

Module: Introduction**Page: Introduction****CC0.1****Introduction**

Please give a general description and introduction to your organization.

National Australia Bank Limited (NAB) and its related bodies corporate ('NAB Group' or 'Group') is a financial services organisation providing a comprehensive range of financial products and services.

The majority of the Group's businesses operate in Australia and New Zealand, with branches located in Asia, the UK and the US. Our portfolio includes: Business and Private Banking, Consumer Banking and Wealth, Corporate and Institutional Banking, and New Zealand Banking

For part of the reporting period for this CDP submission (1 July 2015 to 30 June 2016) Great Western Bancorp, Inc (GWB) and Clydesdale and Yorkshire Banking Group (CYBG) were part of NAB Group. The NAB Group divested its holding in GWB in 2015, with loss of control occurring 3 August 2015. The CYBG demerger completed on 8 February 2016. Greenhouse and energy data for GWB and CYBG is included for the period in which they were controlled by the NAB Group.

Our approach to Corporate Responsibility (CR) is to make a positive and sustainable impact on the lives of customers, our employees, communities and the environment in which we operate. This is critical to helping NAB achieve its vision of becoming Australia and New Zealand's most respected bank. We believe CR contributes to stronger relationships with customers, our employees and the broader community. It also reduces risks to our business, protects and enhances our reputation and drives efficiency through better use of resources. It also contributes to sustainable, satisfactory returns for our shareholders and shared value for the organisation and its stakeholders.

We are taking action on issues that matter to our customers and community, and where we believe we can make a difference:

- Financial inclusion and resilience: Helping people who are otherwise excluded from mainstream banking to access fair and affordable financial services and to build financial resilience.
- Social cohesion: We're working to address issues relating to social cohesion. This includes gender inclusion, family violence, closing the gap for Indigenous Australia and affordable housing – to build stronger more connected communities.
- Environmental wellbeing: We're working to address key risks and opportunities facing our business, customers and community such as climate change, biodiversity loss and ecosystem degradation with a strong focus on natural value and clean energy finance.

We recognise that climate change (CC) is a significant and complex challenge requiring action at all levels – local, state, national and international – and by all stakeholders. Recognising the impact of CC on our business, customers and the community, and building consideration of CC into our strategy, is consistent with our goal of long-term value creation. The complexity of the CC challenge requires consideration of a range of economic, social, technological and global issues. As a result, we need to respond in collaboration with others.

CC is a key focus of NAB's Environmental Agenda. Our CC strategy includes providing products and services to help our customers respond to, and manage the impacts of, CC and the transition to a low carbon economy. Our CC strategy is supported by advocacy and communication on environmental issues and leading by example to encourage others' action. Prior to COP21 and giving consideration to the role NAB can play supporting the low carbon transition, NAB adopted three "We Mean Business" Coalition climate change commitments:

- (1) responsible climate policy engagement;
- (2) reporting of CC information; and
- (3) carbon pricing.

We also made two further commitments which demonstrate NAB's CC leadership:

- (1) sourcing 10% of our electricity needs from new additional renewable energy projects by 2018; and
- (2) providing \$18 billion of environmental finance between 1 October 2015 and 30 September 2022 to help address CC and support the transition to a low carbon economy.

NAB made carbon risk disclosure commitments in 2014 (<https://www.nab.com.au/about-us/corporate-responsibility/shareholders/esg-risk-management>), and now regularly discloses information on its portfolio exposure to the resources and power generation sectors (see 2016 Full Year Results Presentation (Slides 88, 106, 108 and 111) and 2017 Half Year Results Presentation (Slides 78, 115, and 116) (attached).

See attachments for information about NAB's: (i) Environmental Agenda, performance and carbon neutrality (refer 2016 Dig Deeper and pgs 26-27 of the 2016 Annual Financial Report) and (ii) Environmental Agenda, objectives and strategy.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Wed 01 Jul 2015 - Thu 30 Jun 2016

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

CC0.6

Modules

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

Further Information

Please note: References to environmental operational performance information and data included in each year reported in NAB Group reports is for the environmental reporting year 1 July to 30 June to align with NAB Group's Australian regulatory reporting obligations. Other information in NAB's 2016 Dig Deeper, our 2016 Annual Review, our 2016 Annual Financial Report, investor presentations and our 2016 Equator Principles Report aligns with NAB Group's financial reporting year, 1 October to 30 September, unless otherwise stated. Copies of NAB Group reports referenced throughout our 2017 CDP submission have been also been attached below for ease of access. The figures and percentages included in this submission have been prepared by the NAB Group with due care and skill, and having made reasonable enquires as to their accuracy. In many cases, the NAB Group has obtained external assurance of the figures and percentages to provide increased confidence in their accuracy. However, to the extent permitted by law, the NAB Group does not warrant or represent that the figures or percentages in this submission are accurate in each case, or are free from error.

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/nab-environmental-agenda-objectives-and-strategy.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/nab-environmental-agenda-objectives-and-strategy.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/2016-nab-equator-principles-report.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/2016-nab-equator-principles-report.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/aust-carbon-working-grp.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/aust-carbon-working-grp.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/FY16-nab-investor-presentation.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/FY16-nab-investor-presentation.pdf)
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[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/1h17-nab-investor-presentation.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/1h17-nab-investor-presentation.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC0.Introduction/2016-nab-dig-deeper-report.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC0.Introduction/2016-nab-dig-deeper-report.pdf)

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Senior Manager/Officer

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

Mr David Gall, Group Executive and Group Chief Risk Officer (GCRO), is a member of the NAB Executive Leadership Team (ELT), reporting to the Group Chief Executive Officer (GCEO).

The GCRO is the Chair of the Group Regulatory, Compliance & Operational Risk Committee (GRCORC).

The GRCORC has been established to proactively support the GCRO, the GCEO and the Group Risk Return Management Committee (GRRMC) to oversee the management of regulatory, operational and compliance risk and environmental performance. It includes representation from across the Group including Australian Banking Divisions and BNZ.

The GRCORC meets at least six times per year to undertake its role. As part of its Charter, the GRCORC is responsible for: (a) reviewing and approving NAB's environmental strategy and agenda (which includes three focus areas: (i) climate change (CC), (ii) natural value, and (iii) resource efficiency), targets and offsets, overseeing performance in each of these areas and our performance against voluntary commitments such as our carbon neutrality, our carbon risk disclosure, CC commitments and the Equator Principles; (b) reviewing, evaluating and monitoring the group-wide management and prioritisation of environmental risks, controls and opportunities, including those related to CC, natural value and resource efficiency; and (c) reviewing and endorsing environmental matters that by legislative or regulatory mandate, require GCEO, Board, or Board Risk Committee approval.

Where required, the GRCORC makes recommendations to our GRRMC, our ELT, or the Board and its Committees (as appropriate). Designated employees in our key subsidiaries and international branches have responsibility to deliver on our Environmental Agenda at the local level. Management in Australia and NZ reviews performance regularly, usually on a monthly basis.

Our GRRMC, comprising our ELT and others, meets to discuss risk issues and receives and reviews reports on ESG (Environmental, Social & Governance) risk, which includes CC risks. Our ELT also receives updates on key corporate responsibility commitments, including public commitments related to CC (e.g. see updates on our CC and carbon risk disclosure on pgs 11, 30 and 42 of our 2016 Dig Deeper (see 2016-nab-dig-deeper.pdf)). Environmental performance is also noted and approved by subsidiary boards, as required.

NAB's Board retains ultimate oversight for corporate responsibility risks and issues, including CC (see pg 4, nab-2016-corporate-governance-statement.pdf attached). CC is one of three designated focus areas in NAB's Environmental Agenda (see pg 26, 2016_nab-dig-deeper.pdf).

The Board receives regular reports on a range of CC related issues. CC related information reviewed by the Board ranges from updates on the implementation of our CC strategy, commitments and initiatives, updates on environmental performance, our carbon neutral status and stakeholder's concerns, to updates on regulatory change and review of greenhouse and energy reporting submissions that require noting by the Board before submission to regulators.

Committees of the Board may also receive reports related to CC matters that fall under their specific charters. Our Board Risk Committee considers matters related to climate change risk, including scenario planning.

In 2016, we created a working group to review the risks and opportunities facing NAB and our customers arising from the internationally agreed goal to limit global warming to less than 2°C above pre-industrial levels (the Paris Agreement). The findings of this working group are reported through to management, executive and Board members. Key risks and opportunities identified during this work are being integrated into risk appetite and activities, and business strategy.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Facility managers	Monetary reward	Emissions reduction target Energy reduction target Other: Resource efficiency targets	Facilities managers are outsourced resources, however, the contractual arrangements with the facilities management company requires them to deliver agreed environmental programs to assist NAB in meeting our environmental resource efficiency targets including waste, paper, energy and GHG emissions reductions. In some cases, our facilities managers are performance contracted to deliver energy and GHG emissions reductions.
Other: Heads of specialist environmental product areas	Monetary reward	Emissions reduction project Energy reduction project Other: Renewable energy projects	Key personnel in customer facing areas are rewarded for generation of business related to climate change (e.g. financing of renewable energy projects) and sales of environmental and climate change related products and services which finance emissions and energy reduction and renewable energy projects.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Environment/Sustainability managers	Monetary reward	Emissions reduction target Energy reduction target Other: Resource efficiency targets	For Environment/Sustainability managers with responsibility for Property and Technology functions, meeting environmental reduction targets for GHG emissions and energy is a key part of their performance and these measures are included in their performance scorecards. Additionally, scorecards will include resource efficiency/reduction targets, some of which, such as paper and waste, will contribute to reduction in our Scope 3 emissions.
Other: ESG Risk Managers & Corporate Responsibility Managers	Monetary reward	Other: Review of climate change risks and opportunities	Key personnel in Risk and Corporate Responsibility have specific performance scorecard objectives related to supporting the Group in its review of climate change risks and opportunities arising from the Paris Agreement. This includes supporting NAB's Climate Change Working Group (refer to pg 27 in NAB's 2016 Dig Deeper report).
All employees	Other non-monetary reward	Behavior change related indicator	NAB offers a range of non-monetary rewards to employees including support for engaging in low carbon behaviours such as a Ride-To-Work day breakfast event, interest free loans for annual public transport tickets, discounted memberships for Australian employees for the Bicycle Network (this membership provides insurance and access to legal services if employees have an accident etc), discounts through the staff association on products such as solar hot water, solar PV, water tanks and sustainable homewares. Additionally, employees are given the opportunity to win prizes for participating in workplace competitions and engagement programs aimed at reducing our workplace resource consumption and carbon footprint. Prizes are also awarded for generating ideas that lead to workplace reduction in resource consumption and carbon footprint reduction.

Further Information

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/2016-nab-dig-deeper-report.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/2016-nab-dig-deeper-report.pdf)

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/nab-2016-corporate-governance-statement.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/nab-2016-corporate-governance-statement.pdf)

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/2016-nab-annual-financial-](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/2016-nab-annual-financial-)

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	We consider geographical areas related to the countries where we have operations (NZ, Australia, United Kingdom, US, and Asia). We also consider climate risks associated with our suppliers and customers, which can cover a wide range of geographies around the world, therefore, we cover those geographies relevant to our value chain.	> 6 years	Risks are identified, measured, monitored, reported and overseen in accordance with the Group's Risk Management Framework (as described in the Risk Management Strategy). Environmental risks and opportunities, including those relating to climate change, are identified by the business, overseen by the Group Regulatory, Compliance and Operational Risk Committee, and escalated to the Group Risk Return Management Committee and Board Committees as required. Longer term risks considered include impact of changing climate on agribusiness, and structural changes in the energy market as a result of transition to low carbon energy sources.

CC2.1b**Please describe how your risk and opportunity identification processes are applied at both company and asset level**

At the company level, the Risk Management Framework supports identifying, analysing and understanding material risks at all levels of the NAB Group. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including climate change) to operations and strategy execution. Risk profiling aims to identify and understand drivers of change, supporting early action, while risk assessments help to make informed decisions about the risks NAB is willing to accept, reject or mitigate.

We use stress testing, scenario planning and economic modelling to: (1) take a forward view of potential risk events and understand their impact e.g. impacts of changing carbon regulation on our lending portfolio; and (2) inform risk profiling and assessments. Risk measurement and modelling provide quantitative information to help manage risk positions and exposures. Key risks are recorded and monitored, as are emerging risks and changes in risk likelihood and consequence.

Current and future business opportunities, including those related to climate change, such as financing clean technology, are identified and prioritised through strategic planning processes both at NAB Group and business line level. NAB recognises that opportunities exist to (i) reduce our own carbon footprint and (ii) help customers with products and services as they adopt lower carbon technologies and manage climate change impacts and related government policy responses.

At a transaction or asset level, ESG and other risk specialists assess climate change related risk. For example, when we (i) assess customer exposure to physical or regulatory climate-related risks that could impact on credit risk, or (ii) undertake insurance and operational risk processes that include consideration of physical climate change risk on assets (primarily offices & branches) in site selection, contingency planning and disaster management.

CC2.1c**How do you prioritize the risks and opportunities identified?**

Risk assessment and prioritisation is performed on an ongoing basis with due consideration of factors including risk appetite, business strategy and compliance obligations. Risk measurement varies across NAB's Group Risk Inventory (GRI) risk categories and includes a mix of qualitative and quantitative (including financial) measures that take into account risk likelihood and consequence. Examples of climate change (CC) factors that can impact on GRI risk categories include:

- Operational risk: physical impacts of CC on direct operations, and via suppliers and customers;
- Regulatory risk: risk of policy and regulatory change;
- Strategic risk: risk associated with changes in, and execution of, strategy;
- Compliance risk: due to regulatory compliance requirements related to energy and greenhouse gas reporting; and
- Credit risk: due to CC related impacts on customers' businesses.

Consideration is also given to reputational impacts associated with changes in stakeholder views, customer demand and behaviour. Our CC working group has used categories described by the Bank of England to assess climate risk to NAB and its customers.

Business lines and support functions are supported by risk advisors and partners, including those with specialist CC knowledge, but have accountability for managing risk and setting priorities arising from their activities in accordance with GRI requirements. NAB's Corporate Responsibility team undertakes an annual stakeholder engagement process to determine the materiality of issues such as CC through stakeholders' eyes. This helps inform management's decision making, prioritisation and risk assessment.

Opportunities are assessed and prioritised in line with normal business and cost/benefit analysis practices. These assessments include (i) changes to our operations and facilities to reduce our energy and greenhouse gas footprint and (ii) reviewing the need and demand for new products and services in both the short and long term.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment
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CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

(i) Influence of climate change (CC) on strategy

NAB Group's business strategy is influenced by CC, in both the short and long-term, through environmental, social, economic, and technological factors considered in managing our business. Our business strategy and Environmental Agenda are also influenced by on-going external trend analysis via annual planning processes at business line and business function levels and has, for example, led to the formation of specialist teams in Corporate and Institutional Banking (e.g. our Clean

Energy team). These teams and other industry, risk and ESG specialists, provide on-going monitoring of relevant CC information which is shared internally to inform strategic and operational decisions. Information sharing occurs via channels such as presentations and papers for management committees.

CC is a focus area of NAB's Environmental Agenda. Our CC strategy focuses on:

- providing products and services to help our customers respond to, and manage the impacts of, CC and the low carbon transition (e.g. we have committed to provide \$18 bn of environmental finance between 1 Oct. 2015 and 30 Sept. 2022 to help address CC and support the low carbon transition);
- developing understanding and management of CC risks and opportunities – including (i) reducing our direct CC impacts and improving business efficiency and resilience through best practice carbon management (including setting energy and GHG reduction targets) and (ii) considering CC risks and opportunities in our lending and investment decisions;
- sharing our experience with others – e.g. working with suppliers and other stakeholders; and
- engaging employees, and assisting them with their own actions to address CC.

Our CC strategy is supported by advocacy and communication on environmental issues and leading by example to encourage others' action.

NAB's CC strategy is linked to, and influences, business strategy through:

- revenue generation opportunities provided by environmental/CC related products and services;
- our response to current and emerging national/international climate policy and regulation;
- improved operational efficiency and reduced operating costs (driven by energy and GHG reduction targets including our science-based target (SBT) to reduce operational GHG emissions by 21% by 2025);
- internal performance standards for new and upgraded infrastructure to improve sustainability, and reduce energy and GHG emissions; and
- enhancing our reputation and customer outcomes by helping customers, employees and communities to make the low carbon transition.

NAB's Environmental Agenda is monitored by our Group Regulatory, Compliance and Operational Risk Committee and communicated to other governance committees. The Board receives updates, particularly in relation to key risks, performance benchmarking, CC policy, regulatory requirements and voluntary commitments. Employees are informed about NAB's CC strategy through our Yammer environmental community, intranet and relevant internal programs.

