inevitable Policy Response 1.5 degree aligned Required Policy Scenario (IPR 1.5°C RPS); Poseidon Principles (PP) Pathway (2018); SBTi Buildings (Australia) Office, Retail (v0.2, 2023); SBTi Residential Buildings (Australia) (v0.2, 2023).

More information on the targets set, and the methodology used for setting the targets, can be found in NAB's 2024 Climate Report.

Affordable and specialist housing

NAB's affordable and specialist housing target supports 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 First Home Guarantee 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.

Indigenous economic advancement

NAB has recently finalised its next three-year Reconciliation Action Plan (RAP) until 2027. The new RAP aligns with our objective to drive commercial growth in the First Nations business sector, aligning with key pillars of the RAP, customers, colleagues and community.

NAB has a target to more than double its lending to Indigenous businesses and community organisations to \$1 billion by 31 December 2026⁽³⁾. This ambitious lending target will help stimulate sustainable business growth to help create prosperity for First Nations communities. NAB also has ambitious targets to increase our procurement spend with First Nations businesses and onboard more First Nations suppliers.

References and links

[2024 Annual Report](#)

(pages 19-24: Sustainability approach)

(page 29: Affordable and specialist housing)

(page 28: First Nations business banking)

[2024 Climate Report](#)

(pages 41-68: Metrics and targets)

[2024-2026 NAB's Framework for Customers Experiencing Vulnerability](#)

[NAB Reconciliation Action Plan 2024-2027](#)

Principle 2: Impact & Target Setting (cont.)

NAB's Indigenous business and community organisation financing target has been set to support achievement of SDGs #8 "Decent work and economic growth" and #10 "Reduced inequalities".

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 eight high-emitting sectors in its Australian lending portfolio. These targets have been informed by the UNEP FI Guidelines.

In 2022, NAB published its first four interim sector decarbonisation targets for power generation, oil and gas, thermal coal and cement sectors, all using 2021 as the baseline year.

In 2023, NAB published an additional three targets. The iron and steel and aluminium sector targets have been set using a 2022 baseline year, while NAB's aviation (a transport sub-sector) target uses 2019 as the baseline year. The aviation sector experienced severe disruption during the COVID-19 pandemic: overall emissions decreased due to reduced flight numbers but emissions intensity increased due to social distancing requirements. This resulted in non-representative emissions metrics across the sector in 2020 - 2022. For this reason, NAB used 2019 as a more representative baseline year for this sector, enabling better comparison over time.

In June 2024, NAB published an additional five targets, all have been set using a 2022 baseline. These targets include transport (sub-sector shipping and road targets), aluminium and real-estate (sub-sector targets covering commercial real-estate [retail and office], and residential).

Please refer to NAB's 2024 Climate Report and Supplementary Climate Disclosures 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 NAB's 2024 Climate Report for information on the ambition NAB 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. NAB's 2024 Climate Report and Supplementary Climate Disclosures include information on the sector targets that have been set to date, including relevant baseline information.

Client engagement process (A.2.1)

- From 1 October 2025, Customer Transition Plans will be required for new or renewed corporate lending, project-level lending⁽⁴⁾ and capital markets activity for Corporate and Institutional Banking customers in certain sectors.
- NAB's 2024 Climate Report details NAB's customer assessment framework and approach.
- NAB's application of its Customer Transition Plan assessment framework will be in addition to existing ESG review processes which include consideration of climate-related risks, as well as decisions that NAB may make on a case-by-case basis to support progress in achieving NAB's decarbonisation targets. For further information, see pages 28-30 of NAB's 2024 Climate Report.

Absolute financed emissions (A.2.2)

- NAB's 2023 absolute emissions estimate is provided at a sector level, please see p91 of NAB's 2024 Climate Report for more information.

Sector-specific emission intensity (A.2.3)

- NAB has elected to use physical intensity metrics for its power generation, cement, aluminium, transport (aviation, shipping and road sub-sectors) and real estate (commercial real estate [office and retail] and residential real estate) sector targets. For more information on this, please see p74 of NAB's 2024 Climate Report.

