

C0. Introduction

C0.1

(C0.1) 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 company 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.

We recognise that a bank has a special responsibility. Our business is founded on a commitment to create more of what matters for people, communities and the economy – this motivates our people to do the right thing, show passion for customers, win together, be bold and show respect for people. Our responsibility is integral to our strategy, our approach to Corporate Responsibility (CR), and our purpose, to *'back the bold who move Australia forward'*.

Our CR approach is to make a positive and sustainable impact on the lives of our customers, people, shareholders, communities and the environment. This is critical to achieving our vision of becoming Australia and New Zealand's most respected bank. We believe CR contributes to stronger relationships and reduces risks to our business, protects and enhances our reputation, drives efficiency through better use of resources and contributes to sustainable, satisfactory returns for our shareholders and shared value for NAB and its stakeholders.

NAB is taking action on issues that matter to our customers and community – where we believe we can make a difference:

- Financial inclusion and resilience: Helping people to access fair and affordable financial services and build financial resilience.
- Social cohesion: Working with others to address big societal issues (gender equality, domestic violence, Indigenous success and affordable housing) to help build stronger, more connected communities.
- Environmental well-being: Addressing climate change (CC) risks and the opportunities arising from the low carbon transition; minimising our own environmental footprint – and helping customers do the same.

CC is a key focus of NAB's Environmental Agenda. NAB recognises that CC is a significant risk and a major challenge for the global economy and society. The impacts of CC and related policy are having a growing effect on our business, our customers, and the communities in which we operate. We support a low carbon transition, consistent with the two degree goal in the Paris Agreement. We believe we have a key role to play in providing finance to assist this transition.

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 CC requires consideration of a range of economic, social, technological and global issues. As a result, we need to respond collaboratively with others.

An objective of our CC strategy is to learn by doing and to use this knowledge when [managing environmental, social and governance](#)

(ESG) risks and providing products and services to assist customers.

During FY2017, we refreshed the Group's CC strategy. Considerations included further opportunities to reduce our carbon footprint, assisting customers through the low carbon transition and helping them to adapt and build resilience to the physical impacts of CC.

Our CC strategy focuses on 4 key areas:

- Leadership commitments
- Developing CC knowledge and insights
- Supporting our customers through the low-carbon transition
- Investing in organisational capability to identify and respond to CC risks and opportunities.

Our CC strategy is supported by advocacy, communication and our CC commitments. Prior to the 2015 UN CC Conference (COP21), NAB adopted 3 "We Mean Business" Coalition commitments:

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

We've also made 2 commitments to demonstrate NAB's CC leadership:

- (1) sourcing 50% of our Australian electricity use from renewable energy by 2025; and
- (2) providing \$55bn of environmental finance in two key areas: (i) \$20bn in green infrastructure, capital markets and asset finance and (ii) \$35bn in new mortgage lending flow for 6 Star rated residential housing in Australia (new dwellings and significant renovations) – over the ten years to September 2025 to help address CC and support the low carbon transition.

In 2014, NAB committed to carbon risk disclosure (<https://www.nab.com.au/about-us/corporate-responsibility/shareholders/esg-risk-management>) and now regularly discloses climate-related information. See 2017 Full Year (Slides 58-51) and 2018 Half Year (Slides 58-61) Results Presentations.

NAB's 2017 Sustainability Report has further information on our Environmental Agenda, performance, carbon neutrality and CC strategy see pgs 55-69. Also see our 2017 Annual Financial Report pgs 25-26 (all docs attached at Q12.4).