(ii) CC aspects influencing NAB's strategy:

NAB's strategy is influenced by a range of CC aspects including policy and regulatory change, changes in customer risk profiles and needs, opportunities to provide products/services, physical impacts of weather-related events and the views of employees, investors and other stakeholders. We have responded to impacts of CC by meeting relevant regulatory requirements and via voluntary initiatives including (i) our carbon neutral commitment; (ii) GHG reduction and resource efficiency targets; (iii) operational infrastructure investments; and (iv) employee engagement programs. We have shared our experience with customers and other stakeholders, and developed new products/services to assist customers' response to CC. Additionally, we consider climate risk as part of ESG risk assessment during credit risk and procurement processes.

(iii) Short-term (0-3 years) strategy influenced by CC:

- on-going changes to risk appetite (e.g. identifying carbon-related risk and reviewing our risk appetite for it) and risk management practices (eg, inclusion of CC aspects in ESG risk assessment);
- on-going improvements to carbon management and reporting (e.g. our carbon risk disclosure commitment) – see further information for more detail;
- consideration of CC related risk in our supply chain;
- client engagement to understand their key CC risks and opportunities;
- on-going investment in environmental financing to assist customers through product/service development including climate bonds, solar energy financing, discounted energy efficient equipment financing and growth in renewable energy financing;
- changes to business continuity planning and customer hardship processes in response to Australian extreme weather events; and
- ongoing focus on operational GHG emissions reduction, including our SBT of 21% by 2025.

(iv) Long-term strategy (3+ years) influenced by CC:

- changes to risk appetite and ESG risk assessment to consider impacts of the Paris Agreement and manage CC related risk in NAB's lending portfolio (e.g. potential for stranded assets/changes in markets)
- development of products that assist customers to decarbonise their business or adapt to CC (e.g. solar PV leasing); and
- changes in procurement strategy to reduce direct operational emissions e.g. investment in renewable energy.

(v) Sources of strategic advantage:

- reputation benefit due to our carbon risk disclosures and stakeholder engagement;
- our ongoing position in Australia as the leading arranger of project finance for renewable energy and as a green bond pioneer (see note in further information section) and
- first mover advantage in providing environmental and climate-related financial products and services.

(vi) Substantial business decisions influenced by CC in FY2016:

Aspect (regulatory and physical): We began work examining the risks and opportunities for NAB and its customers with respect to the Paris Agreement 20C goal (pg 27, 2016 Dig Deeper report);

Aspect (other climate-related developments):

(i) we improved carbon risk disclosure in response to stakeholder feedback; and

(ii) we provided more financial products and services to help customers address CC and make the low carbon transition.

(vii) The Paris Agreement has influenced NAB's business strategy through changes to risk appetite and increased investment in activities to reduce operational emissions, manage climate risk and by NAB providing more products and services to help customers make the low carbon transition.

(viii) NAB is considering the impact of a 20C climate scenario on our business and customers. Our CC Working Group provides a forum for considering this and other climate-related analysis. Key findings are reported through to management, executive and Board members. Key risks and opportunities identified are being integrated into risk appetite and activities, and our business strategy.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price on carbon?

Yes

CC2.2d

Please provide details and examples of how your company uses an internal price on carbon

NAB has an internal cost of carbon which is used in our standard business case template for capital projects related to energy efficiency, greenhouse reduction and renewable energy generation. Our internal carbon price is calculated based upon the actual average portfolio price paid for carbon offsets purchased to maintain NAB's carbon neutral status. This means it is an average voluntary market price based on the portfolio of carbon offsets purchased to 'neutralise' NAB's total net Scope 1, 2 and 3 GHG emissions in the relevant reporting period. NAB buys a range of offsets – the more expensive offsets have other co-benefits alongside the carbon reductions. NAB's Environmental Sustainability team have delegated authority to undertake offset purchases under the approvals provided by our Group Regulatory, Compliance and Operational Risk Committee (GRCORC).

The GRCORC is accountable for approving NAB's carbon offset management and purchasing strategy. Group Risk provides guidance/quality requirements for our carbon offset portfolio in our Environmental Reporting and Offset Management Policy (available at: <http://cr.nab.com.au/what-we-do/our-approach-to-offsets>) to help NAB ensure that offsets purchased are real, quantifiable, additional and permanent.

The Environmental Sustainability team determines our internal carbon price, purchases carbon offsets centrally in Australia on behalf of NAB Group and recharges the purchase cost to all key regional operations (Australia, UK, NZ, Asia and the US) as required. This process ensures there is an average cost of carbon applied across the Group. Our experience shows that an internal carbon price can bring forward investment in energy efficiency projects, as investment in energy efficiency means the reduction in GHG emissions achieved reduces the future cost that would otherwise be paid for carbon offsets.

NAB also has an internal carbon offset recharge in Australia that applies to air travel and hotel stays. The cost of the Australian carbon offset travel recharge varies depending on whether the air travel is domestic or international (with the domestic internal carbon price being less than for international travel). This helps our employees to understand there is a cost of carbon and GHG emissions associated with their travel and it raises funds for purchase of our carbon offsets.

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Clean energy generation	Support	NAB responded with a written submission to the Victorian Government's discussion paper on the Victorian Renewable Energy Auction Scheme. We responded to the questions in the discussion paper which were relevant from a financier's perspective.	The discussion paper was part of consultation seeking input on the design of the Victorian Government's Renewable Energy Auction Scheme.
Other: Climate policy	Support	NAB attended COP21, the United Nations Framework Convention on Climate Change's 21st Conference of the Parties, to participate in business and finance sector dialogue about risks and opportunities arising from climate change. This involved attending briefing sessions on the progress of climate negotiations run by the Australian Government for Australian stakeholders in attendance at COP. We also attended side events including sessions about climate finance, blue carbon and Indigenous sea and land management.	COP21 negotiations were focused on reaching a global climate agreement. NAB supports the globally agreed goal to limit global warming to less than 2°C above pre-industrial levels, as well as giving regard to science-based reduction targets and the policy and market mechanisms necessary to assist in achieving greenhouse gas (GHG) reductions. An effective international agreement should assist in providing business with the certainty and frameworks it needs to scale up global investment in low carbon technologies and infrastructure and lead to the creation of significant new business opportunities. We believe the financial sector has an important role to play in assisting the transition to a low carbon economy, through both the energy we purchase directly and through financing. This transition however, needs to take place in a considered and balanced manner, supported by a stable policy environment that can underpin the transition and provide investment certainty over time.
Climate finance	Support	NAB presented on adaptation finance and participated in a Green Climate Fund Climate Finance Roundtable held in Melbourne.	NAB is supportive of private sector engagement with the Green Climate Fund and of leveraging public monies with private sector capital.

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Sustainable Business Australia	Consistent	<p>SBA's vision is that Australia can meet its energy needs in a manner that is sustainable, renewable and affordable. SBA supports investment in energy efficiency and clean technology and a policy environment that encourages the transition to a low carbon economy to take place. SBA's position on climate change is that:</p> <ul style="list-style-type: none"> • climate change is a material risk issue for business; • global emissions reductions need to be made in a manner that is consistent with limiting global average temperature rise to 2oC while respecting the national circumstances of each country (the Paris Agreement); • implementation of the Paris Agreement must be supported by sound policy signals and effective economic mechanisms, in concert with strong leadership, action and solutions from business; • a transformation of the global economy on a scale to achieve the emissions reductions needed to address climate change, will require multi-lateral cooperation and significant investments in technology development and diffusion. This will require business action, incentivised by public policies, consumer demand and market structures; • action to address climate change should start now assisted by global and local partnerships to support structural transformation, technological change and innovation, as well as ambitious action at the company level; • climate actions should take place in a stable, predictable, simple and transparent policy framework that supports innovation and investment, including market signals and coherent, harmonised regulations; • action by governments and business will require further capacity building and the support of additional sources of climate finance to incentivise and enable investment in low carbon solutions; • transparency on climate-related performance (including having science-based GHG reduction targets) and climate risk will support business decision making and investment; and • consideration and implementation of adaptation initiatives is critical to building business and supply chain resilience and supporting delivery of the Sustainable Development Goals. 	<p>NAB monitors the engagement opportunities provided by SBA and engages in the discussion and submissions when the issues are relevant to our business</p>

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

CC2.3e

Please provide details of the other engagement activities that you undertake

CC2.3f

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

NAB has an internal consultative process aimed to ensure that our direct and indirect activities that influence policy are consistent with the climate change area of focus in our Environmental Agenda, and are consistent across business divisions and geographies. Representatives from relevant business units (such as Specialised Finance, Capital Financing Solutions, Advisory and others) and Group functions such as Risk, Corporate Affairs, Government Affairs and Legal meet together (as appropriate) to review policy changes and determine the relevance and impact of policy changes as they relate to NAB Group. Approval from relevant internal stakeholders is sought prior to the submission of a formal written response to proposed regulatory or policy changes.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

NAB continues to be a member of United Nations Environment Program Finance Initiative (UNEP FI) and participates in climate change related activities undertaken by UNEP FI. In 2016, NAB continued to participate in the UNEP FI and World Resources Institute's Portfolio Carbon Initiative (PCI). The PCI has two goals – to provide guidance on how to: (1) define, assess and track climate performance for asset owners and banks; (2) identify, assess and manage 'carbon asset risks' for financial institutions. In 2016, NAB participated in a consultation related to the development of two PCI reports: (i) Climate Strategies and Metrics: Exploring Options for Institutional Investors; and (ii) Climate Metrics: Exploring Options for Banks. Additionally, NAB continued to participate in a UNEP FI Australian Portfolio Carbon Working Group with our peer Australian banks (attached) which was announced in November 2015. NAB is a member of the Green Building Council of Australia (GBCA) and we continue to actively engage with the GBCA and broader property sector to drive excellence in sustainable building design and operational (including energy) efficiency. In 2015-16, our Head of Environmental Sustainability presented on the organisational benefits of setting a science-based target at the GBCA's Green Building Day conference. In 2016, NAB was recognised as a 'Green Bond Pioneer' by the Climate Bonds Initiative and London Stock Exchange for our work in developing the Australian green bond market.

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/nab-environmental-agenda-objectives-and-strategy.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/nab-environmental-agenda-objectives-and-strategy.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/aust-carbon-working-grp.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/aust-carbon-working-grp.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/nab-environmental-reporting-and-offset-management-policy.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/nab-environmental-reporting-and-offset-management-policy.pdf)

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Absolute target
Renewable energy consumption and/or production target

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
Abs1	Scope 1+2 (location-based)+3 (upstream)	63%	5%	2013	162658	2016	No, but we are reporting another target which is science-based	NAB committed to a 5% absolute reduction in GHG emissions over three years (1 July 2013 to 30 June 2016), against an adjusted 2013 baseline. This is equivalent to a 8,133 tCO2-e decrease in GHG emissions over the target period. This target is to

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
								<p>reduce GHG emissions from stationary energy in NAB buildings in Australia, New Zealand and Asia. More specifically, the target represents an aggregated total reduction of GHG emissions from the following building-based Scope 1 and 2 GHG emissions sources, electricity, gas and diesel, and the associated Scope 3 GHG emissions transmission and distribution losses: Australia – electricity, diesel and gas use; New Zealand – electricity and gas use; UK – electricity and gas use; US – electricity use; and Asia – electricity use. Our global target was developed using 2013 emissions factors. A key assumption made when developing this target was that emission factors and the level of business activity would be equivalent to the baseline year (2013). Note: Our 2013 baseline for energy use and GHG emissions has been adjusted to reflect normal operating conditions, which includes a full year of operation of our Australian tri-generation plant. The sale of GWB and the CYBG demerger resulted in a material change to our building portfolio and as a result, our 2016 target (5% reduction) base year and absolute reduction were recalculated for 2016 reporting to reflect the building portfolio of our ongoing business operations. The target percentage reduction of 5% remains. The GHG emissions reduction target NAB set in 2013 ended in June 2016. Our new science-based GHG emissions reduction target will be in place for the period 2016 to 2025, with a baseline year of 2015, equivalent to a 18,388 tCO2-e decrease in GHG emissions. This target (included immediately below) covers all Scope 1 and 2 emissions from our operations except emissions from our data centres, for which there is no appropriate methodology available. This target was</p>

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
								submitted to the SBTI for informal review, and they have confirmed that the target is science-based. We have not set a target for Scope 3 (value chain) emissions as there is currently no standard framework or agreed methodology for science-based targets for financial-related activities. As such our target is not formally recognised by the SBT Call to Action.
Abs2	Scope 1+2 (location-based)	58%	21%	2015	87565	2025	Yes, but this target has not been approved as science-based by the Science Based Targets initiative	This is a new science-based target (SBT) for NAB's global operations. This target has been informally reviewed by the Science-based Target Initiative (SBTI), who have confirmed it is considered science-based. This target applies the Sectoral Decarbonisation Approach 'Service Buildings' methodology given our emissions largely arise from office building based activities and our bank branches. NAB's SBT covers our global Scope 1 and 2 GHG emissions across all GHGs required in the GHG Protocol Corporate Standard, with the exception of data centre emissions. Technology and data centre emissions continue to increase globally as our society becomes more reliant on technology for communication and other information services. GHG emissions arising from data centre operations have been excluded from our current SBT as the Service Building methodology (and use of area occupied as a denominator to determine the carbon intensity metric) is not appropriate for data centres.

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
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CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
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CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID	Energy types covered by target	Base year	Base year energy for energy type covered (MWh)	% renewable energy in base year	Target year	% renewable energy in target year	Comment
RE1	Electricity consumption	2015	125678	0.05%	2020	10%	In October 2015, NAB announced five new climate change commitments in the lead up to the Paris UNFCCC Conference of the Parties (COP21). NAB believes the finance sector has an important role to play in assisting the low carbon transition, through both the energy we purchase directly and through our financing activities. One of these commitments is to source 10% of NAB's Australian electricity from new and additional renewable energy projects by December 2018. This will continue to reduce NAB's GHG emissions and help scale-up Australian-based low-emissions infrastructure and renewable energy production. NAB is participating in a renewable energy buyers group to develop a scalable model for group purchase of renewable energy through power purchasing agreements. NAB has a dual role in the Melbourne-based project as both a renewable energy purchaser (through our Property Services team) and strategic adviser (through our Clean Energy Financing team). The % renewable energy in the base year relates only to our Australian solar production of renewable energy in 2015.

CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	100%	100%	2016 is the final year of our three-year performance target period for this target. Building energy related GHG emissions decreased 12% from the 2013 base year, and we have met the 5% reduction target.
Abs2	10%	12%	2016 is the first year of reporting against this 10 year target (to reduce emissions by 21% by 2025 from a 2015 base year)

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
			for our global operations (an absolute reduction of 18,388 tCO ₂ -e from a baseline of 87,565 tCO ₂ -e). Through the implementation of a range of emissions reduction activities across the NAB Group we have achieved a 2% reduction in our Scope 1 and 2 GHG emissions this year (an absolute reduction of 2,172 tCO ₂ -e). The group-wide reduction achieved in FY2016 represents around 12% of the absolute reduction NAB is aiming to achieve by 2025 (2,172/18,388*100 =11.8%). In Australia, we achieved an emissions reduction of 10%. This was mainly achieved through a range of activities, including energy efficiencies across our building services, processes and building fabric as well as low carbon energy installations.
RE1	20%	0%	This target was set in October 2015. We have made a commitment to source 10% of NAB's Australian electricity demand from new and additional renewable energy projects by December 2018. This sourcing target is expected to be met through a power purchasing agreement which will be contracted in 2017 for delivery commencing in November 2018 (environmental reporting year 2019). However, delivery of 10% of our electricity use from renewable sources will not be evident until the following environmental reporting year (2020) when the new renewable generation facilities have been operating for a full environmental reporting year.