Proportion of financed emissions covered by a decarbonisation target (A.2.4)

- NAB estimates that its sector decarbonisation targets cover approximately 71% of financed emissions arising as a result of NAB's total lending⁽⁵⁾. For a breakdown of financed emissions attributable to each sector, see p43 of NAB's 2024 Climate Report.

Financial volume of green assets/low-carbon technologies (A.3.1)

- In June 2024, NAB announced its 2030 \$80bn environmental financing ambition. Please see p7 of NAB's Supplementary Climate Disclosures for more information on the ambition, and p63 of NAB's 2024 Climate Report for a breakdown of NAB's environmental financing activity.

Affordable and specialist housing

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 Australian State and Federal governments to explore policy challenges and work towards scalable housing solutions. See page 29 of NAB's 2024 Annual Report for NAB's housing target.

References and links

[2024 Climate Report](#)

(page 1:8 Climate strategy)

(pages 41-68: Metrics and targets)

(page 73-91: Financed emissions methodology)

(page 63: Environmental financing)

[Supplementary Climate Disclosures](#)

[2024 Annual Report](#)

(page 29: Affordable and specialist housing)

(page 28: First Nations business banking)

[NAB Reconciliation Action Plan 2024-2027](#)

Principle 2: Impact & Target Setting (cont.)

For more information on the steps NAB has taken to process its understanding of impact as it related to affordable and specialist housing, see section **2.1 (d)** of this self-assessment. NAB acknowledges it has more work to do to build on this work and its understanding of impact ambition and measurement.

Indigenous economic advancement

In 2023, NAB announced target to more than double its lending to Indigenous businesses and community organisations to \$1 billion by 31 December 2026⁽³⁾.

NAB's other targets for greater economic prosperity for Indigenous Australians are managed through NAB's 2024-2027 RAP.

For more information on the steps NAB has taken to progress its understanding of impact as it relates to support for Indigenous business, see section **2.1 (d)** of this self-assessment. NAB acknowledges it has more work to do to further understand the ways in which it can best contribute to better outcomes for Australia's First Nations people, including how it can define and measure the impact of its initiatives.

Requirement

c) SMART targets: (incl. key performance indicators (KPIs)⁽⁶⁾): 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 2024 Annual Report and 2024 Climate Report:

- Sector targets across eight emission intensive sectors in NAB's lending portfolio, as part of its ambition to align its lending portfolio to net zero by 2050.
- NAB's target to provide \$6 billion in financing for affordable and specialist housing by 2029.⁽⁷⁾
- NAB's target to more than double its lending to Indigenous businesses and community organisations to \$1 billion by 31 December 2026.⁽³⁾

This self-assessment is focused on the above set of targets, however NAB is also working 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, Climate Report, Accessibility Action Plan, RAP, and NAB's Framework for Customers Experiencing Vulnerability.

NAB also has customer-related ESG risk policy settings and limits in place to manage its exposure to emissions-intensive, climate sensitive and low-emissions sectors. These are outlined on pages 26-27 of NAB's 2024 Climate Report.

References and links

[*2024 Climate Report*](#)

[*\(pages 22-33: Risk management*](#)

[*\(pages 41-68: Metrics and targets\)*](#)

[*2024 Annual Report*](#)

[*\(page 29: Affordable and specialist housing\)*](#)

[*\(page 28: First Nations business banking\)*](#)

[*2024-2026 NAB's Framework for Customers Experiencing Vulnerability*](#)

[*NAB Reconciliation Action Plan 2024-2027*](#)

Requirement

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

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.

Principle 2: Impact & Target Setting (cont.)

Summary response

Action plan:

NAB's plan to achieve its climate targets is set out in its 2024 Climate Report. Refer to the 'Sector decarbonisation' section on pages 34–40, and the 'Metrics and targets' section on pages 41–68, 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 NAB's 2024 Annual Report, including detail on support for customers, key government and industry partnerships and initiatives.

NAB's plan and progress relating to its First Nations business target is outlined on page 28 of NAB's 2024 Annual Report. This includes progressing its First Nations business strategy and building cultural capability across its business bank.