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	July 1 2016	June 30 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Australia
China
China, Hong Kong Special Administrative Region
India
Indonesia
Japan
New Zealand
Singapore
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	The NAB Board has made a decision to retain ultimate oversight for Environmental, Social and Governance risks and issues (ESG Risks), including climate change (CC), which is one of three designated focus areas in the Group's Environmental Agenda – in addition to natural value and resource scarcity. This is because NAB's Board considers CC is an important issue for all Board members, as it may give rise to both risks and opportunities for the Bank. The NAB Board receives regular reports on a range of CC related issues, risks and opportunities and related regulatory change and reporting returns. Board Committees reporting to the full NAB Board may also receive reports related to CC matters that fall under their charters, particularly the NAB Board Risk Committee. Discussion of climate-related items by NAB's Board Risk Committee provides an opportunity for Board members to discuss CC risks and opportunities in more detail.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding risk management policies</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The NAB Board retains oversight for climate change (CC) related matters, which are integrated into business strategy, operations and risk management and which are otherwise part of specific initiatives under NAB's CC strategy. The Board receives regular reports on a range of CC related issues, risks and opportunities including progress against NAB Group's CC strategy, commitments and initiatives, risk appetite, environmental operational performance (including NAB's science-based emissions reduction target), carbon neutral status, and concerns from stakeholders. NAB's Board also receives regular (at least annually and usually more frequently) updates on regulatory change and greenhouse gas and energy reporting returns that require noting by the Board before submission to regulators. Board Committees of NAB's Board may also receive reports related to CC matters that fall under their charters, particularly Board Risk Committee, which has oversight of risk appetite, scenarios and stress testing. NAB's CC Working Group (CCWG) reports on its activities through to management, executive and the NAB Board. Key risks and opportunities identified as part of work by NAB's CCWG are being integrated into risk appetite, policies, controls and processes, and business strategy and investments (such as the capital expenditure invested to improve the environmental performance and sustainability of the data centres NAB operates and the buildings we occupy). In FY2017, NAB's Board endorsed our refreshed CC strategy and approved updates to NAB's CC commitments – including an increase in our: (i) sourcing of Australian electricity from renewable energy from 10% by 2018, to 50% by 2025; and (ii) current environmental financing commitment from \$18 bn by 2022 to \$55 bn by 2025 (between 1 Oct. 2015 – 30 Sept. 2025) to assist the low carbon transition. This includes: • \$20 bn to support green infrastructure, capital markets and asset finance (in FY2017 this reached \$4.9 bn); and • \$35 bn in new mortgage lending flow for 6 Star residential housing in Australia (in the FY2017 this reached \$8.52 bn). In FY2017, NAB's Board also approved a change to our coal risk appetite (while NAB will continue to support existing customers across the mining and energy sectors, including those with existing coal assets, NAB will no longer finance new thermal coal mining projects).</p>

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
<p>Chief Risks Officer (CRO) <i>The 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 GCRO is also an Executive level sponsor of NAB's Climate Change Working Group along with the Chief Customer Officer - Corporate & Institutional Banking.</i></p>	<p>Both assessing and managing climate-related risks and opportunities</p>	<p>Half-yearly</p>
<p>Other C-Suite Officer, please specify (Chief Customer Officer - C&IB) <i>The Chief Customer Officer Corporate & Institutional Banking is an Executive level sponsor of NAB's Climate Change Working Group in addition to the Group Chief Risk Officer.</i></p>	<p>Both assessing and managing climate-related risks and opportunities</p>	<p>Half-yearly</p>
<p>Risk committee <i>A number of risk committees have roles in overseeing NAB's climate change-related strategy, risk management, policies, activities and performance. These include the Group Regulatory, Compliance & Operational Risk Committee (GRCORC), the Group Credit and Market Risk Committee, the Group Risk Return Management Committee. Additionally, Divisional Business management committees also consider climate-related strategy, risk management and performance.</i></p>	<p>Other, please specify (Overseeing CC-related performance) <i>NAB's Group Regulatory, Compliance & Operational Risk Committee has been established to proactively support the Group Chief Risk Officer, the Group CEO and the Group Risk Return Management Committee to oversee the management of regulatory, operational and compliance risk and environmental performance, including climate change (CC) strategy, risks and opportunities. It includes representation from across the NAB Group including Australian Banking Divisions and BNZ. The Group Credit and Market Risk Committee considers climate-related risk appetite/policy impacts and opportunities in lending portfolio exposures. Divisional Business management committees within NAB also consider climate-related strategy, risk management and performance in the context of their divisional strategies and customers. Papers incorporating CC-related matters are tabled to NAB risk committees on at least a quarterly basis.</i></p>	<p>Quarterly</p>
<p>Other, please specify (Chief Technology and Operations Officer) <i>The Chief Technology and Operations Officer has accountability for management of NAB's property portfolio, technology operations and supply chain management. This includes the capital works and operational programs that contribute to reducing NAB's energy use, greenhouse emissions and other environmental impacts and the Corporate Power Purchase Agreements to help NAB meet its renewable energy target.</i></p>	<p>Both assessing and managing climate-related risks and opportunities</p>	<p>Half-yearly</p>