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Group of products	<p>In 2016, emissions totalling 664 t CO₂-e were avoided by personal and business banking customers of NAB in Australia, BNZ in New Zealand and GWB in the US. Customers of these subsidiaries are provided with the option of electing to receive their account information via electronic statements. For the 12 months to 30 June 2016, a total of 35.2 million electronic statements were provided to NAB, BNZ and GWB customers.</p>	Avoided emissions	<p>Other: The estimated reduction in GHG emissions from avoided paper use is based on applying an emissions factor (EF) of 1.3 kg CO₂-e per kg of avoided virgin paper use for Australia and 1.08 kg CO₂-e per kg of avoided virgin paper use for BNZ and GWB as provided in the Environment Protection Authority's (EPA) Victoria's Information Bulletin (Publication 1374.1) Greenhouse Gas Emissions Factors for Office Copy Paper. Avoided paper use was calculated by estimating the equivalent volume of paper in A4 sheets that would have been used to produce the electronic statements selected by customers. The volume was then converted to kilograms using a weight conversion factor of 2.5 kg/ream (500 sheets of paper) and multiplied by the EPA EF. An estimate of 3 sheets of paper is used for each statement based on February electronic statement data reporting.</p>		Less than or equal to 10%	
Product	Climate Bonds	Avoided emissions	Climate Bonds Taxonomy			
Product	Project Finance - renewable energy	Avoided emissions	Other: NAB calculates avoided emissions associated with its Australian project finance renewable energy generation			

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
			<p>assets using the following methodology: The Australian emissions factors and methods used are those set out for calculating Scope 1 and 2 GHG emissions as tCO₂-e in the 'National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008 compilation date 1 July 2014', including the National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2014 (No. 1). As these GHG emissions are not generated directly by NAB, we have relied on the public information disclosed by the Australian Clean Energy Regulator, which is information reported by designated generation facilities. For the purposes of NGER reporting, designated generation facilities are facilities where the principal activity is electricity generation and where the facility is not part of a vertically-integrated production process (VIPP). NAB has used the Scope 1 and 2 GHG emissions (as tCO₂-e) publicly reported by the Clean Energy Regulator for Australian power generation assets listed as 'designated generation activities' which are included in our project finance portfolio. We have then multiplied these emissions by NAB's participation in financing for each facility as % of debt as at September 2015. Next, we aggregated NAB's share of Scope 1 and 2 GHG emissions to get the total</p>			

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
			tCO2-e for the portfolio of power generation assets we project finance in Australia. The emissions figure calculated for our portfolio of Australian designated generation facilities covers around 96% of the Australian power generation assets (measured as MW capacity of the power generation facilities) included in NAB Group's project finance portfolio. Data for the remaining 4% of assets (measured as MW capacity of the power generation facilities) was not available. These emissions represent NAB's share (as a % of debt as at September 2015) of the total aggregated Scope 1 and 2 GHG emissions from included designated generation facilities.			

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	17	595
To be implemented*	5	357
Implementation commenced*	5	1000
Implemented*	20	21145
Not to be implemented	2	694

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building services	Decommissioning of our old data centre and transitioned to a new LEED Platinum certified data centre	15359	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	1682781	0	<1 year	21-30 years	Specific investment for these initiatives is part of a broader technology project and cannot be isolated as an emissions reduction

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
									spend. Payback is determined based on the short asset life of technology assets.
Energy efficiency: Processes	Implementing a range of technology based initiatives to decommission, consolidate or phase out older equipment and implement more efficient solutions	2559	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	316067	395781	1-3 years	6-10 years	
Energy efficiency: Building services	Upgrading diesel generators at data centre	15	Scope 1 Scope 3	Voluntary	7148	0	>25 years	6-10 years	Specific investment for these initiatives is part of a broader building management project and cannot be isolated as an emissions reduction spend.
Energy efficiency: Building services	Implementing energy efficiency initiatives including shutting down facilities (HVAC, lighting, wireless controls) during holiday periods, e.g. Christmas shutdowns.	285	Scope 2 (location-based) Scope 3	Voluntary	128209	522876	4-10 years	6-10 years	
Energy efficiency: Building fabric	Installing solar reflective roof paint at NAB branches to reduce external roof temperatures and improve energy performance	69	Scope 2 (location-based) Scope 3	Voluntary	15824	77314	4-10 years	6-10 years	
Low carbon	Solar PV rollout	338	Scope 2	Voluntary	77457	208887	1-3	6-10 years	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
energy installation			(location-based) Scope 3				years		
Low carbon energy purchase	Purchased 2,520 GreenPower Renewable Energy Certificates as an emissions reduction activity to reduce the impact of our tri-generation plant being offline for part of the 2016 environmental reporting year. One tonne of GreenPower is equal to one certificate of renewable energy.	2520	Scope 2 (location-based) Scope 3	Voluntary	0	121000	<1 year	<1 year	

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	NAB maintains a dedicated budget for energy efficiency, carbon reduction and other environmental initiatives.
Dedicated budget for other	NAB maintains a dedicated budget for energy efficiency, carbon reduction and other environmental initiatives.

Method	Comment
emissions reduction activities	
Internal price on carbon	NAB includes an internal carbon price in our business case template for environmental capital works. This is used to help drive capital investment in energy efficiency and carbon reduction initiatives.
Other	NAB continues to work with partners and suppliers to ensure that appropriate energy efficiency, carbon reduction and environmental standards are met when procuring goods and services that have a significant impact on our carbon footprint (ie provision of IT hardware and services) as well as including energy efficiency requirements in our office building and branch property design standards.
Internal finance mechanisms	NAB considers forecast increases in energy costs in business cases for energy efficiency opportunities and capital works.
Internal incentives/recognition programs	Emissions reduction targets are included in performance scorecards for relevant Property, Environment and Technology employees. Emission and power reduction targets are also incorporated in key Property and Technology services agreements.

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

In the 2016 environmental reporting year, we purchased 2,520 GreenPower Renewable Energy Certificates as an emissions reduction activity to reduce the impact of our tri-generation plant being offline for part of the year. For the purposes of CDP reporting our purchase of GreenPower Renewable Energy Certificates has been included as an emissions reduction activity in addition to the activities listed in the Table on page 33 of the Dig Deeper report. The Table on page 33 sets out energy efficiency and renewable energy measures that were implemented in Australia during the 2016 environmental reporting year.

Attachments

<https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/2016- nab-dig-deeper-report.pdf>

Page: CC4. Communication

CC4.1

Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document	Comment
In mainstream reports (including an integrated report) in accordance with the CDSB Framework	Complete	Pages 26-27	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016-nab-annual-financial-report.pdf	NAB Group's 2016 Annual Financial Report provides information on NAB Group's GHG emissions and environmental regulatory obligations related to climate change. It gives a year on year comparison of energy use and GHG emissions, describes key environmental regulatory obligations and briefly describes key initiatives the NAB Group is undertaking to assist the transition to a low carbon economy (financing of renewable energy generation projects and the provision of products such as Environmental Upgrade Agreements for commercial buildings). It gives shareholders and interested stakeholders references to further information on NAB Group's Environmental Agenda (this has three key focus areas – climate change, natural value and resource efficiency which includes setting GHG and energy reduction targets).
In mainstream reports (including an integrated report) in accordance with the CDSB Framework	Complete	Slides 88, 105-106, 108-109 and 111	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/FY16-nab-investor-presentation.pdf	The NAB Group's 2016 Full Year Results presentation meets the definition of a mainstream financial report in accordance with the CDSB Framework. This contains information for our shareholders and interested stakeholders on our exposure to the coal mining and renewable energy generation sectors. It also includes information on some of the products and services we are providing to help our customers mitigate and adapt to climate

Publication	Status	Page/Section reference	Attach the document	Comment
In mainstream reports (including an integrated report) in accordance with the CDSB Framework	Complete	Slides 78, 113-118	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/1h17-nab-investor-presentation.pdf	change. The NAB Group's 2017 Half Year Results presentation meets the definition of a mainstream financial report in accordance with the CDSB Framework. This contains information for our shareholders and interested stakeholders on our exposure to the coal mining and renewable energy generation sectors. It also includes information on some of the products and services we are providing to help our customers mitigate and adapt to climate change. Additionally, it includes disclosure of financed emissions associated with the Australian power generation assets in our project finance portfolio. Further information on this is provided in response to Question 14.1.
In other regulatory filings	Complete	All	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016-nab-national-carbon-offset-standard-public-disclosure-summary.pdf	NAB's Public Disclosure Summary contains disclosure requirements of the Australian Government's Department of Energy & Environment so that NAB complies with its obligations under the National Carbon Offset Standard, which is the certification we choose for our Australian operations.
In voluntary communications	Complete	Pages 15, 23 and 34	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016-annual-review.pdf	NAB's 2016 Annual Review is an integrated report in accordance with the International Integrated Reporting Council framework. It includes high level data on our greenhouse emissions and renewable energy generation projects within our project finance portfolio, as well as information on our engagement in the Portfolio Carbon Initiative.
In voluntary communications	Complete	pages 9, 11-12, 14, 16, 26-33, 40-43, 56 and	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016-nab-dig-deeper-report.pdf	NAB's 2016 Dig Deeper report includes information on how we are implementing our Group Environmental Agenda, including

Publication	Status	Page/Section reference	Attach the document	Comment
		67-73		our climate change strategy (which is one of the three focus areas of our Environmental Agenda). It provides summary level data and information on our climate change strategy, management approach, voluntary commitments, products, services and other resource efficiency initiatives. It also provides detailed data, information and notes on NAB's environmental operational performance including our energy use and greenhouse gas emissions (Scope 1, 2 and 3).
In voluntary communications	Complete	Page 2	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016-nab-equator-principles-report.pdf	Page 2 of NAB's Equator Principles Report provides information on the megawatts of renewable energy generation capacity financed by NAB. We have also calculated and disclosed the financed emissions for the Australian power generation assets included in our project finance portfolio. Further information on this is provided in response to Question 14.1.

Further Information

Our 2016 Annual Financial Report, 2016 Annual Review, 2016 Dig Deeper Report and investor presentations are also available at <https://www.nab.com.au/about-us/shareholder-centre/financial-disclosuresandreporting/reports-and-presentations> via the Shareholder Centre. In 2015, prior to COP21, NAB published a refreshed climate change statement and five climate change commitments. Three of which were 'We Mean Business' commitments and two were NAB initiatives related to environmental financing and direct investment in renewable energy for our operations. Further information on our commitments can be found on our website at: <https://www.nab.com.au/about-us/corporate-responsibility/environment/climate-change>. In 2016, we published the first update on these commitments (refer to our 2016 Dig Deeper Report pg 27). Our 2016 Full Results and 2017 Half Year Results presentations included updates on our progress against our \$18 billion environmental financing goal. In 2014, as a result of NAB's recognition of growing demand for disclosure of information by financial institutions, to assist investors and other stakeholders to understand carbon risk in lending and investment portfolios, NAB made a public commitment to carbon disclosure. Our commitment included: • expanding disclosure of carbon risk exposure in NAB Group's Full Year results reporting, taking stakeholder input into account; • continuing our participation in the United Nations Environment Program Finance Initiative (UNEP FI) Greenhouse Gas Protocol Financed Emissions Initiative to assist the

development of reliable and standardised reporting on carbon-related risk exposure for financial institutions; and • collaborating with Australian banking peers to pilot disclosure methodologies and approaches to feed into UNEP FI Greenhouse Gas Protocol Financed Emissions Initiative (now named the Portfolio Carbon Initiative) to advance these processes in a timely manner. Further information on NAB Group's carbon risk disclosure commitment is available our website at: <https://www.nab.com.au/about-us/corporate-responsibility/shareholders/esg-risk-management>. In our 2016 Dig Deeper Report (pg 30), we provided an update on NAB's progress against this commitment. In early 2016, the four major Australian banks released a joint statement (attached) to inform their respective stakeholders that under the umbrella of UNEP FI, we had formed an Australian Portfolio Carbon Working Group to further the financial industry's work on carbon risk disclosure.

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC4.Communication/aust-carbon-working-grp.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC4.Communication/aust-carbon-working-grp.pdf)

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Emission reporting obligations	NAB's Australian operations trigger the threshold for the National Greenhouse and Energy Reporting Act. NAB's UK operations trigger the CRC EE Scheme and the UK Energy Savings Opportunities Scheme (ESOS). Following the CYBG demerger, NAB's remaining UK operations no longer directly purchase energy and there is no need to purchase allowances; but NAB is still required to submit a nil return for each year remaining in Phase 2 of the CRC EE	Increased operational cost	Up to 1 year	Direct	Virtually certain	Low	There are costs associated with meeting regulatory compliance requirements and potential fines and penalties for not meeting such requirements. Non-compliance with NGER could include fines of up to \$360,000 (e.g. failure to report), and daily fines of up to \$18,000 for each day of non-compliance. Non-compliance with UK CRC EE Scheme has a range of fees and financial penalties/fines for not meeting requirements, ranging from £40 (~\$68)/tCO ₂ -e, £5,000 (~\$8500) and/or £500 (~\$850) per day for each day of delay in meeting	NAB's management methods to minimise regulatory compliance risk and report on emissions are incorporated within our overall environmental management framework. Management methods include establishing governance, management and assurance systems and processes to capture, verify and report required data and information in a timely and accurate manner. For example, our assurance processes include data quality checking and internal review, as well as annual	Specific management compliance costs are not separately tracked as part of this process as they are integrated into standard business processes. However, annual management costs are estimated to be less than \$1.3m and include good practice environmental management requirements (consistent with ISO 14001), licencing costs for our environmental reporting tool 'Foundation Footprint', time spent by internal staff, contractors and contracted facilities managers on collating and

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Scheme. These regulatory requirements have compliance obligations and associated costs related to reporting and disclosure of GHG emissions. Failure to meet these requirements could result in fines or penalties for the NAB Group.						a requirement under the Scheme Order. Non-compliance with ESOS has a range of fees and financial penalties/fines for not meeting requirements, ranging from £5,000 and/or £500 per day for each working day after service of compliance or penalty notice until addressed.	external independent assurance. These controls are currently in place to minimise the risk of non-compliance to the greatest extent possible. The residual likelihood is considered 'Exceptionally Unlikely'.	reporting on data as well as external assurance fees. These costs are expected to continue annually.
Cap and trade schemes	Cap and Trade schemes and other forms of carbon pricing exist in various jurisdictions. These may create credit risk for NAB if customers in these jurisdictions who are subject to scheme compliance requirements do not manage	Other: Credit Risk	Up to 1 year	Indirect (Client)	About as likely as not	Low	Indirect exposure through clients: NAB Group has exposure to this regulatory risk through its customers. To the extent this reduces financial viability of our customers, this may lead to credit risk for NAB. Customers' preparedness for new or amended regulatory	NAB manages this risk through enhanced customer credit risk assessment processes. NAB closely monitors all policy developments (including those related to carbon pricing systems and environmental regulatory changes) and assesses the	There are minimal additional costs associated with managing possible credit risks related to carbon pricing and/or carbon taxes and regulatory changes as credit risk is managed through our existing risk resources and

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	their compliance obligations effectively.						requirements and managing carbon costs has the potential to change their risk profile and in some cases increases our credit risk exposure. Regulatory changes may benefit some industry sectors or customers and not others.	likely ramifications for specific industry sectors and our credit portfolio. For example, NAB has taken a number of actions over the past three years to reduce the likelihood and impact of our indirect exposure to emissions trading and carbon taxes. This includes strengthening consideration of current and future carbon pricing impact on individual customers as part of our credit risk assessment processes through ESG risk screening processes and customer engagement. In some cases, our assessment of	credit risk processes and is just one of the many risks that are considered. Costs associated with on-going monitoring of policy developments and research into potential climate impacts, are covered by recurrent budgets and represent a small proportion of annual total operating expenses for the NAB Group. Monitoring costs include external subscriptions for regulatory policy monitoring purposes (which are less than \$50k in Australia annually) and attendance at seminars and conferences (less than \$100k

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								credit risk may lead to a change in risk appetite. The residual likelihood is considered 'Very Unlikely'.	annually). Much of the information is available free of charge via government websites or via legal or regulatory briefings at no or minimal cost.
Uncertainty surrounding new regulation	Uncertainty regarding Australian carbon pricing and renewable energy legislation. Potential development of carbon pricing mechanisms in other jurisdictions including North America, Europe and Asia and potential for new climate change policy to evolve and develop. Regulatory uncertainty presents risks to companies in	Reduced demand for goods/services	Up to 1 year	Indirect (Client)	Virtually certain	Medium	Indirect exposure through clients: If regulatory changes reduce financial viability of our customers, this may lead to credit risk for NAB. Similarly, changes to in-country renewable energy regulations and targets impact the viability of new projects, the cost/benefit of projects in progress or the valuation of the existing credit portfolio. It can	NAB manages this risk through enhanced customer credit risk assessment processes. NAB closely monitors all policy developments (including those related to carbon pricing systems, renewable energy and environmental regulatory changes) and assesses the likely ramifications for specific industry sectors and our credit portfolio. Due to on-going	There are minimal additional costs associated with managing possible credit risks related to carbon pricing and/or carbon taxes and regulatory changes as credit risk is managed through our existing risk resources and credit risk processes and is just one of the many risks that are considered. Costs associated with