Page 20 of NAB's 2024 Annual Report includes its governance model to monitor and drive activity across NAB's business units to support these areas.

Indirect impacts:

NAB recognises that pursuing specific targets to drive positive impact in one area, could potentially generate negative impact elsewhere. Targets have been developed with consideration to minimise potential misalignment with any SDGs, and we continue to manage risk through our ESG risk process.

Consideration of ESG risk is integrated within NAB's Risk Management Strategy and Framework, including NAB's risk appetite, policies and risk management processes. ESG risk assessment is part of NAB's supplier due diligence and credit risk assessment processes, recognising that NAB'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 NAB does not remain alert to broader impacts.

In developing its climate strategy, including decarbonisation targets, NAB has identified that areas of potential negative impact include biodiversity, resource use and just transition. NAB's existing risk management process is central to reducing potential negative impacts arising from lending to customers. For example, assessing the nature-related and social injustice impacts of a new renewable energy development.

In addition to its risk management process, NAB has been developing its approach to a just transition. In 2023, NAB outlined key principles which help guide our role over time in support of a just and inclusive transition. NAB continues to engage, including through its membership of the United Nations Global Compact (UNGC), to iteratively develop these principles that businesses can draw on to address risk and inequalities faced by certain communities in the transition to a low carbon economy. This includes opportunities for decent work and social justice (SDG 8 *Decent work and economic growth*, SDG 10 *Reduced inequalities*). For detail on NAB's approach to just transition and progress against these principles in 2024, see pages 14–15 of NAB's 2024 Climate Report.

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 2.6 MtCO₂-e (SDG 13 *Climate action*). In 2024, NAB published its 2030 residential real estate decarbonisation target, and is supporting customers to upgrade their homes and/or investment properties to improve energy performance.

References and links

[2024 Climate Report](#)

(pages 14–15: *Just transition*)

(pages 34–40:

Sector decarbonisation)

(pages 22–33:

Risk management)

(pages 41–68: *Metrics and targets*)

(page 73–91: *Financed emissions methodology*)

[2024 Annual Report](#)

(page 29: *Affordable and specialist housing*)

(page 28:

Indigenous business)

(page 57–60: *ESG*

Risk management)

-
- (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) Lending position refers to 'Gross Loans and Advances' to both direct Indigenous Businesses (with >50% Indigenous Ownership) and community organisations whose purpose contributes to Indigenous communities, baseline position (\$417.2m) calculated as at 31 August 2023 and has been restated in 2024.
 - (4) 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 energy security considerations.
 - (5) Excludes BNZ, facilitated emissions, derivatives and exposures to sovereign and financial institutions. Figure is at June 2023.
 - (6) Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.
 - (7) Affordable and specialist housing includes affordable housing, specialist disability accommodation, sustainable housing and this includes loans made under the First 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 ambition period. This number does not reflect debt balance.

Principle 2: Impact & Target Setting (cont.)

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...

	... first area of most significant impact: ... Climate change	... second area of most significant impact: ... Affordable and specialist housing	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: Indigenous economic advancement
Alignment	<input type="radio"/> Yes <input checked="" type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No
Baseline	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input type="radio"/> Yes <input checked="" type="radio"/> In progress <input type="radio"/> No
SMART targets	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No
Action plan	<input type="radio"/> Yes <input checked="" type="radio"/> In progress <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> In progress <input type="radio"/> No	<input type="radio"/> Yes <input checked="" type="radio"/> In progress <input type="radio"/> No

2.3 Target implementation and monitoring (Key step 2)

2.3 Target implementation and monitoring (Key step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

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.

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.

NAB's actions to support achievement of its targets are outlined in its 2024 Climate Report and 2024 Annual Report.

Climate change

In NAB's 2021 Annual Review, NAB first outlined its intention to set and publish emissions reduction targets for a substantial majority of its Australian lending portfolio. NAB has since joined the NZBA, and is setting sector decarbonisation targets aligned 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 twelve interim 2030 sectoral decarbonisation targets ('sector targets') for its lending portfolio across eight high-emitting sectors, five of these targets were set in 2024. See section 2.1 (c) for a list of these sectors.