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

NAB's Group Chief Risk Officer (GCRO) and the Chief Customer Officer – Corporate and Institutional Banking (CCO – C&IB) are both Group Executives and members of the NAB Executive Leadership Team (ELT), reporting to the Group Chief Executive Officer (GCEO). The GCRO and CCO – C&IB are co-sponsors of NAB's Climate Change Working Group (CCWG) and have responsibility for jointly ensuring that the CCWG considers climate change (CC) risks and opportunities in the Group's governance, risk management framework, strategy and metrics and targets. They jointly sponsor delivery of NAB's CC strategy and reporting on its progress through to Board, ensuring NAB considers both risk and strategic opportunities in our CC management. The GCRO and CCO-C&IB were selected to co-sponsor the CCWG because they are accountable for two key business areas delivering elements of NAB's CC strategy (risk and capital financing).

The GCRO is also the Chair of the Group Regulatory, Compliance & Operational Risk Committee (GRCORC) and the Group Credit and Market Risk Committee (GCMRC).

NAB's GRCORC proactively supports 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, including CC strategy, risks and opportunities. It has group-wide management representation including Australian Banking Divisions and BNZ.

NAB's GRCORC meets at least six times per year. 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) CC, (ii) natural value, and (iii) resource efficiency, targets and offsets, overseeing performance in each of these areas and NAB's performance against voluntary commitments such as our carbon neutrality, 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, including those related to CC, that by legislative or regulatory mandate, require GCEO, Board, or Board Risk Committee approval.

Where required, the GRCORC makes recommendations to NAB's GRRMC, ELT, or the NAB Board and its Committees (as appropriate). Designated employees in our key subsidiaries and international branches have responsibility for delivery of our Environmental Agenda at the local level. Management in Australia and NZ reviews performance regularly, usually on a monthly basis. This includes performance related to GHG emissions reduction and our CC strategy.

NAB's GCMRC meets monthly. Its role includes overseeing NAB's Environmental, Social & Governance (ESG) credit risk policies including credit risk policy, appetite and settings for climate intensive, low carbon and climate sensitive sectors. The GCMRC considers ESG related performance and lending exposures on at least a six-monthly basis including climate-related portfolio exposures to resources (including coal mining, oil and gas extraction) and power generation (both fossil fuel and renewable). As at 31 March 2018, NAB's direct coal exposure had decreased to 5% of our resources exposures and renewable energy had increased to 65.1% of our direct power generation exposures. This demonstrates NAB's commitment to helping customers to make the low carbon transition.

NAB's GRRMC, comprising our ELT and others, meets to discuss risk issues and receives and reviews reports on ESG risk, including CC risks. Our ELT also receives updates on corporate responsibility commitments, including public commitments related to CC. In FY2017, this included approval of NAB's refreshed CC strategy and updated CC commitments and endorsement of them through to the full Board. Environmental performance, including climate-related performance, is also noted and approved by subsidiary boards, as required.

Divisional Business management committees also consider integration of climate-related risks and opportunities into their business strategies and risk management appetite, reporting and practices.

The CCWG includes management representatives from across the Group. In FY2017, the CCWG made recommendations that are being integrated into NAB's risk appetite and activities, and business strategy. The CCWG used the Bank of England's physical, transition and liability risk categories in its internal CC risk assessment process to review the risks faced by NAB and its customers as a result of CC. Key risk actions arising from this work were to: (i) participate in a UNEP FI pilot project to test recommendations made by the Financial Stability Board's TCFD and continue to improve NAB's climate-related disclosures; and (ii) undertake a phased review of NAB's risk appetite for carbon intensive, low carbon and climate-sensitive sectors.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

For Environment/Sustainability managers with responsibility for Property and Technology functions, meeting environmental reduction targets for greenhouse gas (GHG) emissions and energy is a key part of their performance and these measures are included in their performance plans. Additionally, performance plans will include resource efficiency/reduction targets, some of which, such as paper and waste, will contribute to reduction in our Scope 3 emissions.