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	relation to the global transition to a low carbon economy as it will result in deferred business decisions in the short term, potential to changes to the countries in which companies are willing to invest, and it could also result in increased cost for companies over the longer term. All of this potentially affects NAB as it may reduce demand for bank financing of energy-related projects – for example new power generation facilities.						also delay or prevent new projects from being approved as has occurred in Australia in recent years in the energy sector. As at 30 Sept 2016, NAB has provided \$4.9 billion in project finance for renewable energy projects since 2003. We continue to be the leading arranger (by market share) of project finance to the Australian renewable energy sector (source: Project Finance International 2006-2016 Asia Pacific Initial Mandated Lead Arrangers League Tables - MidYear 2016 US\$ Project Allocation, NAB analysis ranking	regulatory change impacting renewable energy projects, NAB constantly monitors the impact this can have on our credit portfolio in relevant sectors. For example, actions NAB has taken to manage the risk, particularly over the past three years, include file/portfolio review for existing lending and due diligence for new lending. In some cases our assessment of the impact on credit risk may lead to a change in risk appetite. These actions assist in minimising the risk associated with indirect exposure to	on-going monitoring of policy developments and research into potential climate impacts, are covered by recurrent budgets and represent a small proportion of annual total operating expenses for the NAB Group. Monitoring costs include external subscriptions for regulatory policy monitoring purposes (which are less than \$50k in Australia annually), meetings with regulators and attendance at seminars and conferences (less than \$100k annually). Much of the information is available free of charge via

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							against four major Australian banks - cumulative volume as at 30 June 2016).	renewable energy and carbon pricing regulatory volatility via clients. Actions have also been taken to strengthen consideration of customer carbon pricing impact in our credit risk assessment processes through ESG risk screening processes and customer engagement. Similar assessments would be made for other significant regulatory changes.	government websites or via legal or regulatory briefings at no or minimal cost.
Voluntary agreements	Risk of not meeting the on-going requirements of our Carbon Neutral commitment - elements of	Increased operational cost	Up to 1 year	Direct	Likely	Low	Breaches of consumer protection legislation could result in penalties (up to \$1.1m in Australia),	There are three main methods NAB has taken to reduce the likelihood and magnitude of this risk occurring since	There are increased costs to our business from deploying resources – both employees and financial – to implement

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>which are certified through the Australian NCOS Carbon Neutral Program. NAB's carbon neutral commitment creates a regulatory risk under consumer protection legislation as relevant authorities in each of the key regions in which we operate carefully monitor green marketing claims including those related to carbon neutrality.</p>						<p>sanctions and other actions against NAB.</p>	<p>we made our Carbon Neutral commitment in 2009: (i) NAB Group's on-going voluntary certification of its carbon neutrality (in Australia under the National Carbon Offset Standard (NCOS) Carbon Neutral Program) acts as a mitigant against the potential risk of fines and corrective action from consumer protection regulators; (ii) NAB's assurance processes – both internal (through data quality checks and internal risk and legal review) and external (via independent external audit – a limited assurance</p>	<p>systems and processes to manage compliance and reporting associated with our carbon neutral commitment and voluntary certifications. This includes costs for external assurance and certifications (for example ~\$26k for NCOS certification fees).</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								<p>engagement in accordance with the International Standards on Assurance Engagements ISAE 3000 and ISAE 3410) – help mitigate this risk and ensure any claims we make are accurate; (iii) NAB has developed guidelines defining both our carbon inventory and our policy for purchase of carbon offsets. These were developed in consultation with stakeholders, including government, NGOs and administrators of carbon neutral programs to reduce the risk of the NAB Group not meeting requirements</p>	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								and/or stakeholder expectations in this area. The residual likelihood of the impact occurring is considered 'Exceptionally Unlikely'.	
General environmental regulations, including planning	Changes to planning laws (e.g. restrictions on coastal or flood plain development requirements) may impact viability of new customer projects or valuation of the existing NAB credit portfolio.	Other: Increased Credit Risk	1 to 3 years	Indirect (Client)	Likely	Unknown	Indirect exposure through clients: NAB Group has exposure to regulatory risk through its customers. Changes to planning laws, for example those related to carbon farming, flood or sea level rise, may impact the viability of new projects, the cost/benefit of projects in progress or the valuation of the existing credit portfolio. Customers' preparedness for new or amended	NAB's management method is to enhance customer credit risk assessment processes. In order to manage these risks, NAB closely monitors all policy developments (including those related to environmental regulatory changes) and assesses the likely ramifications for specific industry sectors and our credit portfolio. Actions NAB has taken over the	There are minimal additional costs associated with managing possible credit risks related to environmental regulatory changes as credit risk is managed through our existing risk resources and credit risk processes and is just one of the many risks that are considered. Costs associated with on-going monitoring of environmental

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							<p>regulatory requirements has the potential to change their risk profile and in some cases increases our credit risk exposure. We are not able to quantify the financial implication as it would vary depending on the nature of the change. However, with a credit risk Exposure at Default (as at 30 September 2016) of \$927,744m impacts could be significant.</p>	<p>past four years to reduce the risk include strengthening consideration of environmental regulatory change impacts in our credit risk assessment processes through ESG risk screening processes and customer engagement. In some cases, our assessment of credit risk may lead to a change in risk appetite. These actions assist in minimising the risk associated with indirect exposure to this risk via clients and residual likelihood is considered 'Unlikely'.</p>	<p>policy developments and research into potential climate impacts through tools such as scenario planning, are covered by recurrent budgets and represent a small proportion of annual total operating expenses for the NAB Group. Monitoring costs include external subscriptions for regulatory policy monitoring purposes (less than \$50k in Australia annually) and attendance at seminars and conferences (less than \$100k annually). Much of the information is available free of charge via government</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
									websites, or via legal or regulatory briefings at no or minimal cost.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in precipitation extremes and droughts	Changes in precipitation patterns (including extreme floods and droughts, ice and snow) impacting on NAB operations. Geographies where NAB operates (e.g. Australia, Asia, US, UK and NZ) have all experienced	Increased operational cost	Up to 1 year	Direct	Virtually certain	Low	We have reported a direct financial impact of \$4m on our own operations based on the 2011 and 2013 Queensland and Bundaberg floods - the most significant natural disasters we have experienced in recent time. NAB's costs vary depending on the nature and extent of the disaster, but	NAB's management method to address the risk of extreme events such as fire and flood is the existence of (and details contained in) NAB's disaster recovery and business continuity processes. Having such processes embedded reduces the likelihood and magnitude of any	Estimated costs of actions relate to additional risk management measures undertaken to protect against these physical climate risks. Consideration of current and future risks and scenarios and enhancing processes to minimise

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>extreme flood and drought events over recent years. Scientist's predictions mean we expect to see increased frequency of these type of extreme weather events. NAB has experienced damage to its own operations as the result of flood events.</p>						<p>repair/fit-out costs per incident are typically in the range of \$50k-\$500k based on recent flood incidents in Australia. These costs were attributable to property damage in our retail portfolio. While much of the repair cost is landlord funded (for leased property), branch fit-outs are paid for by NAB and may be recovered through insurance. Additional profit impacts can occur due to Retail stores being closed during clean-up, decontamination and refit.</p>	<p>such risks. For example, with the increased incidence of extreme weather events and natural disasters over recent years NAB has: (i) developed internal business continuity processes and guidance for staff in relation to extreme events - these include flood, bushfire and cyclones; and (ii) the selection process for new premises, incorporates consideration of whether the site is at risk of extreme events or natural disasters. Where practicable, we select sites where there is lower likelihood of an event, or where the potential impact of an event would be lower. In most cases our risk is further reduced</p>	<p>property damage, and ensure staff and customer safety, is considered part of our business as usual process and therefore there is no additional cost for action. Other costs involved in dealing with extreme events involve internal staff time only, but these are not significant in terms of overall staff time and are not separately tracked.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								through leasing rather than owning buildings, and also through insurance coverage. Noting the jurisdictions in which NAB operates, and the need for branches in more heavily populated areas, the residual Likelihood of such an event occurring is 'Very Likely', but the impact of such a risk eventuating is considered to be 'Low'.	
Other physical climate drivers	A range of physical climate drivers impact customer operations – in some cases causing significant financial loss and hardship for NAB customers. These drivers include change in precipitation extremes (e.g. floods) and droughts, fires,	Other: Increased Credit Risk	1 to 3 years	Indirect (Client)	Virtually certain	Low-medium	An increase in customer hardship related concerns and defaults and associated staff attention required. Profits may also be affected as a result of extending financing conditions to assist customers who are struggling to recover and rebuild. Costs vary significantly between events but where relevant they	NAB uses a number of methods to reduce the likelihood and magnitude of these risks negatively impacting credit risk – this includes assisting our clients to reduce their potential exposure. NAB (i) undertakes an assessment of industry sectors within our lending portfolio to develop	Consideration of current and future risks, as well as enhancing processes to limit credit risk and assist our customers is considered part of our business as usual credit and relationship management processes and not an additional cost. Other costs

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	and induced changes in natural resources. Key geographies where NAB operates – i.e. Australia, Asia and NZ - have all experienced extreme flood and drought events over recent years. Scientist's predictions mean we expect to see increased frequency of these type of extreme weather events. There is potential credit risk for NAB associated with customers impacted by extreme weather events and induced natural resources changes. These induced changes include bush and wild						are reported in our financial reporting. For example, in FY 2011 HY results, the provision for bad and doubtful debts increased by \$76m associated with Qld and Vic floods although this overlay was later removed as actual costs were not material. Impacts in the years since have not been sufficiently material to be reported. Profits may also be impacted by providing interest holidays, grants, donations and other financial assistance for impacted customers. This is typically <\$20m in total annually for large scale natural disasters. Other climate induced changes have longer term impacts on agricultural customers that are difficult to quantify.	an understanding of customer vulnerability and preparedness to manage climate change risk and opportunities. There is increasing focus on sectors susceptible to induced changes, with this considered within our Natural Capital strategy. For example, NAB is now embedding management of natural capital into credit risk assessment processes, with the aim of including it in its credit modelling within the next three to four years; (ii) undertakes steps to assist our customers to manage and adapt to physical climate change risks (for example, agribusiness bankers providing advice about	involved in managing our disaster relief framework and associated client assistance actions involve internal staff time only, but are not significant or separately tracked. For 2016 financial year, around 0.14% of hardship cases referred to our Australian hardship team (NAB Care) related to natural disasters. We have a modular "Bank in a Box" which can be deployed with our mobile ATM to support customers in natural disaster areas. The cost of deployment of these for a recent flood incident in NSW was in the vicinity of \$70k, excluding cashing costs.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	fires, changes to growing seasons and reduction in species diversity. NAB's credit risk associated with impacted customers may potentially span wide geographic areas and/or industry sectors. Customers in the agricultural, energy and mining sectors have been particularly impacted by recent flood and drought events in Australia and New Zealand. As a leading financial services provider to Australian agriculture this has implications for NAB.							sustainable farming practices); (iii) developed in 2011 a Natural Disaster Relief Management Framework to guide effective decision-making and disaster relief management across the organisation to improve our responsiveness to customers in disaster situations. Better management of natural capital is considered likely to improve agribusiness customer resilience to natural disasters and thus reduce the magnitude of the impact over a number of years.	The cost to develop and build the modular format was ~\$450k.

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	Reputational risk associated with change in stakeholder perceptions of how NAB Group and its businesses are responding to climate change. Risk associated with communication of our climate change strategy, environmental performance and carbon neutral commitment, as a result of increasing scrutiny by (i) stakeholders with concerns regarding carbon intensity of our lending book and/or with green marketing and (ii) trade practices and fair trade regulators such as the Australian	Other: Market share	Up to 1 year	Direct	Very likely	Low	The finance sector as a whole has seen increasing activism related to financing of fossil fuels, (including potential impact on the Great Barrier Reef). This has resulted in some customers deciding to no longer bank with NAB. Reputation risk associated with management of climate risk may have a negative flow-on effect on NAB's brand value (\$6,473 million per 2017 Brand Finance Banking 500 report). Increased management time is required to deal with stakeholder, community and	A number of management methods are used to reduce the likelihood and magnitude of this risk. including: (i) improvements to environmental credit risk policies and tools. This helps us to screen our lending and consider climate change in our lending decisions. For example, we have taken steps over the past four years to more deeply integrate ESG risk (including climate change risk) in our credit risk assessment processes, through assessment of sensitive industries/transactions; (ii) internal briefing sessions in relation to ESG risk (including climate change risk) with leadership teams in affected industry segments; (iii) annual stakeholder engagement process. This is undertaken to determine the materiality of issues such as climate change.	Costs associated with enhancements to existing risk management processes have been managed to date as part of our business as usual process and consequently, there are no additional identifiable costs associated with these actions. Costs associated with on-going monitoring, management and reporting of issues, including stakeholder engagement and additional disclosure are covered by recurrent budgets and represent a negligible proportion of

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Competition and Consumer Commission, the NZ Commerce Commission and the UK Advertising Standards Authority. NGOs and other stakeholders are increasingly scrutinising financial institutions' role in lending to, and investing in, industry sectors with high environmental and/or climate related impact.						NGO concerns and questions e.g. stakeholder queries regarding our policies for financing of carbon intensive and renewable industries. Additional staff time has also been spent developing our carbon risk disclosure commitment and enhancing external reporting.	For example, this process and stakeholder requests for greater disclosure on financing of carbon intensive and renewable industries have led to increased disclosure in relation to carbon risk, which both increases transparency and assists in reducing management time spent responding to queries; (iv) collaboration with our Australian banking peers - for example, to pilot disclosure methodologies and approaches. Development of regulatory and industry based carbon disclosure requirements and mechanisms is still at an early stage and whilst we anticipate this will continue to develop for some years, we intend to continue our collaboration on this important topic.	annual total operating expenses for the NAB Group.
Other drivers	Other drivers: Human Capital Risk. Human capital risks associated with	Increased operational cost	Up to 1 year	Direct	More likely than not	Low	Poor engagement of employees on the issue of climate change	NAB manages this risk through our climate change strategy. Our climate change strategy incorporates a range of	NAB has invested time and resources in building our employee

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>on-going engagement of both existing and future employees. There is a risk that what NAB does in response to climate change does not engage our current or future employees and that it contributes to dissatisfaction that leads to employees leaving the company or decreases our ability to attract talented new employees when we are recruiting.</p>						<p>may result in disengaged employees – this may create financial loss due to (a) lost productivity and/or (b) costs associated with employee turnover if a disengaged employee leaves the company. Employees increasingly choose to work for companies that reflect their values and hence, our response to climate change has potential to attract and retain employees. Employee turnover has decreased from 15% in 2013 to 12% in 2016.</p>	<p>environmental programs which require staff awareness and engagement in order to be successful. These programs have largely been in place since NAB made its carbon neutral commitment in 2009. Engaging our people on climate change also contributes to improving employee engagement and to be a company our employees are 'proud to work for', both of which assist in retaining and attracting staff. Our environmental (and climate change) programs form part of our investment in corporate responsibility. For example, we utilise our internal Yammer network (an online discussion board) and a quarterly environmental newsletter to keep our staff informed of the environmental and climate related initiatives we are undertaking and how they can be involved. This includes information on volunteer activities, green</p>	<p>engagement around the issues of climate change and our carbon neutral commitment. There is a small amount of ongoing annual expenditure to maintain awareness and engagement. External expenditure for NAB in Australia during the 2016 reporting period (excluding internal staff time) was ~\$17k.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								financing initiatives, environmental commitments and key news stories. Residual likelihood is considered 'Unlikely'.	
Other drivers	Other drivers: Financial Risk. Regulatory and/or energy sector decisions can result in increased energy costs (electricity, gas, oil) for NAB. It may also result in increased cost of offsets we purchase in the voluntary market.	Increased operational cost	Up to 1 year	Direct	Virtually certain	Low	Increased financial costs are expected as a result of forecast increases in energy prices (electricity/gas).	The method NAB uses to reduce the risk of increased financial costs associated with increasing energy use and energy prices is to implement energy efficiency and emissions reduction programs. Such energy efficiency programs also reduce the need to purchase carbon allowances in the UK and voluntary offsets elsewhere. As at 30 September 2016, our energy efficiency program has implemented 1,220 initiatives since 2006. Examples of actions taken include (a) monitoring energy usage, (b) inclusion of Environmentally Sustainable Design (ESD) requirements in our Property Design and Performance Standards (5 Star GreenStar	Costs associated with energy efficiency and emissions reduction programs and purchase of carbon offsets are included in our annual budgets. Investments must meet our standard business hurdle rates. From 1 July 2006 to 30 June 2016, the Group identified 1,220 energy efficiency opportunities in Australia alone through its energy efficiency program. Implemented initiatives are

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								<p>ratings have been achieved for major Australian office refurbishments), (c) internal publication of energy use and emissions, (d) fuel switching from electricity to gas, and (e) staff awareness programs. We have forward purchased carbon offsets to hedge against future price increases and to purchase when we have been able to obtain good prices. In Australia, we recharge relevant cost centres with a carbon offset charge for air travel, hotel stays and energy to incentivise reduced demand – which in turn reduces direct costs and associated emissions required to be offset. These actions have reduced the magnitude of NAB's annual costs.</p>	<p>estimated to provide more than 345,675 GJ of ongoing annual energy savings. This equated to avoided costs of over \$16.7 million in 2016. In the 2016 environmental reporting year, NAB invested around \$1.3m in Australia in specific energy efficiency initiatives which are expected to generate over \$2.2m in savings per annum in the future.</p>