Additionally, NAB has set facilitated emissions targets for fossil fuel sectors (power generation, oil and gas, and thermal coal), in line with the updated UNEP FI Guidelines.

NAB's sector decarbonisation targets cover ~70% of financed emissions arising as a result of NAB's total lending.

Information on these targets, including published baselines, are available on pages 9-22 of NAB's Supplementary Climate Disclosures and pages 41-68 of NAB's 2024 Climate Report.

NAB's 2024 Climate Report includes progress against NAB's 12 sector decarbonisation targets, recognises NAB's early stage of maturity in implementation of its sector targets. See the Metrics and Targets section from page 42 of NAB's Climate Report for further information on its sector decarbonisation targets.

Key activity in 2024 to support progress against decarbonisation targets includes:

- Further developed Customer Transition Plan (CTP) assessment framework for a specific set of our customers. See Section 2.2 (b) for further detail.
- Building NAB's capabilities across risk and governance as well as further investment and partnership efforts into key market capabilities in support of customers' transition.
- For NAB's colleagues – rolling out new sector-specific e-learning based climate training programs across NAB, in addition to our existing climate foundational and risk e-learning based training programs.

See NAB's 2024 Climate Report for further detail on these initiatives.

Affordable and specialist housing

In 2024, NAB provided \$2.1bn in financing against its target to lend at least \$6bn to help more Australians access affordable and specialist housing by 2029. This target commenced at the end of 2022, bringing NAB's cumulative progress against the target to \$4.4bn in 2024.

Section 2.1 (d) of this self-assessment detailed actions undertaken in 2024, including the financing, partnerships and advocacy work that NAB engages in to support home ownership essential workers, younger Australians and those on low incomes. This section also details work underway to further develop NAB's understanding of impact in this area. See page 29 of NAB's 2024 Annual Report for more information.

Indigenous economic advancement

NAB's total lending to First Nations business and community organisations has grown more than 11%⁽¹⁾ to \$463.8m over the last 12 months and is continuing to track towards NAB's \$1 billion target by December 2026⁽²⁾. NAB has further expanded its network of specialised business bankers with nation-wide coverage and is continuing to build relationships to fund First Nations businesses and community organisations for their economic development.

As detailed in Section 2.1 (d) of this self-assessment, the NAB Foundation funded research in 2024 to explore the opportunities for Indigenous business, as well as the structural barriers to growth, including the role of the financial system. In 2025, NAB will further develop its understanding in this area, including how it can define and measure the impact of its initiatives.

NAB's other targets for greater economic prosperity for Indigenous Australians are outlined in NAB's RAP (2024-2027). NAB's executive-level RAP Council oversees progress against these targets. NAB has centralised program funding and added dedicated positions in the First Nations Affairs, Procurement and People & Culture teams to drive progress and impact.

See NAB's 2024-2027 RAP for further detail, as well as page 28 of NAB's 2024 Annual Report for more information on NAB's activity in this area.

References and links

[2024 Climate Report](#)

(pages 41-68: Metrics and targets)

(pages 7-17: Strategy)

(Pages 22-33:

Risk management)

[Supplementary Climate Disclosures](#)

[2024 Annual Report](#)

(page 29: Affordable and specialist housing)

(page 28: First Nations business banking)

[NAB Reconciliation Action Plan 2024-2027](#)

(1) Lending update calculated as at August 2024 (vs. August 2023).

(2) Lending position refers to 'Gross Loans and Advances' to both direct Indigenous Businesses (with >50% Indigenous Ownership) and community organisations whose purpose contributes to Indigenous communities, baseline position (\$417.2m) calculated as at 31 August 2023 and has been restated in 2024.

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

Requirement

Does your bank have a policy or engagement process with clients and customers⁽¹⁾ in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☐ Yes ☒ In progress ☐ No

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⁽²⁾. 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.

Summary response

NAB's actions to support achievement of its targets are outlined in its 2024 annual reporting suite.

Climate change (See Climate Report)

NAB's relevant policies, settings and processes for engaging with customers in relation to climate change are set out in our 2024 Climate Report.