Who is entitled to benefit from these incentives?

Other, please specify (ESG Risk Managers & CR Managers)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Climate change risk & opportunity mgt)

Comment

Key personnel in Risk and Corporate Responsibility have specific performance 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 s 56-7 in NAB's 2017 Sustainability report).

Who is entitled to benefit from these incentives?

Other, please specify (Bankers in enviro. product areas)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Product development and sales)

Comment

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?

All employees

Types of incentives

Other non-monetary reward

Activity incentivized

Behavior change related indicator

Comment

NAB offers a range of non-monetary rewards to employees supporting low carbon behaviours such as 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.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	This corresponds to the business planning cycle.
Medium-term	3	6	This corresponds to two business planning cycles.
Long-term	6	30	This extends well past two business planning cycles and looks to the longer-term future outside immediate business planning cycles where a variety of future scenarios need to be considered and the future is less certain. We use scenarios to demonstrate how risks and opportunities could evolve over longer time horizons.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Risks are identified, measured, monitored, reported and overseen in accordance with NAB's Risk Management Framework (as described in NAB's Risk Management Strategy). Environmental risks and opportunities, including those relating to climate change (CC), are identified by the business, overseen by the Group Regulatory, Compliance and Operational Risk Committee or the Group Credit and Market Risk Committee and Board Committees, and escalated to the Group Risk Return Management Committee as required. Longer term risks considered include impact of changing climate on NAB's agribusiness and property lending portfolios, and structural changes in the energy market as a result of transition to low carbon energy sources. Different aspects of CC risk are presented to Committees 6-monthly or more frequently. We consider climate-related risks in countries where we operate (NZ, Australia, United Kingdom, US, and Asia), and where our suppliers and customers operate (various countries globally).

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

At the company level, NAB Group's Risk Management Framework (RMF) supports identifying, measuring, analysing, understanding and reporting material risks at all levels of the Group. Identification and assessment of ESG risks, including climate change (CC) related risks are built into the RMF, including risk appetite and policies, risk profiling and assessment, monitoring and reporting. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including CC) 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. For example, in FY2017, the Group used the Bank of England's physical, transition and liability risk categories to assist its internal CC risk assessment process and review the risks faced by the Group and its customers as a result of CC. We semi-quantitatively assessed climate risk across our operations, wealth and lending portfolios rating the degree of physical and transition risks.

We use stress testing, scenario planning and economic modelling to: (1) take a forward and longer term view of potential risk events and to understand their impact e.g. impacts of changing carbon regulation, changes in energy markets or physical climate 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. For example, in FY2017, NAB committed to take part in the UNEP FI pilot project to test recommendations made by the Financial Stability Board's Taskforce on Climate-related Financial Disclosures. This project aims to develop scenarios and stress test loan books and will help NAB to continue to meet its commitment to carbon-related disclosure (made initially in 2014). At the time of writing this survey response, NAB was piloting use of climate scenarios to assess: (i) transition risks facing customers in our mining, oil & gas and power generation portfolios and (ii) physical risks faced by our agriculture and property portfolios.

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

At a transaction or asset level, ESG and other risk specialists assess CC related risk. For example, when NAB (i) assesses customer exposure to physical or regulatory climate-related risks that could impact on credit risk, or (ii) undertakes insurance and operational risk processes that include consideration of physical CC risk on assets (primarily offices & branches) in site selection, contingency planning and disaster management. In FY2017, we commenced a phased review of the Group's risk appetite for carbon intensive, low carbon and climate sensitive sectors. This review will include resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing, and property. This review process commenced in FY2017 with the coal mining sector and led to NAB announcing that while NAB will continue to support existing customers across the mining and energy sectors – including those with existing coal assets – NAB will no longer finance new thermal coal mining projects. NAB consulted with customers and stakeholders on this decision to ensure transparency and clarity on its position. NAB also incorporates CC related questions into ESG risk assessments required by credit policy, so NAB can better understand the climate risk identification and assessment processes used by customers.