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Fuel/energy taxes and regulations	Legislation such as UK's Carbon Reduction Commitment (CRC) Energy Efficiency (EE) Scheme and Energy Savings Opportunities Scheme (ESOS) (and the previous Australian Energy Efficiency Opportunities Act) act as a driver to help investment in energy efficiency within our business and provides a useful framework to help us strategically manage energy efficiency opportunities. They also make it easier for NAB, as a tenant, to access energy efficient buildings. The implementation of energy efficiency initiatives with short and medium term payback periods leads	Reduced operational costs	Up to 1 year	Direct	Virtually certain	Low	Legislation such as the UK CRC EE Scheme and the Australian Energy Efficiency Disclosure Act incentivise energy efficiency. From 1 July 2006 to 30 June 2016, the Group identified 1,220 energy efficiency opportunities in Australia alone through its energy efficiency program.	NAB's management method is an ongoing energy efficiency program which includes a pipeline of energy efficiency opportunities. Identified opportunities are tracked through from assessments and audits to implementation with identification of post project cost savings and GHG reductions. For example, a marginal abatement cost curve has	Costs associated with implementing energy efficiency are included in our annual operational and capital budgets and must meet our standard hurdle rates for investment. In the 2016 environmental reporting year, NAB invested around \$1.3m in Australia in specific energy efficiency initiatives which are expected to generate over

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	to a reduction in NAB's energy bills and therefore operational costs.						Implemented initiatives are estimated to provide more than 345,675 GJ of ongoing annual energy savings. This equated to avoided costs of over \$16.7 million in 2016.	been developed to help prioritise energy efficiency opportunities and we co-invest in energy efficient and sustainable refurbishments as part of long term lease arrangements. Our businesses monitor the performance of current leased building stock via property teams and contracted facilities managers. Residual magnitude of costs has been reduced.	\$2.2m in savings per annum in the future.
Emission reporting obligations	Reporting obligations such as NGER in Australia and the CRC EE Scheme in the UK improve the quality of	Reduced operational costs	1 to 3 years	Indirect (Client)	Virtually certain	Low	Mandatory disclosure of emissions under legislation in	NAB's management method is to integrate consideration	Annual costs associated with accessing emissions data include

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>GHG emissions data available and reported and make it easier and less costly to assess climate change related risks in NAB's lending portfolio.</p>						<p>Australia and the UK reduces the time and expense NAB must invest in gaining access to reliable emissions data on individual companies or on industry sectors for our analysis of climate risk related to our lending portfolio.</p>	<p>of emissions data into credit risk assessments. This has had increasing focus over the past four years. For example, sustainability and credit risk specialists monitor the outputs of disclosure against mandatory reporting obligations and include this information in our internal analysis. Bankers also consider this information as part of ESG risk screening of clients. In some instances, we may purchase information already collated by</p>	<p>employee salaries and any monies paid to providers of externally sourced information. Costs for access to databases and external information are relatively minimal (below \$100k annually).</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								other analysts and information providers.	
Product efficiency regulations and standards	Regulations such as the Australian Building Energy Efficiency Disclosure Act 2010 make it easier for NAB to gain access to energy efficient buildings for lease. Sellers or lessors of office space of 2,000 square metres or more are required to disclose current building energy efficiency ratings. When NAB looks for new commercial sites, our brief to market includes our minimum energy efficiency requirements. Our demand for energy efficient office space results in lower operational costs for NAB due to lower energy consumption and less offsets required to be purchased. It also assists in building an	Reduced operational costs	Up to 1 year	Direct	Virtually certain	Low	Legislation such as Australia's EEO Act, the UK CRC EE Scheme and the Building Energy Efficiency Disclosure Act, and industry initiatives such as Green Star and NABERS, incentivise energy efficiency. They also make it easier for NAB, as a tenant, to access energy efficient buildings. From 1 July 2006 to 30	NAB's management method is an ongoing energy efficiency program which includes a pipeline of energy efficiency opportunities. From 1 July 2006 to 30 June 2016 this program has identified 1,220 initiatives. Identified opportunities are tracked through assessments and audits to implementation with identification of post project cost savings and GHG	Energy efficiency implementation costs are included in annual operational and capital budgets and must meet standard hurdle rates for investment. A total of ~\$0.65m was spent on energy efficiency initiatives during our 2016 financial year on the commercial property portfolio in line with NAB's Property Design and Performance Standards for

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	increased overall market for this type of office space.						<p>June 2016, the Group identified 1,220 energy efficiency opportunities in Australia alone through its energy efficiency program. Implemented initiatives are estimated to provide more than 345,675 GJ of ongoing annual energy savings. This equated to avoided costs of over \$16.7 million in 2016 financial year.</p>	<p>reductions. A marginal abatement cost curve has been developed to help prioritise energy efficiency opportunities and we co-invest in energy efficient and sustainable refurbishments as part of long term lease arrangements. Our businesses monitor the performance of current leased building stock via property teams and contracted facilities managers. NAB also utilises internal commercial building design standards in its building</p>	<p>office buildings. The aim is to increase our Green Star and National Australian Building Environmental Rating Scheme Energy (NABERS) ratings. In 2016, additional costs of ~\$40k in membership and accreditation costs were incurred in managing and enhancing our building efficiency ratings.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								<p>selection and fit out decision making. For example, basing our internal building design standards on external building rating standards such as LEED, NABERS and Green Star ensures that the energy efficiency of our office fit-outs is front of mind when designing new buildings or undertaking building refurbishments which increases the magnitude of the opportunity. As outlined in our 1st half 2017 Investor Presentation, 75% of Australian key</p>	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								office buildings are Green Star Rated.	
Voluntary agreements	<p>By undertaking voluntary agreements/certification to government and independent standards such as the Australian Government's National Carbon Offset Standard Carbon Neutral Program, we gain a reputational benefit through (i) recognition of our leadership in taking voluntary action; and (ii) stakeholders have more confidence in the actions we have taken e.g. our carbon neutral commitment. Feedback indicates our carbon neutral commitment has had a positive influence on employee engagement and on the way we are viewed by existing and potential customers and employees.</p>	Other: Increased employee engagement and productivity and retention and attraction of both employees and customers	Up to 1 year	Direct	Very likely	Medium	<p>The Australian National Carbon Offset Standard Carbon Neutral Program (NCOS) costs the NAB Group around \$26k annually. There is also additional cost to collate this data and provide external assurance. We cannot calculate the contribution certification and assurance makes to stakeholder engagement</p>	<p>NAB manages its carbon neutral certification as part of environmental performance and regulatory reporting. Carbon neutral reporting has been undertaken since 2010. Wherever possible we have streamlined requirements to deliver a range of outcomes from our standard environmental reporting and management processes.</p>	<p>Total costs associated with our certification to NCOS are minimal, in addition to other reporting requirements, being less than \$26k annually.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							and NAB's reputation, however stakeholder feedback is positive.		
Product efficiency regulations and standards	Product labelling regulations and standards make it easier for NAB to make equipment purchasing decisions, including a comparative assessment of energy efficiency over the operational life of the equipment, which helps reduce NAB's energy consumption and GHG emissions. This influences the specifications in our purchasing policies for items such as whitegoods, photocopiers and phones. Similarly building energy ratings allow the selection of energy efficient real estate.	Reduced operational costs	Up to 1 year	Direct	Virtually certain	Low	Product energy labelling and standards allows NAB to select better performing products to help reduce energy consumption, consequent GHG emissions and the need to purchase fewer offsets. Appliance product standards and building standards contribute to a small ongoing	NAB's management method for this opportunity is to specify environmental requirements in our building design standards for new or refurbished office accommodation at a whole building level. Our 5 Star GreenStar and 5 Star NABERS requirements ensure equipment such as white goods with higher product standards are selected as these	As part of our standard management practices, there are no additional costs to manage this opportunity.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							reduction in the energy cost component of the Group's annual operating expenses (energy costs are ~0.26% of the Group's operating expenses).	contribute to stronger overall ratings under both schemes. For example, the selection of dishwashers at our new Brisbane office was changed to ensure we had equipment with a higher Water Efficiency Labelling & Standards Scheme rating and was driven by our GreenStar rating process. These actions further reduce our operations costs.	
International agreements	New finance mechanisms as discussed at UNFCCC Conference of the Parties will create opportunity for the development of new financial products and	New products/business services	Up to 1 year	Direct	Very likely	Low-medium	Development of new financial products and services as part of new international	NAB's management method is to diversify our range of products and services. For example, for	There are annual costs associated with the employee resources used to investigate

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>services that leverage government funds and provide increased access to private sector capital through partnerships and processes to reduce the risk of participation for commercial banks (of which NAB is one). NAB may benefit from the creation of new markets as a result of international negotiations and the subsequent need for commercial financial institutions to act as intermediaries to assist parties who wish to trade in those markets – for example the green bond market.</p>						<p>agreements may provide opportunities for NAB to develop new partnerships for provision of financing. NAB has committed to financing activities of \$18 billion to 30 September 2022 in order to help address climate change and support the transition to a low carbon economy. As at 30 September 2016, NAB reported an aggregate amount of financing towards this target of \$7.3bn, which included</p>	<p>the year ended 30 September 2016, NAB issued Green Bonds totalling \$350m. NAB has worked closely with investors, potential issuers and other market participants, in Australia to develop the domestic green bond market. NAB's product approval and risk management processes are utilised in the development of any new products, services and financing or investment arrangements.</p>	<p>and develop these opportunities, and for any new systems needed for implementation of new products. However, these are currently managed as part of business as usual annual budgets and consequently, there are no additional costs currently associated with these actions.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							\$350m in green bonds and \$57.7m of asset finance for funding for energy efficient equipment.		

CC6.1b

Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in temperature extremes	Changes in temperature extremes may lead to a demand for access to capital (which NAB can provide) for energy efficiency projects to help building	Increased demand for existing products/services	Up to 1 year	Direct	Virtually certain	Low-medium	Variation in temperature extremes is likely to lead to increased interest in finance for energy efficiency and renewable energy projects. This includes products such as our Energy Efficient Bonus	NAB's management method is to diversify our range of products and services. For example, our Energy Efficient Bonus product, which enables NAB to offer a rate 70 basis	The costs associated with running business teams such as our Project Finance and Advisory teams are included within normal annual operating budgets as they are well

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>occupants deal with temperature extremes. There is also a need to protect assets, reduce costs and ensure asset longevity in the face of changes such as increased temperatures, a rise in sea levels or flooding from extreme weather events. This may lead to increased demand for NAB lending products and services used to finance these assets and projects - such as project and asset finance.</p>						<p>product launched in 2015 - a \$120 million fund to offer our business customers a discounted finance rate on qualifying energy efficient equipment. In the 2016 financial year, NAB provided \$57.7m of financing as part of this program, with a total of \$92.4m of financing since commencement of the program in June 2015. Energy efficiency initiatives can help building occupants deal with temperature extremes during the summer months in Australia, as well as provide cost effective energy generation options.</p>	<p>points below its standard equipment finance rate for a diverse range of pre-approved assets – including cars, irrigation systems, solar PV, building upgrades, lighting upgrades, processing line improvements and refrigeration. In order to offer these products and services, our business teams include employees with specific expertise in renewable energy, energy efficiency and bonds. For example, expertise in the following teams: (i) Capital Financing team who have recognised the</p>	<p>established teams and part of business as usual. Accordingly, there are no additional significant costs for these actions. As the market for climate change related products and project finance grows, these teams will be expanded as required.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								<p>inherent growth in the clean energy sector, including providing green bonds to the market; (ii) Financial Advisory team, who advise customers on raising capital for projects in renewable energy, infrastructure, natural resources, real estate and agriculture. (iii) Specialised Finance team, who provide project finance and asset finance solutions to customers—specifically to larger-scale infrastructure, energy and natural resource projects, including financing renewable</p>	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								energy; (iv) Agribusiness team, who provide specialised finance and banking solutions to our agribusiness customers; and (v) Project Finance team who manage opportunities for project finance to address adaptation and resilience of major infrastructure, as well as financing renewable energy projects.	
Induced changes in natural resources	The opportunity may arise for NAB's agribusiness customers in Australia and New Zealand if changes in temperature and weather patterns favourably	Increased demand for existing products/services	3 to 6 years	Direct	About as likely as not	Low-medium	It is difficult to quantify opportunities as some customers and/or crops and industries may be better off and others worse off as the result of changing weather patterns and growing seasons.	NAB's management method is to diversify our range of products and services. Our agribusiness-bankers continue to monitor the impact on our	The costs associated with running our Project Finance, Agribusiness and Advisory teams are included within normal annual operating budgets as they

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	impact growing seasons. There may also be opportunities to provide increased services and new products to customers in the tourism sectors that are positively and negatively impacted by changes in natural resources and ecosystems.							customers and industry portfolios to identify opportunities. Opportunities for project finance to address adaptation and resilience of major infrastructure, as well as financing renewable energy projects are managed on a deal by deal basis through our Project Finance team as part of business as usual.	are well established teams and part of business as usual. Accordingly, there are no additional costs for these actions. As the market for climate change related products and project finance grows, these teams will be expanded as required.

CC6.1c

Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Changing consumer behavior	Changing corporate and consumer preferences provides opportunity for new sources of revenue for NAB from existing and new products and services. Customer preferences and needs for products and services can change over time for a variety of reasons, including: (i) changes in values, including increased demand for environmentally and socially responsible investments and returns; (ii) reduced technology costs (e.g. renewable energy generation); (iii) changes in the physical and business	New products/business services	Up to 1 year	Indirect (Client)	Likely	Medium	In November 2015, NAB committed to five climate change actions, including undertaking financing activities of \$18 billion to 30 September 2022 to help address climate change and support the transition to a low carbon economy. As at 30 September 2016, NAB reported an aggregate amount of financing towards this target of \$7.3bn, This included: (i) Issuing Green Bonds totaling \$350m (\$300m Victorian Government Green Bonds and \$50m asset backed green bond for	NAB's main management method is diversification of our products and services. NAB has specialist teams in its Business and Private Banking (for example our Environmental Finance Solutions team) and Corporate & Global Institutional Banking divisions focused on identifying environmental opportunities and the subsequent development of new environmental products and services. NAB has been active in this space for some years – particularly in renewable energy financing since 2006,	The costs for our specialist customer facing teams and research are embedded within our annual operating budgets. This information is confidential. Internal staff costs to develop bond products, low carbon products or products that avoid emissions are not separately tracked as the 'green' products are increasingly considered business as usual. External costs associated with bringing bond products to market include legal fees and verification costs. These

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>environment in which they operate; and (iv) changes in life stages of both a business or an individual. This can create opportunities for new products and services for a range of our customers across different customer segments. For example: (i) investors who wish to invest in green bonds; (ii) agribusiness customers who wish to reduce their energy bills and carbon footprint are increasingly seeking access to finance to install or fund renewable energy options; and (iii) business customers in NZ who are now directly impacted by NZ ETS want</p>						<p>FlexiGroup Ltd). NAB has worked closely with investors, potential issuers and other market participants, in Australia to develop the domestic green bond market; and (ii) Discounted equipment finance for assets that cut energy use or generate renewable energy. As part of a \$120 million funding program with the Clean Energy Finance Corporation, NAB offers this finance to businesses of all sizes. In the 2016 financial year, \$57.7m of asset finance was provided under this scheme.</p>	<p>however interest and activity in an expanded range of products and services is now occurring. For example, for the year ended 30 September 2016, NAB issued Green Bonds totaling \$350m. NAB has worked closely with investors, potential issuers and other market participants, in Australia to develop the domestic green bond market. As a result, in February 2016, NAB was recognised as a commercial bank "Green Bond Pioneer" by the Climate Bonds Initiative and the London Stock Exchange at the inaugural Green Bond Awards. We also include ESG screening</p>	<p>are typically less than \$100k for each initiative.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	additional and new products and services to help them manage their carbon risk exposure under the trading scheme.							as part of our decision making in relation to the customers and projects we finance. We are seeing increased customer take-up of these products and services.	
Reputation	NAB's engagement on the issue of climate change and our strategy to lead by example by taking action to reduce our own GHG emissions footprint has given us a chance to build considerable experience that we have used to develop financial products in Australia, the UK and New Zealand. This has had, and can continue to have, a positive impact on our reputation	New products/business services	Up to 1 year	Direct	Very likely	Low-medium	Action we take on climate change can have a positive impact on NAB's reputation and a flow-on effect to financial benefit where it results in attraction and retention of customers. An example would be an increased take-up of customer services which supports NAB's commitment to financing activities of \$18 billion to 30 September	NAB's management methods include diversification of our products and services, contribution to benchmarking indices and communication of actions we are undertaking. For example, we identify opportunities to speak about what we have learned at conferences and other forums attended by customers and other stakeholders. We also use our	While there are costs associated with the activities we undertake to implement our climate change strategy; these form part of our normal annual operational budgets and are usually not separately tracked.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	with customers and broader stakeholders and enables us to demonstrate a leadership position in managing our environmental footprint.						2022 to help address climate change and support the transition to a low carbon economy.	public reporting, websites and media releases to inform our customers about what NAB is doing and the financing commitments we have made. NAB leverages experience from implementing energy efficiency opportunities and our carbon neutral commitment into the development of new products and services. NAB also participates in external sustainability award and benchmarking activities.	
Other drivers	Taking action on climate change and making a commitment to reduce our carbon footprint via energy efficiency, fuel	Other: Improved employee engagement	Up to 1 year	Indirect (Client)	Very likely	Low-medium	Environmental programs form part of our community and corporate responsibility investment. Our environmental	NAB's management method is improved employee engagement, where we have actively	The annual external costs for NAB Group's employee engagement around our carbon neutral