A key component of NAB's climate strategy is supporting customers in their efforts to decarbonise. Our engagement offering includes listening to customers to design appropriate products and services to support their decarbonisation and building our understanding of their transition journeys.

In 2021, NAB commenced work to understand the transition maturity of 100 of its largest GHG emitting customers. This work was completed in 2023 and provided the foundations to develop NAB's Customer Transition Plan approach and assessment framework, published in June 2024 (see NAB Supplementary Climate Disclosures for further information) for Corporate and Institutional Banking customers in certain sectors. An independent review has since been completed and refinements made ahead of the 1 October 2025 implementation date, including quantitative assessment of emissions reduction performance, sector specific factors, a four-tier outcome system and weighted scoring approach.

For more detail on this process, including next steps ahead of 1 October 2025 implementation, see pages 28–30 of NAB's 2024 Climate Report.

Affordable and specialist housing (See Annual Report page 29)

We are working with customers to increase the supply of more affordable homes and housing for specialised needs, targeting an additional \$6 billion in lending by 2029. We have provided \$4.4 billion towards this ambition since the end of 2022, with a total of \$2.1 billion in 2024. Financing provided through NAB's partnerships with Australian State and Federal government have been considerable. See section 2.1 (d) of this self-assessment and page 29 of NAB's 2023 Annual Report for more information on NAB's activity in this area.

Indigenous economic advancement (See Annual Report page 28)

In 2023, NAB announced target to more than double its lending to Indigenous businesses and community organisations to \$1 billion by 31 December 2026⁽³⁾. NAB has demonstrated progress toward this target in 2024, lending to First Nations business and community organisations has grown more than 11%⁽⁴⁾ to \$463.8m.

NAB's broader suite of Indigenous targets are outlined in its RAP (2024–2027), released in September 2024. See sections 2.1 (d) and 2.3 of this self-assessment and page 28 of NAB's 2024 Annual Report for more information on NAB's activity 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 Sustainability Policy and informed by the AA1000 Stakeholder Engagement Standard. Information on relevant activities is detailed in page 21 of its 2024 Annual Report.

References and links

[2024 Climate Report](#)

(pages 9–12: Supporting customers to decarbonise and build resilience)

(pages 22–33: Risk Management)

(Pages 28–30 Customer Transition Plans)

(pages 41–68: Metrics and targets)

[2024 Annual Report](#)

(page 21: Stakeholder engagement)

(page 29: Affordable and specialist housing)

(page 28: First Nations business banking)

[NAB Reconciliation Action Plan 2024–2027](#)

(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) Lending position refers to 'Gross Loans and Advances' to both direct Indigenous Businesses (with >50% Indigenous Ownership) and community organisations whose purpose contributes to Indigenous communities, baseline position (\$417.2m) calculated as at 31 August 2023 and has been restated in 2024.

(4) Lending update calculated as at August 2024 (vs. August 2023).

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 NAB's business strategy as a source of risk and opportunity. Successfully managing sustainability matters means better supporting our customers, protecting and growing our business, and improving the impact we have on the environment and communities we operate in. Activity in NAB's prioritised impact areas is summarised below:

Climate change

In the lead-up to 2030, Australian businesses are estimated to require substantial investment to secure a competitive edge in the net-zero global economy ⁽¹⁾. Recognising this challenge and in support of NAB's climate strategy, in June 2024 NAB established an environmental finance ambition of \$80 billion for the period 1 October 2023 to 30 September 2030. The ambition aims to support customers as they invest in their sustainable future towards 2030 and beyond. NAB has provided \$7.3 billion of environmental finance in 2024. This includes \$4.03 billion of lending activity and \$3.27 billion of capital markets and trading activity.

In 2024, NAB launched its Green Finance for CRE, complementing NAB's existing Green Finance for Agribusiness and Green Finance for Vehicles and Equipment propositions. NAB continues to identify how it can support individuals and families across Australia to help reduce their emissions, including through the provision of partner offers currently in development.

NAB continues to advocate on important issues related to climate change and the transition to net zero emissions by 2050, including Australian Sustainable Finance Initiative consultation on a draft sustainable finance taxonomy. For further information on this and other advocacy areas in 2024, see page 14 of NAB's 2024 Climate Report.

For information on NAB's environmental financing methodology, see page 92 of NAB's 2024 Climate Report.

NAB'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'.

Affordable and specialist housing

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 2024, NAB provided a total of \$2.1bn in financed facilities against its target to provide cumulative \$6bn in financing for affordable and specialist housing by 2029.

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'.

Indigenous economic advancement

As Australia's largest business bank, NAB has prioritised the positive impact it can have by supporting growth in the Indigenous business economy, and has identified this as the best way it can contribute to increasing economic self-determination, creating jobs and supporting wealth creation for First Nations people. In 2023, NAB announced target to more than double its lending to Indigenous businesses and community organisations to \$1 billion by 31 December 2026 ⁽²⁾.

Section 2.1 (d) of this self assessment provided further detail on NAB's 2024 progress in this area, including progress in 2024 to better understand, barrier, opportunities and measurement of impact.

NAB's Indigenous business and community organisation lending target has been set to support achievement of SDGs #8 "Decent work and economic growth" and #10 "Reduced inequalities".

References and links

[2024 Annual Report](#)

(page 29: Affordable and specialist housing)

(page 28: First Nations business banking)

[2024 Climate Report](#)

(pages 7–17: Strategy)

(pages 41–68: Metrics and targets)

(page 92: Environmental financing methodology)

[Supplementary](#)

[Climate Disclosures](#)

[All Systems Go: Powering ahead](#), Deloitte Access

Economics commissioned by NAB, August 2023

(1) All systems go: Powering ahead | Deloitte Australia. Available at <https://news.nab.com.au/news/all-systems-go-powering-ahead/>

(2) Lending position refers to 'Gross Loans and Advances' to both direct Indigenous Businesses (with >50% Indigenous Ownership) and community organisations whose purpose contributes to Indigenous communities, baseline position (\$417.2m) calculated as at 31 August 2023 and has been restated in 2024.

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

Requirement

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?

X Yes

☐ In progress

☐ No

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 NAB's understanding of expectations, potential issues and opportunities to improve. In 2024, NAB has continued engagement with stakeholders through its ESG Materiality assessment and in its priority impact areas.

- NAB's stakeholder engagement approach is detailed in its Sustainability Policy and informed by the AA1000 Stakeholder Engagement Standard.
- NAB's annual materiality assessment, discussed in **Section 1.1**, incorporates 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 NAB 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 and biodiversity, improved outcomes for First Nations peoples, sustainable agribusiness, climate risk and scenario analysis and a just and inclusive transition to a low-carbon economy.
- NAB engages with policy makers on topics such as climate change, biodiversity, modern slavery, affordable housing and other sustainability issues via industry associations and/or directly.

For more information on NAB's approach to stakeholder engagement, including specific examples relevant to 2024, see page 21 of the 2024 Annual Report, our [website](#), and page 14 of NAB's 2024 Climate Report.

References and links

[2024 Annual Report](#)
(pages 21:
Stakeholder engagement)

[2024 Climate Report](#)
(Page 14: Investing in
climate capabilities)

[How we engage with
stakeholders | Policies and
reporting – NAB](#)

(1) Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of Indigenous population and non-profit organisations.