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	switching and carbon neutrality has had a significant positive impact on employee engagement. This has indirect flow-on benefits to productivity, employee attraction and retention.						activities assist in attracting desirable and engaged employees, therefore reducing turnover costs. Employee turnover has decreased from 15% in 2013 to 12% in 2016.	focussed since 2009. NAB has implemented a range of programs and initiatives to engage employees around taking action on climate change. For example, these include: (i) volunteer days taken by employees to work on environmental projects including reforestation and revegetation; (ii) provided interest free loans to Australian staff for public transport tickets; (iii) promoted National Ride to Work day in Australia; and (iv) supported Earth Hour in Australia, NZ, the UK and Asia; and (v) continued to	commitment, resource reduction and climate change strategy are included in our annual budgeted operating expenses for our sustainability teams and were ~\$17k for Australia in the 2016 financial year.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								promote NAB smart statements (online statements) to staff as well as customers.	
Changing consumer behavior	Structural changes to the energy sector due to changing global trends for energy generation, combined with reduced costs for these technologies, provides opportunity for new sources of revenue from existing and new products and services.	Increased demand for existing products/services	Up to 1 year	Indirect (Client)	Virtually certain	Low-medium	As at 30 September 2016, 47% of NAB's exposure to the power generation sector (as Exposure at Default (EAD)) was for renewable energy generation. Renewable energy is an increasing proportion of our electricity generation exposure. The power generation sector represents less than 1% of total Group EAD. Our current global portfolio of renewable	NAB's management method is diversification of products and services. For example, we have specialist staff within our Advisory team and in our Corporate and Institutional Bank division (our Energy team) focused on identifying environmental opportunities and the subsequent development of new environmental products and services. Such focus has been long-term, but increased in	The annual costs for our specialist customer facing teams and research are embedded within our operating budgets. This information is confidential.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							<p>energy generation projects represents a total generation capacity of 2,594 MW. In 2016, we provided \$739m, measured as EAD at 30 September 2016, for renewable energy projects. NAB has provided \$4.9 billion in project finance for renewable energy projects since 2003. We continue to be the leading arranger (by market share) of project finance to the Australian renewable energy sector.</p>	<p>intensity over the past three years. For example, in 2016, we provided \$739m, measured as EAD at 30 September 2016, for renewable energy projects. NAB has provided \$4.9 billion in project finance for renewable energy projects since 2003. We continue to be the leading arranger (by market share) of project finance to the Australian renewable energy sector - referenced to 'Project Finance International 2006-2016 Asia Pacific Initial Mandated Lead Arrangers League Tables - MidYear 2016 US\$ Project Allocation', and</p>	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								NAB's analysis and ranking of the four major Australian banks - cumulative volume as at 30 June 2016'. The volume of renewable projects is increasing.	

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Sun 01 Jul 2012 - Sun 30 Jun 2013	20848
Scope 2 (location-based)	Sun 01 Jul 2012 - Sun 30 Jun 2013	177540
Scope 2 (market-based)	Sun 01 Jul 2012 - Sun 30 Jun 2013	154926

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary Reporting Guidelines
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Climate Registry: General Reporting Protocol
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

2015 California Climate Action Default Emission Factors, EPA Year 2010
eGRID 9th edition Version 1.0 (February 2014: eGRID subregion annual CO2 total output emission rate) AZNM (WECC Southwest), RMPA (WECC Rockies), SPNO (SPP North), MROW (MRO West), SRMW (SERC Midwest), NPCC NYC/Westchester
Australia – National Greenhouse Accounts (NGA) Factors 2015 and 2016

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	IPCC Fourth Assessment Report (AR4 - 100 year)

Gas	Reference
N2O	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	IPCC Fourth Assessment Report (AR4 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
			Please refer to attached document NAB_Emission Factors_2016_CDP

Further Information

Attachments

https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC7.EmissionsMethodology/NAB_Emissions Factors_2016_CDP.xls

Page: CC8. Emissions Data - (1 Jul 2015 - 30 Jun 2016)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

18373

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	Scope 2, market-based	Comment
We are reporting a Scope 2, location-based figure	We are reporting a Scope 2, market-based figure	Our public reporting uses a location-based methodology as market-based supplier specific emission factors are not available from our energy retailers at this point in time. For CDP reporting we have determined our market-based Scope 2 emissions as detailed in Question 8.3a below.

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
131657	120799	In the UK, our operations bought government certified renewable electricity under the UK Renewable Energy Guarantee of Origin Scheme. In Australia, we purchased GreenPower Renewable Energy Certificates as an emissions reduction activity due to our tri-generation plant being offline for part of the year 2016 environmental reporting year. We have classed both these renewable energy purchases as zero emissions under a market-based instruments approach, and as such, reduced our total location-based Scope 2 emissions by 12,144 tCO2-e.

CC8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Asia and New York operations - Fugitive gases associated with building-	Emissions are not relevant	No emissions excluded	No emissions excluded	This emissions source is immaterial in relation to our global operations and would not contribute in a meaningful way to emissions reductions. We have a small number of office locations throughout Asia (Hong Kong, Singapore, Japan,

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
based HVAC and refrigerators				India, Indonesia and China), one office in New York and a JB Were's Office in NZ for which we are unable to source data from our landlords on fugitive emissions of ozone depleting substances in respect of air conditioning and refrigeration.

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints Sampling Data Management	We calculated our 2016 Scope 1 GHG emissions data based on the application of standard emissions factors (from published sources) to activity data sets collected from our operations. As these emissions factors represent an average figure, they will have some embedded but standard and accepted uncertainty. Uncertainty associated with Australian Emission Factors and Energy Content Factors is as outlined in the National Greenhouse and Energy Reporting (NGER) Guidelines. Data for natural gas and liquid fuels is based on bills for consumption and with review and checking can be collated with a high degree of accuracy. There is some embedded error in the actual gas usage meters but this is not material and we monitor to check that there are no meters causing issues with consumption. In an immaterial number of cases where data for gas or liquid fuels is not available, this is extrapolated based on historical usage. Emissions calculations for NAB's global operations vehicle fleets in Australia and NZ are based on fuel consumption recorded from fuel card records. The fuel card bills are reviewed to ensure they accurately reflect NAB's fuel usage, and we are satisfied, and so is our

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
			external auditor, as part of NAB's annual environmental data assurance process that we have a reasonable degree of accuracy around $\leq 5\%$ (in Australia and NZ). In the UK, activity sets for vehicle fleet related Scope 1 GHG emissions rely on employee record keeping kept for tax purposes (P11D) and compliance controls on this data ensures it is as accurate as possible.
Scope 2 (location-based)	Less than or equal to 2%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints	We calculated our 2016 Scope 2 location-based GHG emissions data based on the application of standard emissions factors (from published sources) to activity data sets collected from our operations. As these emissions factors represent an average figure, they will have some embedded but standard and accepted uncertainty. Uncertainty related to Australian Emission Factors and Energy Content Factors is as outlined in Australian National Greenhouse and Energy Reporting Act guidance. Data for electricity is based on meter readings recorded on utility bills for consumption and with review and checking can be collated with a high degree of accuracy (around $\leq 2\%$). There is some embedded error in the actual electricity consumption meters but this is not material and we monitor consumption trends at each building site to check that there are no meters causing issues with consumption data. For less than 1.5% of smaller properties NAB occupies, we need to utilise estimation techniques for activity data because we are not billed directly and electricity use is covered by rental outgoings and we cannot get access to actual usage data via the landlord. This estimation has no material effect on the overall accuracy of NAB's greenhouse gas related activity data. Further, as our Scope 2 GHG emissions data in the UK and Australia is subject to regulatory reporting requirements, we have had external assurance over our data, prior to its publication in NAB's 2016 Dig Deeper Report. This assures stakeholders that NAB has appropriate control processes in place and that our reported data is of an acceptable level of accuracy.
Scope 2 (market-based)	Less than or equal to 2%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints	We calculated our 2016 Scope 2 market-based GHG emissions data based on the application of standard emissions factors (from published sources) to activity data sets collected from our operations. The Scope 2 market-based GHG emissions are determined by excluding the majority of Scope 2 GHG emissions from our UK business from our global totals (due to application of an EF of zero), as our UK operations purchase renewable energy certified under the UK Renewable Energy Guarantee of Origin Scheme. In Australia, we purchased GreenPower Renewable Energy Certificates as an emissions reduction activity due to our tri-generation plant being offline for part of the 2016 environmental reporting year. As such, the uncertainty in this data is the same as the uncertainty in our Scope 2 (location-based) data. As the emissions factors used represent an average figure, they will have some embedded but standard and accepted uncertainty. Uncertainty of Emission Factors and Energy Content Factor is as outlined in Australian National Greenhouse and Energy Reporting Act guidance. Data for electricity is based on meter readings recorded on utility bills for consumption and with review and checking can be collated with a high degree of accuracy (around $\leq 5\%$). There is some embedded error in the actual electricity consumption meters but this is not material and we monitor consumption

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
			<p>trends at each building site to check that there are no meters causing issues with consumption data. For less than 1.5% of smaller properties we occupy, we need to utilise estimation techniques for activity data because we are not billed directly and electricity use is covered by rental outgoings and we cannot get access to actual usage data via the landlord. This estimation has no material effect on the overall accuracy of our greenhouse related activity data. Further, as our Scope 2 data in the UK and Australia is subject to regulatory reporting requirements, our data has undergone external assurance, before it has been published in the 2016 Dig Deeper Report. This assures stakeholders that we have in place appropriate control processes and that our reported data is of an acceptable level of accuracy.</p>

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC8.6a/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	100
Annual process	Complete	Reasonable assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC8.6a/2016-nab-nger-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	64

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC8.7a/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	100
Location-based	Annual process	Complete	Reasonable assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC8.7a/2016-nab-nger-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	89
Market-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC8.7a/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Other: National Carbon Offset Standard certification	It is a requirement of the Carbon Neutral Program for NAB Group's compliance with the National Carbon Offset Standard (NCOS) and NCOS Carbon Neutral Program Guidelines to be audited every year. KPMG conducted this audit in 2015 and the next audit is due in 2017. The biennial audit is to satisfy NCOS requirements for maintaining our certification. See attached copy of the assurance conducted by KPMG. KPMG also provided assurance over our offset retirement and carbon neutral position. See attached evidence of certification.
Other: Carbon risk	KPMG provided NAB with assurance over our carbon risk disclosures for the 2016 financial year. This included our (i) renewable

Additional data points verified	Comment
disclosures	energy disclosure; (ii) project finance segmentation; and (iii) reporting of progress on our \$18 billion environmental financing goal. See attached.
Other: Science-based emission target performance data point	KPMG provided assurance on NAB's disclosure of our progress against our science-based emissions reduction target for our 2016 environmental reporting year. See attached.

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

We engage KPMG to undertake a range of assurance processes each year. These include: Reasonable level assurance over Scope 1 and 2 GHG emissions data submitted under the Australian National Greenhouse and Energy Reporting Act 2007 (Cth); Limited level assurance over additional Scope 1, 2 and 3 GHG emissions and offset data associated with the Group's carbon neutral commitment (not already covered by assurance for regulatory reporting requirements) and our progress against our science-based emissions reduction target; and our carbon risk disclosures. Every second year, KPMG also provides assurance for our carbon neutral certification in Australia as required under the Australian National Carbon Offset Standard. Our Group Environmental Reporting and Offset Management Policy is attached (Filename: nab-group-environmental-reporting-and-offset-management-policy.pdf). KPMG's assurance reports refers to this document, making it part of their assurance reports. All relevant assurance reports are attached at Section 8.6a, 8.7a and as general attachments to Section 8.

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/2015-nab-ncos-assurance-report-provided-by-kpmg.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/2015-nab-ncos-assurance-report-provided-by-kpmg.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/2016-nab-carbon neutral program certificate.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/2016-nab-carbon-neutral-program-certificate.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/2016 Dig_Deeper_Report.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/2016%20Dig_Deeper_Report.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/nab-environmental-management-policy.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/nab-environmental-management-policy.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/nab-environmental-reporting-and-offset-management-policy.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/nab-environmental-reporting-and-offset-management-policy.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jul2015-30Jun2016\)/2016-nab-carbon-risk-disclosure-assurance-report-provided-by-kpmg.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jul2015-30Jun2016)/2016-nab-carbon-risk-disclosure-assurance-report-provided-by-kpmg.pdf)

Page: CC9. Scope 1 Emissions Breakdown - (1 Jul 2015 - 30 Jun 2016)

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO2e
Australia	11774
United Kingdom	2260
New Zealand	4280

Country/Region	Scope 1 metric tonnes CO2e
United States of America	54
Hong Kong	5

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By GHG type
By activity

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
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CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	16673
CH4	30
N2O	80
HFCs	1590

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Fugitive emissions associated with building based HVAC and refrigerators	1381
Business travel - Work-use vehicles fleet (combustion of diesel, petrol, ethanol)	8736
Fugitive emissions from work-use vehicle fleet - Air conditioning refrigerant	195

Activity	Scope 1 emissions (metric tonnes CO2e)
Fugitive emissions from status-use vehicle fleet - Air conditioning refrigerant	14
Stationary energy - Combustion of fuel: including diesel, gas and propane	7874
Business travel - Status-use vehicle fleet (combustion of diesel and petrol) (UK only)	173

Further Information

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown\(1Jul2015-30Jun2016\)/2016-nab-dig-deeper-report.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown(1Jul2015-30Jun2016)/2016-nab-dig-deeper-report.pdf)

Page: CC10. Scope 2 Emissions Breakdown - (1 Jul 2015 - 30 Jun 2016)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
New Zealand	2496	2496	18049	0
China	138	138	194	0
Indonesia	13	13	17	0
India	101	101	128	0
Japan	90	90	157	0
Hong Kong	458	458	585	0
Singapore	133	133	292	0
United Kingdom	9316	718	22609	20867
Australia	117714	115454	118637	2000
United States of America	1198	1198	1965	0

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By activity

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
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CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
----------	--	--

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
Electricity usage at facilities under operational control	131657	120799

Further Information

Our UK operations continue to use government certified renewable electricity which has been reported as zero emissions electricity for the purposes of our market-based Scope 2 calculations. For NAB Group's 2016 environmental reporting year (1 July 2015 to 30 June 2016), 92% of NAB's UK-based electricity consumption was renewable electricity. In Australia, we purchased GreenPower Renewable Energy Certificates as an emissions reduction activity due to our tri-generation plant

being offline for part of NAB's environmental reporting year. Please refer to attachments below which are provided as examples of the renewable energy certifications for the electricity supplied to NAB's UK and Australian operations.