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

Requirement	References and links
<p>Does your bank have a governance system in a place that incorporates the PRB?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>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</p> <ul style="list-style-type: none">• 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.	<p>2024 Annual Report (page 19-24: Sustainability approach) (Page 119: Remuneration Report) 2024 Climate Report (pages 18-21: Governance) (pages 41-68: Metrics and targets)</p>
<p>Summary response</p> <p>Implementation of the PRB is integrated within existing governance structures. The Board retains ultimate accountability for sustainability-related risks and opportunities and receives regular updates on sustainability performance.</p> <p>NAB has a Sustainability Council chaired by the Group Executive, Legal & Commercial Services⁽¹⁾, responsible for aligning activity across NAB and overseeing progress against NAB's sustainability goals and targets. This includes fulfilling external obligations such as the PRB and NZBA.</p> <p>The Group Credit and Market Risk Committee (GCMRC) has oversight of Sustainability risk.</p> <p>As required, matters are escalated by the GCMRC to the Executive Risk and Compliance Committee, Board Risk and Compliance Committee and Board. NAB's overall approach to the governance of ESG risk is detailed in its 2024 Annual Report and 2024 Climate Report.</p> <p>NAB's 2024 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 pages 18-21 and 46.</p> <p>Sustainability related performance is incorporated into the measures that determine performance and remuneration across NAB and is applied within our GPI and qualitative assessment of performance, as well as Group CEO, Group Executive and colleague scorecards.</p> <p>The governance and oversight of how these measures are set, reviewed and linked to the Group CEO and Group Executives' remuneration outcomes are in accordance with the Group's governance and oversight framework, as outlined in the "Remuneration Report" from page 119 of NAB's 2024 Annual Report.</p>	

(1) Effective 1 October 2024, Legal & Commercial Services was renamed to Customer & Corporate Services.

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 NAB's colleagues, including:

- NAB is investing in its leaders. We recognise that great leaders create great culture. NAB has invested in developing leaders at all levels with a mix of learning programs and coaching support to help embed leadership practices and behaviours in their teams. For details on NAB's leadership programs, and programs to develop colleague capability more broadly, see page 32 of NAB's 2024 Annual Report.
- In 2023, NAB launched the NAB Climate Learning Series, a partnership with Melbourne Business School's Centre for Sustainability and Business that aims to equip frontline bankers with climate knowledge and confidence to support our customers decarbonise. The series comprises four foundational climate e-learning programs, 8,000 colleagues have completed the first program since its launch in 2023. Three additional sector-specific e-learning programs have since been launched, including Transport, Agriculture, and Real Estate (commercial and residential). There has been over 10,000 completions of the sector specific training.
- Focus on driving a responsible banking culture and encouraging colleagues to speak up if they have concerns. For more information, see "NAB values and culture" on page 86 of NAB's 2024 Annual Report.
- Mobilising our First Nations colleagues, promoting their voices internally and externally. This includes the formation and resourcing of the First Nations Employee Resource Group, a colleague representative group to advocate for the rights and interests of NAB's First Nations workforce and provide a source of education to NAB colleagues.
- The role of leaders in communicating NAB's efforts to increase positive, and reduce negative, impact is important. This year, there has been consistent internal and external communications from the NAB 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.
- In 2024, a refreshed climate risk module was rolled out as part of NAB's annual risk awareness training for colleagues. This included a case study to help colleagues better understand and recognise climate risk (both transition and physical risk) in a customer context. Since its launch, close to 16,000 colleagues have completed it across NAB.
- In 2024, modern slavery risk, was included in both annual risk awareness and financial crime and AML/CTF e-learning training for NAB colleagues. Participation rates of 99.6 % and 98.9% were achieved for this training respectively. 98.4% of BNZ colleagues completed BNZ's annual risk awareness e-learning training, which also included training on modern slavery.
- NAB's Sustainability 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.

References and links

[2024 Annual Report](#)

(pages 13-14: What we will be known for)

(pages 19-24:

Sustainability approach)

(page 32: Leadership and capability)

[2024 Climate Report](#)

(page 13: Investing in climate capabilities)

5.3 Policies and due diligence processes

Requirement

Does your bank have policies in place that address environmental and social risks within your portfolio?⁽¹⁾ 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

NAB'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 integrated into its Risk Management Strategy and supporting risk policies and frameworks. 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 NAB's sustainability performance include progress on targets and challenges NAB needs to address.

Accountability for meeting the PRB is assigned across business divisions through NAB's enterprise risk management tool - Governance Risk And Compliance Engine (GRACE).

NAB has a range of relevant policies (e.g. Human Rights, Environment, Customer-related ESG Risk 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.

NAB's overall approach to the governance of ESG risk is detailed in its 2024 Annual Report and 2024 Climate Report. ESG risk considerations are integrated within NAB's Group Risk Appetite Statement under the Risk category 'Sustainability Risk' which is included in NAB's enterprise risk taxonomy. This helps drive consideration of (potential) positive and negative ESG-related impacts as part of day-day business decision making and risk management process processes across NAB.

NAB recognises that it is important to listen and respond to concerns raised by customers and other stakeholders on a wide range of issues, including human rights issues. Human rights-related feedback and concerns can be provided via email to grievances@nab.com.au.

NAB has several grievance mechanisms to address different sources of grievance or concern. These mechanisms are embedded in our existing people, customer, corporate affairs and whistleblower processes. Examples of different grievance mechanisms include employee concern processes, NAB Resolve (NAB's complaints team), our FairCall whistleblower service (NAB's independently monitored external hotline and reporting service) and via NAB's independent customer advocate.

For more information, please see: [Our approach to human rights | Policies and reporting - NAB](#)

References and links

[2024 Annual Report](#)

(pages 19-24:
[Sustainability approach](#))

[2024 Climate Report](#)

(pages 22-30:
[Risk Management](#))

[Our approach to human rights
| Policies and reporting - NAB](#)

(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)

Self assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

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)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☐ Yes ☒ In progress ☐ No

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?

☒ Yes ☐ Partially ☐ No

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

Summary response

- EY provide limited assurance over NAB'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](#)
[2024 Annual Report](#)
(page 61: 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
☒ TCFD
☐ Other:

Summary response

NAB's sustainability-related disclosures are prepared with due consideration of relevant frameworks. For more information, see NAB's 2024 Climate Report, 2024 Annual Report and Sustainability Data Pack, as well as information on nab.com.au.

References and links

[Annual Performance and Reporting Suite](#)
[2024 Annual Report](#)
(page 1: About this Report)
(page 21: Stakeholder engagement)
[2024 Sustainability Data Pack](#)
(GRI tab)
[2024 Climate Report](#)
(page 69: Supporting information)

6.3 Outlook

Requirement

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis⁽¹⁾, target setting⁽²⁾ and governance structure for implementing the PRB)? Please describe briefly.

Summary response

- Improve operational maturity to drive achievement of NAB's decarbonisation targets. This includes continuing to enhance data reporting and monitoring capabilities.
- In 2024, NAB announced that it has temporarily deferred setting a decarbonisation target for the agriculture sector. NAB will continue to engage with customers, monitor government-led policy developments, ongoing research and emerging pathways and will update the market on its approach to decarbonising its agricultural portfolio in the 2025 Climate Report.
- Ahead of the 1 October 2025 implementation, NAB intends to focus on operationalising the assessment of Customer Transition Plans and completing assessments for in-scope Corporate and Institutional Banking customers.
- Build on progress made in 2024 to further understand and define NAB's impact ambition in affordable and specialist housing and support for Indigenous business, to accompany existing impact metrics and financing targets.
- Ongoing preparedness for mandatory climate-related financial disclosures requirements in Australia, aligned with IFRS S2, which will apply to NAB from its 2026 financial year.

References and links

[2024 Climate Report](#)
(pages 41-68: 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

Requirement

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

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

<input type="checkbox"/> Embedding PRB oversight into governance	<input type="checkbox"/> Customer engagement
<input type="checkbox"/> Gaining or maintaining momentum in the bank	<input checked="" type="checkbox"/> Stakeholder engagement
<input type="checkbox"/> Getting started: where to start and what to focus on in the beginning	<input checked="" type="checkbox"/> Data availability
<input type="checkbox"/> Conducting an impact analysis`	<input checked="" type="checkbox"/> Data quality
<input type="checkbox"/> Assessing negative environmental and social impacts	<input checked="" type="checkbox"/> Access to resources
<input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies	<input type="checkbox"/> Reporting
<input checked="" type="checkbox"/> Setting targets	<input type="checkbox"/> Assurance
<input type="checkbox"/> Other: ...	<input type="checkbox"/> Prioritizing actions internally

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

NAB's 2024 Climate Report summarise how NAB is seeking to further operationalise its sector targets, including data systems and internal capabilities. See pages 13-14, 46 for more information.