Attachments

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown\(1Jul2015-30Jun2016\)/Clydesdale Bank PLC - 7th Floor - Queen Street - 1800035313281.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown(1Jul2015-30Jun2016)/Clydesdale%20Bank%20PLC%20-%207th%20Floor%20-%20Queen%20Street%20-%201800035313281.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown\(1Jul2015-30Jun2016\)/GPREC_Offer_NAB_Sep15_Momentum_210915.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown(1Jul2015-30Jun2016)/GPREC_Offer_NAB_Sep15_Momentum_210915.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown\(1Jul2015-30Jun2016\)/2016-nab-uk-renewable energy certification evidence-1.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown(1Jul2015-30Jun2016)/2016-nab-uk-renewable%20energy%20certification%20evidence-1.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown\(1Jul2015-30Jun2016\)/Clydesdale Bank PLC-20 Merrion Way - 2346542718015.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown(1Jul2015-30Jun2016)/Clydesdale%20Bank%20PLC-20%20Merrion%20Way%20-%202346542718015.pdf)

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Heat	0
Steam	0
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

77537

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Diesel/Gas oil	16937
Natural gas	40804
Motor gasoline	19161
Other: Transport oil and Grease	146
Propane	7
Other: Ethanol Blend	170
Kerosene	312

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
Energy attribute certificates, Guarantees of Origin	20867	0	Our UK operations continued to use certified renewable electricity generated under the UK's Renewable Energy Guarantees of Origin (REGO) Scheme. Please refer to page 71 of the attached 2016 Dig Deeper Report and the attached examples of our renewable energy certificates.
Energy attribute certificates, Renewable Energy Certificates (RECs)	2000	0	Our Australian operations purchased GreenPower Renewable Energy Certificates as an emissions reduction activity due to our tri-generation plant being offline for part of NAB's environmental reporting year. Please refer to page 31 of the attached 2016 Dig Deeper Report and the attached renewable energy certificates.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
172641	162633	10008	205	205	In this table we have reported: 1. Total electricity consumption which includes consumption from grid supply, from tri-generation and solar PV. 2. Electricity purchased is from the grid supply. 3. Electricity produced is from our tri-generation facility and solar PV. 4. Renewable electricity produced is from Solar PV. 5. All renewable energy produced from Solar PV is consumed onsite

Further Information**Attachments**

[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/Clydesdale Bank PLC - 7th Floor - Queen Street - 1800035313281.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/Clydesdale%20Bank%20PLC%20-%207th%20Floor%20-%20Queen%20Street%20-%201800035313281.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/GPREC_Offer_NAB_Sep15_Momentum_210915.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/GPREC_Offer_NAB_Sep15_Momentum_210915.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/2016-nab-uk-renewable energy certification evidence-1.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/2016-nab-uk-renewable%20energy%20certification%20evidence-1.pdf)
[https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/Clydesdale Bank PLC-20 Merrion Way - 2346542718015.pdf](https://www.cdp.net/sites/2017/98/12798/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/Clydesdale%20Bank%20PLC-20%20Merrion%20Way%20-%202346542718015.pdf)

Page: CC12. Emissions Performance

CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	10	Decrease	Using a location-based approach, gross global Scope 1 and 2 GHG emissions decreased by 10% due to a range of emissions reduction activities including; (i) decommissioning of an obsolete data centre; (ii) improving energy efficiency across our buildings, and building services and processes; and (iii) installing solar panels on some of our buildings. Last year, gross global Scope 1 and 2 emissions decreased by a total of 18,499 tCO ₂ -e through our emissions reduction projects. Our total Scope 1 and Scope 2 GHG emissions in 2015 were

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
			185,081 tCO ₂ -e. Using the location-based methodology, the reduction in emissions (Scope 1 and 2 combined) can therefore be calculated as: $(18,499/185,081)*100 = 10.00\%$; whereas using the market-based methodology and thereby including the purchase of GreenPower increases this to $(20,759/185,081)*100 = 11.22\%$. We purchased GreenPower in Australia, equivalent to 2,520 tCO ₂ -e, as an emissions reduction activity due to our tri-generation plant being offline for part of NAB's environmental reporting year. Refer to Question 3.3b for emissions reduction activities in the 2016 environmental reporting year.
Divestment	6.18	Decrease	Gross global Scope 1 and 2 emissions decreased by 6.2% following the divestment of GWB in August 2015. A reduction of 11,443 tCO ₂ -e occurred in the 2016 environmental reporting year as a result of this divestment. Our total Scope 1 and Scope 2 GHG emissions in 2015 were 185,081 tCO ₂ -e. The reduction in emissions (Scope 1 and 2 combined) can therefore be calculated as: $(11,443/185,081)*100 = 6.18\%$
Acquisitions	0	No change	There were no acquisitions during the reporting period that have a material impact on global GHG emissions.
Mergers	6.39	Decrease	Gross Scope 1 and 2 emissions decreased by 6.4% following the CYBG demerger in February 2016. A reduction of 11,832 tCO ₂ -e was experienced in the 2016 environmental reporting year as a result of the demerger. Our total Scope 1 and Scope 2 GHG emissions in 2015 were 185,081 tCO ₂ -e. The reduction in emissions (Scope 1 and 2 combined) can therefore be calculated as: $(11,832/185,081)*100 = 6.39\%$
Change in output	0.25	Increase	Gross global Scope 1 and 2 GHG emissions increased by 0.25% primarily due to the increase in the number of work use vehicles in Australia. An increase of 455.9 tCO ₂ -e was experienced in the 2016 environmental reporting year. Our total Scope 1 & Scope 2 GHG emissions in 2015 were 185,081 tCO ₂ -e. The increase in emissions (Scope 1 and Scope 2) can therefore be calculated as: $(455.9/185,081)*100=0.25\%$
Change in methodology	3.11	Decrease	Across our global operations, changes in electricity-related GHG emission factors led to a decrease of approximately 3% on global Scope 1 and Scope 2 GHG emissions. This was most significant in Tasmania, where the Scope 2 electricity-related GHG emission factor decreased by 40%. The UK and Singapore also experienced decreases in the emission factors applied to the electricity of 10.8% and 9.7% respectively. These reductions were offset by the increase in emission factors in Japan and New York City. In 2016, we had a total decrease in electricity related GHG emissions (Scope 1 and Scope 2) of 5,757 tCO ₂ -e. Our total Scope 1 and Scope 2 GHG emissions in 2015 were 185,081 tCO ₂ -e. The reduction in emissions (Scope 1 and 2 combined) can therefore be calculated as: $(5,757/185,081)*100= 3.11\%$.
Change in boundary	0	No change	There are no changes to boundary that have had a material impact on global GHG emissions during the reporting period.
Change in physical operating conditions	0	No change	There are no changes to physical operating conditions that have had a material impact on global GHG emissions during the reporting period.
Unidentified	0	No change	There are no unidentified reasons for change in global GHG emissions during the reporting period.

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Other	0.55	Decrease	Gross Scope 1 emissions decreased within Australia due to our tri-generation plant being offline for three months of the reporting period. A reduction of 1,023 tCO ₂ -e occurred during the reporting period as a result of the tri-generation plant being offline. Our total Scope 1 & Scope 2 GHG emissions in 2015 were 185,081 tCO ₂ -e. The reduction in emissions (Scope 1 and 2 combined) can therefore be calculated as: $(1,023/185,081)*100=0.55\%$

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO₂e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.00001501	metric tonnes CO ₂ e	9995000000	Location-based	23.77	Decrease	Emissions intensity per unit of \$AU underlying profit decreased by approximately 24% in 2016 compared to 2015. Our underlying profit

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
						figure has increased by 6%, while our gross global Scope 1 and 2 GHG emissions have decreased by 19% compared to the prior year. NOTE: We do not use a revenue figure in our financial reporting. On agreement with CDP, NAB has been using \$AU of underlying profit instead of revenue as the denominator for the purpose of completing this question for a number of years. \$AU of underlying profit (AU\$9,995m in 2016 and AU\$9,399m in 2015). Using underlying profit as the denominator allows for meaningful comparison against prior years' financial intensity measures due to the nature of our underlying business activities.

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
3.41	metric tonnes CO2e	full time equivalent (FTE) employee	44054	Location-based	20.5	Decrease	The decrease in metric tonnes CO2-e per FTE was largely driven by the gross Scope 1 and 2 GHG emissions figures which have decreased by 19%. This decrease is primarily attributable to the divestment of GWB, the CYBG demerger, and a reduction in

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
							Australian energy use and GHG emissions due to the decommissioning of an obsolete data centre (one of the emissions reduction activities we completed during FY2016 - this is included in the response to Q3.3b). FTE numbers in 2016 increased by 1.9% in 2016 compared to 2015. Despite this increase in FTE numbers, our emissions intensity per FTE decreased by around 20%.
0.1490	metric tonnes CO2e	square meter	1007087	Location-based	16.96	Decrease	Our global gross Scope 1 and 2 GHG emissions per metre squared of property occupied decreased by approximately 17% in 2016 compared to 2015. This was driven by the decrease in Scope 1 and Scope 2 emissions across our global operations. The property space we occupy (metres squared of net lettable area) decreased by 2.4% in 2016 compared to 2015, as we consolidate our operations as part of our property strategy.

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

Yes

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
Other: UK CRC EE Scheme	Wed 01 Apr 2015 - Thu 31 Mar 2016	0	0	0	Other: NAB's UK operations leased the facilities during the reporting period. We had no reportable energy supplies.

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

National Australia Group UK (NAB UK) was a registered participant in the UK's Carbon Reduction Commitment (CRC) Energy Efficiency (EE) Scheme for the reporting period 1 April 2015 to 31 March 2016. NAB UK qualified for the Scheme in 2008 and reported its GHG emissions, under the CRC EE Scheme, for the first time in July 2011. NAB UK reported on GHG emissions for the period 1 April 2015 - 31 March 2016 as required by the last business day in July 2016. NAB submitted a zero return in 2016 in accordance with CRC EE Scheme requirements as we no longer have any reportable energy supplies (we occupy leased offices where the landlord pays the energy bills and includes a recharge in our lease outgoings).

Our strategy for reducing our UK-based emissions remains focused on energy efficiency – this strategy is Group-wide. Our UK operations are still covered by voluntary carbon neutrality. As part of our NAB Group-wide emissions reduction strategy, NAB UK had a targeted 5% reduction in building energy usage (from electricity and gas) in the United Kingdom by June 30, 2016 (against a 2013 baseline).

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits canceled	Purpose, e.g. compliance
Credit purchase	Forests	Harwadan Forest serial number: 50132119158-50132130157	Other: New Zealand-Emissions Trading Scheme (NZ-ETS)	11000	11000	Yes	Voluntary Offsetting
Credit purchase	Biomass energy	Cavalcante Serial number: 1464-62109891-62125890-VCU-008-MER-BR-1-34-01022010-31122010-1	VCS (Verified Carbon Standard)	16000	16000	Yes	Voluntary Offsetting
Credit purchase	Other: Renewable Energy - Run of River Hydropower	Sonowade and Chandoli Villages Serial number: 3114-137207483-137210301-VCU-008-APX-IN-1-1114-28122010-31122011-0	VCS (Verified Carbon Standard)	2819	2819	Yes	Voluntary Offsetting
Credit purchase	Wind	Mitcon Grouped Wind Serial number: 1404-60764829-60770936-VCU-020-MER-IN-1-429-01012010-30062010-0	VCS (Verified Carbon Standard)	6108	6108	Yes	Voluntary Offsetting
Credit purchase	Forests	Kinchela Forest Regeneration Serial number: 3655938856-365596187	Other: Carbon Farming Initiative (CFI)	24332	24332	Yes	Voluntary Offsetting
Credit purchase	Wind	India Bundled Wind (TASMA-II) Serial number: 3848-166154321-1662214320-VCU-048-APX-IN-1-1352-01012012-31122012-0	CDM (Clean Development Mechanism)	60000	60000	Yes	Voluntary Offsetting
Credit purchase	Other: Renewable Energy - Run of River Hydropwer	Da Dang 2 Serial Number: 10,720,400 – 10,757,700	CDM (Clean Development Mechanism)	37301	37301	Yes	Voluntary Offsetting
Credit purchase	Forests	April Salumei Serial Number: 3937-168537016-168548373-VCU-016-APX-PG-14-1122-22052009-31122012-0	VCS (Verified Carbon Standard)	11358	11358	Yes	Voluntary Offsetting
Credit purchase	Other: Renewable Energy - Biogas Utilisation	Korat Waste to Energy Serial Number: 4,528,479 – 4,578,478	CDM (Clean Development Mechanism)	50000	50000	Yes	Voluntary Offsetting

Further Information

This year, we have calculated Scope 3 emissions associated with water use in Australia, in line with the requirements of the revised Carbon Neutral Program Guidelines. Based on this calculation, we have concluded that the greenhouse gas (GHG) emissions associated with our water use are not material, as they account for less than 0.3% of our current total GHG footprint. These emissions have been included in our GHG footprint and our offset calculations for completeness. The volume of offsets in this table differs from our GHG emissions in our 2016 Dig Deeper Report as Scope 3 water emissions for Australia were not included at the time of publishing the report.

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	210.0	A4 and A3 paper purchased: Data for the quantity of paper purchased is obtained from our corporate office paper suppliers in reams. This data has a high degree of accuracy and can be reconciled with invoiced data. A conversion factor of 2.5 kg (A4) and 5 kg (A3) per ream is applied to convert the number of reams into tonnes of paper. Paper purchased is segmented into the following categories for calculation of GHG emissions:	100.00%	In Australia and New Zealand, office paper consumption continued to decrease due to increasing availability of supporting technology in our flexible working environment and technology solutions such as Follow You Printing (print to release). To date, GHG emissions for purchased goods and services have only included emissions from office paper purchased, as this was

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			recycled, virgin content, domestic and offshore sources, and certified carbon neutral and Carbon Neutral and Recycled (zero emissions). The methodology and emission factors applied are those published in EPA Victoria's Information Bulletin (Publication 1374.1) Greenhouse Gas Emission Factors for Office Copy Paper. A zero emission factor is applied where paper is certified as carbon neutral by the Government, or another independent and reputable standards body. This resulted in an estimated 1,091 tCO2-e that we have avoided through the purchase of carbon neutral paper in Australia and New Zealand		assessed as relevant as part of our carbon inventory. In addition, GHG emissions from our office paper is also a required inclusion in our carbon inventory for Australian National Carbon Offset Standard Carbon Neutral Certification. Further assessments will be conducted over time on other purchased goods and services to allow us to make informed decisions related to further inclusions of GHG emissions in our carbon inventory.
Capital goods	Not relevant, explanation provided				As a financial services provider, we are not a significant purchaser of capital goods that have material climate change impacts (when compared to other sectors). We lease many of the capital goods that we use, including buildings, cars and photocopiers. The GHG emissions arising from the use of these capital goods are generally accounted for in the calculation of other sources of Scope 1, 2 and 3 GHG emissions that we report. We also note that it is difficult to obtain relevant activity data and factors to undertake accurate calculation of emissions from capital goods and that there are technical and resource constraints to making these calculations. In addition to the above, the following factors

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
					helped to determine that this emission source is not relevant: (i) these GHG emissions are not within our operational control; (ii) they are immaterial with respect to our risk exposure; (iii) stakeholders do not indicate that these emissions are sufficiently important; and (iv) as a result of the above, this information would not materially contribute to business decision making.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	18945	(1) Transmission, extraction and distribution losses from stationary energy (diesel, gas and propane) and electricity (including GreenPower purchases): Activity data for electricity and fuel consumption from Scope 1 and 2 GHG emissions sources was utilised for the calculation of this emission source. The activity data has a high degree of accuracy as it is required for Scope 1 and 2 regulatory reporting purposes. Relevant GHG emissions calculation methodologies and appropriate country specific emission factors are applied to the activity data for each emission source. These are set out in guidance provided by the Australian Government in the NGER Determination and National Greenhouse Accounts Factors, by the UK Government in the DEFRA Voluntary Reporting Guidelines, by the NZ Government in the New Zealand Guidance for Voluntary, Corporate Greenhouse Reporting and in the Climate Registry: General Reporting Protocol and emission	100.00%	These Scope 3 GHG emissions include both the emissions resulting from transmission and distribution losses for electricity (including GreenPower purchases) and the indirect losses from the extraction, production and transportation of other fuels and energy sources, including vehicle fuels, purchased and used in the reporting period.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			factors as updated. (2) Extraction, production and transportation losses from fuels (diesel, petrol and where relevant, ethanol) associated with our vehicle fleet are also included in our current carbon inventory where a methodology for calculation extraction, production and transportation losses is provided in the published reporting relevant to a country where we have operations. The methodologies and factors we have applied are outlined in the references mentioned above for the calculation of transition, extraction and distribution losses.		
Upstream transportation and distribution	Relevant, calculated	93.0	We have calculated GHG emissions from supplier travel in the UK conducted on behalf of NAB UK for a small number of key contractors. This contractor travel includes hotel stays, vehicle use, train travel, ferry travel and air travel. The activity data is provided by our contractors. The calculation methodologies and factors applied to each form of business travel are as outlined in DEFRA's Voluntary Reporting Guidelines applicable for the reporting period. The GHG emissions from Hotel Stays is based on a calculation model developed for NAB's global operations by the Edinburgh Centre for Carbon Management, which is updated annually by NAB to include emission factors and data relevant to the current reporting period.	100.00%	
Waste generated	Relevant,	2994	Waste to landfill: Activity data for the calculation of		These Scope 3 GHG emissions include GHG

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
in operations	calculated		GHG emissions from waste to landfill is collected and provided by our corporate waste contractors. Data is not available in all countries where we operate for all office building and branch sites, so we calculate a normalised measure of waste/m2 of property space occupied from the sample of sites where data is available and extrapolate the sample to estimate waste from the total building portfolio. The activity data provided by our waste contractors is an estimate based on the number of bins they collect from our offices. Once an estimate of the tonnage of waste to landfill data is available, the GHG emissions calculation methodologies and factors provided by NZ Ministry for Environment's Corporate Reporting Guidelines and the Australian National Greenhouse Accounts (NGA) Factors references are applied to calculate GHG emissions.		emissions from waste to landfill only. Although we track materials recycled as one of our activity data sets to determine our rate of diversion of waste from landfill, we do not include recycled materials in our current carbon inventory.
Business travel	Relevant, calculated	35752	1) Air Travel: For air travel in all regions we use the methodologies and factors described in DEFRA's Voluntary Reporting Guidelines for the applicable reporting period. Activity data is sourced from corporate travel providers and reconciled to travel expenditure from our finance system. Where there is a material difference between the two sets of data, an uplift is applied to activity data, to estimate travel booked outside our corporate travel provider. (2) Employee claims for use of personal vehicles for work purposes: For		This includes GHG emissions from flights, hotel stays, taxi travel, use of rental cars and employee use of private vehicles for work purposes where relevant for our global operations. It also includes GHG emissions from rail travel for our UK operations.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			<p>GHG emissions from use of personal vehicles for work purposes we use the methodologies and factors described for vehicles (cars) in DEFRA's Voluntary Reporting Guidelines for the applicable reporting period. We utilise activity data available from employee claims for reimbursement of expenses for these calculations. Data accuracy is reliant on employees filling in claim forms. (3) Hotel Stays: For hotel stays, we use a calculator developed for the NAB Group by the Edinburgh Centre for Carbon Management. This is updated annually by NAB to include relevant emission factors and data for the reporting period. Activity data (no. of nights stayed, segmented by country) is sourced from our corporate travel provider. (4) Business travel - rail (UK only). We use methodologies and factors described in DEFRA's Voluntary Reporting Guidelines for the relevant reporting period. Rail travel activity data is collected from our corporate travel provider. DEFRA emission factors are then applied to the activity data. (5) Taxi travel: GHG emissions for taxi travel are calculated from either dollar spend or distance travelled (derived from dollar spend). Emission factors are applied to activity data (either \$ spend for NZ or distance travelled in km or miles for other regions). Emission factors are sourced for NZ from the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting or from DEFRA's Voluntary Reporting Guidelines for the applicable</p>		

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			reporting period. (6) Business travel - rental cars: Rental car related emissions are derived from distance travelled provided by the rental car companies. Methodologies and emission factors for vehicles from DEFRA's Voluntary Reporting Guidelines for the applicable reporting period are applied to the activity data to calculate the relevant GHG emissions.		
Employee commuting	Not relevant, calculated	36510	In Australia, a survey of travel modes and distances travelled by NAB employees commuting to work was undertaken and extrapolated to reflect the broader population. Per person emission factors for various travel modes were determined as follows: (1) Cars: We have applied the factors published by the Australian Bureau of Statistics state average fleet mix, multiplied by the average efficiencies (litres per 100km), multiplied by the appropriate National Greenhouse Gas Accounts factors to arrive at a kgCO2/person.km travelled: (2) Motorcycles and Ferries: We have applied the factors from DEFRA as kgCO2/person.km travelled. (3) Regional Train and Bus: We have applied the direct emissions (kgCO2/person.km) figures published by the EPA Greenhouse Gas Inventory Management Plan (publication 1562) and these figures were then ratioed using NGA factors to derive an indirect emissions factor. (4) Metro train (and tram): Direct emissions figures were taken from EPA publication 1562, and were	11.00%	Employee commuting is not deemed critical by key stakeholders (including customers, suppliers, investors or the broader community) and we do not have operational control over this GHG emissions source. We consider employee commuting to be an emissions source that we cannot directly control and therefore it has been excluded from NAB's carbon inventory on this basis. Our Group Environmental Reporting and Offset Management Standard only commits NAB to influencing indirect sources of GHG emissions from suppliers, employees and customers where we have operational control. Consequently, NAB supports our employees in reducing their personal carbon footprint arising from their commute to work through the provision of interest free loans for annual public transport tickets in Australia and the UK. We have also provided an increased number of bicycle facilities (including lockers

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			adjusted to represent other States' different electricity grids (and also indirect emissions) by drawing upon the NGA factors.		and showers) to facilitate employees cycling to work.
Upstream leased assets	Relevant, calculated	23820	This GHG emission source category includes GHG emissions from (1) base-building energy use (diesel, gas) and electricity not under NAB's operational control (Australia only): Activity data is provided by relevant landlords and based on billed energy consumption. Base-building GHG emissions represents our share of emissions from energy use to operate common facilities such as heating, cooling, ventilation and lifts within buildings we occupy. Base-building GHG are calculated based on the proportion of the landlord's energy consumption for these services based on our share of the building occupancy. The Australian emissions factors and methods set out in the calculation GHG emissions from our Scope 1 and 2 GHG emission sources are as described in the version of the National Greenhouse and Energy Reporting (Measurement) Determination 2008 applicable to the 2015-16 reporting period and the applicable version of the Australian National Greenhouse Accounts (NGA) Factors, (2) associated transmission and distribution losses relating to Base-building energy use; and (3) energy use emissions from use of Automated Teller Machines (ATM's) for our BNZ business. All remote (not located within BNZ store network)	100.00%	NAB Group leases the majority of its building portfolio and the majority of the GHG emissions from these buildings are considered to be under our operational control and are already accounted for in our Scope 1 and 2 GHG emissions. Where we utilise shared facilities in our building such as lifts, escalators, HVAC etc as part of the base building operated and controlled by the landlord or the landlord's facilities manager, we account for our share of the emissions associated with these facilities as fuel and energy related activities. We have also included GHG emissions associated with the operation of non-network ATM's for the BNZ operations which are managed on BNZ's behalf.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			ATM's are held under gross leases so we do not receive electricity charges for operation of these ATM's. For this we do record an estimate of energy usage which is an average provided by NCR who operate the ATM's on our behalf. The methodology applied to calculate emissions associated with energy usage in ATM's was adopted from NZ Guidance for Voluntary Corporate Greenhouse Gas reporting.		
Downstream transportation and distribution	Not relevant, explanation provided				Due to the intangible nature of financial products and services we do not require downstream transportation and distribution of a physical product. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.
Processing of sold products	Not relevant, explanation provided				Due to the intangible nature of financial products and services this emissions source is not material. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.
Use of sold products	Not relevant, explanation provided				Due to the intangible nature of financial products and services this emissions source is not material. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.
End of life	Not relevant,				Due to the intangible nature of financial

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
treatment of sold products	explanation provided				products and services this emissions source is not material. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.
Downstream leased assets	Not relevant, explanation provided				NAB has an immaterial number of downstream leased assets in the form of a small number of buildings that are owned and leased to tenants. The tenancy agreements for these assets give the tenant operational control of the energy use of the asset and the tenant pays the energy bills. Accordingly, for the purposes of our carbon inventory the GHG emissions from these downstream assets are not considered relevant.
Franchises	Not relevant, explanation provided				NAB Group does not have franchises, therefore this emissions source is not relevant.
Investments	Relevant, calculated	2655650	We have used Australian emissions factors and methods for calculating Scope 1 and 2 GHG emissions as tCO2-e as set out in the 'National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008 compilation dated 1 July 2014', including the National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2014 (No. 1). As these GHG emissions are not generated directly by NAB, we have relied on the public information disclosed by the Australian	100.00%	In the absence of an agreed finance sector methodology for calculating finance emissions, the GHG emissions figure NAB has reported for investments is an estimate of our share of the total Scope 1 and 2 GHG emissions from the Australian designated power generation assets we finance (as a % of debt as at Sep16) in our Project Finance portfolio. NAB Group is participating in the UNEP FI/WRI Carbon Portfolio Initiative and working with Australian peer banks to

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			Clean Energy Regulator, which is information reported by designated generation facilities. For the purposes of NGER reporting, designated generation facilities are facilities where the principal activity is electricity generation and where the facility is not part of a vertically-integrated production process (VIPP). NAB has used the Scope 1 and 2 GHG emissions (as tCO2-e) publicly reported by the Clean Energy Regulator for Australian power generation assets listed as 'designated generation facilities which are included in our project finance portfolio. We have then multiplied these emissions by NAB's participation in financing for each facility as % of debt as at 30 September 2016. Next, we aggregated NAB's share of Scope 1 and 2 GHG emissions to arrive at a figure for the total tCO2-e for the portfolio of power generation assets we project finance in Australia. The emissions figure calculated for our portfolio of Australian designated generation facilities covers around 96.4% of the Australian power generation assets (measured as MW capacity of the power generation facilities) included in NAB Group's project finance portfolio. Data for the remaining 3.6% of assets (measured as MW capacity of the power generation facilities) was not available.		progress the development of methodologies that may be able to be used in future reporting periods for calculation of financed emissions.
Other (upstream)	Relevant, calculated	517.0	Water: Activity data for the calculation of GHG emissions from water consumption is collected	84.00%	Water consumption related GHG emissions are only calculated for our UK and Australian

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			and provided by our property services finance services team and is based on billed water use. Our Australian operations contribute to 96% of associated water GHG emissions. Where billed information is not available for applicable sites, we extrapolate water use based on kL/m2. 16% of total water use within Australia during the reported year was extrapolated data. In calculation emissions from water consumption, we have used the GHG emissions calculation methodologies and factors sourced from DEFRA's Voluntary Reporting Guideline and the Environmental Protection Authority Victoria for the relevant reporting period.		operations as of 2016. We do not have access to emissions factors or data in all regions in which we operate to calculate the water consumption related emissions for those regions. They are immaterial in the context of our overall emissions profile.
Other (downstream)					

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance process in place

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/CC14.2a/2016-nab-carbon-neutral-assurance-report-provided-by-kpmg.pdf	All	ISAE3000	100

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods &	Emissions	45	Decrease	GHG emissions related to office paper consumption decreased by 45% in 2016

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
services	reduction activities			compared to 2015. Total office paper purchased (tonnes) decreased for the Group by 16% in 2016 compared with 2015. In Australia and New Zealand, office paper consumption continued to decrease due to increasing availability of supporting technology in our flexible working environment, such as wider availability of laptops and large screens in meeting rooms, and technology solutions such as Follow You Printing (print to release).
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	22	Decrease	GHG emissions arising from transmission and distribution (T&D) losses decreased by around 22% in the 2016 reporting year compared to 2015. This was a result of GHG emissions reductions activities. This decrease in Scope 3 transmission losses was primarily due to the implementation of energy efficiency initiatives, a decrease in business travel related emissions, the divestment of GWB and the CYBG demerger.
Upstream transportation & distribution	Mergers	40	Decrease	Supplier travel related emissions in the UK decreased by 40% compared to 2015 due to the CYBG demerger in February 2016. This resulted in a decrease in supplier related travel GHG emissions.
Business travel	Change in output	7	Decrease	Scope 3 GHG emissions from business travel (air, employee vehicles, taxi, ferry, hotel stays, car rentals and work use vehicles) have decreased by 7% as a result of a global operational focus on reducing travel and associated costs.
Upstream leased assets	Emissions reduction activities	5	Decrease	GHG emissions from base building energy use decreased by 5% in 2016 compared with 2015. This decrease was primarily due to a number of projects undertaken in collaboration with our landlords to optimise energy efficiency of base building plant.
Waste generated in operations	Emissions reduction activities	2	Decrease	GHG emissions related to waste to landfill decreased by 2% in 2016 compared to 2015. This was due to a reduction in total waste to landfill (tonnes) in 2016 compared to 2015 due to ongoing waste reduction initiatives, improved data accuracy and the revision of waste conversion factors. The divestment of GWB and the demerger of CYBG contributed to NAB's global operations waste reduction, as CYBG has a 100% diversion rate in the first half of our 2016 environmental reporting year.
Investments	Change in output	41	Increase	GHG emissions represented by our project finance portfolio increased significantly between 30 September 2015 and 30 September 2016. The portfolio of assets remained the same, however, in FY 2016 reported emissions for one coal-fired power asset were higher and NAB's share of debt to another coal-fired power asset increased.
Other (upstream)	Other:	999	Increase	GHG emissions related to water increased by 1606% in 2016 environmental reporting year compared with 2015. This was due to inclusion of GHG emissions from water consumption in Australia which were reported for the first time in 2016. ****Note the

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				system won't accept a % increase of 1606****

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers

Yes, our customers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

Our Customers:

NAB engages with customers on climate change (CC) for the following key purposes:

- Assisting customers with their finance needs. NAB has committed to undertake environmental financing activities of AUD \$18 billion over the 7 years to September 2022. This commitment demonstrates our intention to take a leadership role in supporting our customers with the low carbon transition, through the financing activities we undertake and offering of specific products and services that lead to reduced energy usage and emissions - for example green bonds and project finance for renewable energy.
- To inform our risk assessment. NAB considers ESG risk, including climate risk, associated with our customers that may impact credit risk or NAB's reputation. Additionally, for project-related finance where Equator Principles (EPs) apply, we engage with customers in relation to meeting climate-related EPs requirements.
- To learn from customer's experience. NAB recognises addressing CC is a shared challenge and there is benefit in sharing experiences.

The forms of engagement in all cases are similar and may include one-on-one meetings, site visits, written correspondence or invitations to attend relevant events. Where the engagement relates to learning from experiences, there is more focus on presentations and workshops.

NAB prioritises its customer engagements as follows:

- NAB follows a risk-based approach when assessing credit risk and the level of due diligence required, with increased engagement where customers have higher ESG risk.
- NAB prioritises opportunities to align NAB products and services with its customers' CC requirements (e.g. green bonds or renewable energy project finance)

where it aligns with our business strategy.

Success is measured in a number of ways:

- Customer satisfaction and building of relationships – measured through surveys and customer feedback.
- Market share and revenue – e.g. NAB has retained its position as a leading arranger (by market share) of project finance to the Australian renewable energy sector. NAB has provided \$5.78bn in project financing for renewable energy projects since 2003.
- Industry recognition – NAB's involvement in developing the domestic green bond market in Australia led to NAB being recognised as a commercial bank “Green Bond Pioneer” by the Climate Bonds Initiative and the London Stock Exchange at the inaugural Green Bond Awards in February 2016.
- Meeting our financing goals – In 2016 financial year, NAB provided \$7.3 billion in finance towards its 2022 \$18 billion environmental financing goal.

Our Suppliers:

NAB's suppliers play a significant role in minimising the CC impacts arising from our operations. Engagement typically occurs via tendering processes, written correspondence, face to face meetings, workshops and special events (e.g. NAB's supplier awards). In particular:

- Minimum requirements are set in tendering processes and contracts and monitored as part of supplier relationships e.g. NAB's Property Design and Performance Standards require all new builds and major refurbishments seek to achieve ecologically sustainable design and energy efficiency standards. Our main technology service agreements contain energy efficiency criteria tracked by the business.
- NAB has developed a Group Supplier Sustainability Program and Group Supplier Sustainability Principles (GSSPs), which specify sustainability requirements for certain suppliers.

NAB has published its target for material/critical supplier uptake of our GSSPs. We prioritise engagement with these material suppliers and those with higher ESG risk. We also prioritise suppliers that have strong opportunities to contribute to our CC strategy and improve our sustainability performance – in particular suppliers that are building and technology related.

- As a service-based company, nearly 80% of NAB's GHG emissions are building-related, making energy efficiency in buildings a key priority. However, NAB leases the majority of its property portfolio and does not have operational control of base building GHG emissions performance. NAB has established green leases with the landlords at nine of our eleven major commercial office sites that set out requirements to track & improve NAB's environmental and emissions performance at those sites.
- Technology is also a significant contributor to NAB's emissions profile and we work closely with key technology partners to deliver energy efficiency initiatives related to IT infrastructure.

Key success measures include achieving our environmental targets, the quality of supplier relationships and the number of suppliers signing up to the GSSPs. For example, for the 3-year period ending 2016, NAB met 6 out of our 7 global operations targets, including our Group Supplier Sustainability target. We are currently on track to meet the 2020 target of 100% of new or recontracted suppliers in high ESG risk categories being assessed for ESG risks.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Active engagement	610	65.9%	As part of the contracting process, suppliers providing goods and services to our businesses are generally required to comply with the Group's Supplier Sustainability Principles (GSSPs), which specify sustainability requirements for suppliers to our business, including environmental management. 91% of our material/critical suppliers are required to comply with our GSSPs. In 2016, NAB also embedded sustainability targets and requirements into the supply contracts with three of our major technology and property services partners (representing approximately 30% of direct and indirect spend). Please find more details in the attached table. This engagement was classified as collaboration/innovation. The impact of this engagement was: - A reduction in business as usual data centre energy use and emissions and the amount of technology infrastructure and hardware required. - Achievement of the first LEED Platinum data centre certification in Australia, which has resulted a significant reduction in business as usual carbon emissions. - Improved energy efficiency across our building portfolio.

CC14.4c

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Attachments

<https://www.cdp.net/sites/2017/98/12798/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/Question 14.4b part 2.xlsx>

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Andrew Thorburn	Group Chief Executive Officer and Managing Director	Chief Executive Officer (CEO)

Further Information

[CDP 2017 Climate Change 2017 Information Request](#)