Risk assessment and prioritisation varies across NAB's material risk categories and includes a mix of qualitative and quantitative (including financial) measures that take into account risk likelihood and consequence. The material risks managed by NAB are: credit risk, operational risk, compliance risk, conduct risk, balance sheet & liquidity risk, market risk, regulatory risk and strategic risk. Climate-related risk may manifest across a number of these categories and will potentially be more substantive in some rather than others. A financial impact arising from climate-related risks would be deemed substantive/major in accordance with NAB's risk management framework and internal policies if the impact was at least \$5m.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	NAB is subject to compliance requirements of current climate related regulation. Changes in the regulatory environment are considered by NAB as part of assessing transition risk. In considering how transition risk may impact NAB Group, we review and consider NAB's obligations within our risk assessment and profiling. NAB is subject to a range of mandatory and voluntary requirements. We must comply with the National Greenhouse and Energy Reporting Act in Australia and the Energy Savings Opportunities Scheme and Carbon Reduction Commitment Energy Efficiency Scheme in the UK. NAB is subject to these requirements because the energy use and GHG emissions from our building portfolio of bank branches and commercial offices trigger the regulatory thresholds. For example, NAB annually reviews, including in 2017, the requirements of these current regulations to ensure we can continue to comply and that changes in NAB's circumstances do not cause changes in compliance risk. Additionally, when considering transition risk impacting NAB customers, we include an assessment of customer's capacity to comply and meet current climate change-related policy and regulatory requirements in our ESG risk assessments, where relevant, particularly for energy and carbon intensive businesses. In late 2017, we commenced work on we transition risk scenario development for the UNEP FI TCFD pilot. This included consideration of how current regulation arising from national climate policy and actions may impact on customers in the mining, power generation and oil & gas sectors. This work is ongoing, so outcomes are not available, but they will be used to inform our risk appetite and risk management approach to customers in these sectors.
Emerging regulation	Relevant, always included	NAB considers emerging regulation as part of transition risk assessment. For example, in considering how transition risk may manifest and impact NAB Group, we review and assess the impacts and implications of emerging regulatory requirements and provide feedback when invited to regulators through regulatory consultation processes. For example, in FY2017, we participated in consultation run by the Australian government as part of a review of Australia's climate change policies. Consideration of regulatory change is embedded in NAB's risk change process, which requires an assessment of the quantum of change and subsequent risk to the NAB Group arising from regulatory change, such as changes to climate related policy and regulation. In addition to considering the impact of emerging regulation on NAB's own operations, we consider the impacts this may have on NAB customers, both at a transaction level and a portfolio level, this is because changes in the regulatory may change the risk profile of customers and contribute to an increase in credit risk for individual customers or a portfolio of customers. For example, changing and emerging regulation was a factor being considered in the transition risk scenario development and stress testing we commenced in late FY2017 for the UNEP FI TCFD pilot in which we are participating.
Technology	Relevant, sometimes included	NAB includes technology risk, where relevant, in climate-related risk assessments so we can understand the transition risk faced by individual customers and sectors that we bank. For example, based on our assessment, NAB expects low carbon technologies to displace fossil fuel-based technologies over time and therefore in FY2017, we reviewed this risk to consider and make an assessment of the degree to which this may present a risk of stranded assets associated with individual customers and some sectors in our lending portfolio. NAB also factors in the risk that new and emerging technologies may have unproven performance and market acceptance and therefore we consider this aspect of technology risk in our credit risk and due diligence processes. For example, this is considered as a matter of course when undertaking due diligence processes for project finance and was considered in FY2017.
Legal	Relevant, sometimes included	As a bank, NAB considers legal and liability risk, where relevant, in our climate-related risk assessments so we can understand whether this risk could impact on the credit risk profile of the customers that we lend to. For example, during the risk heat mapping we conducted on our lending portfolio in FY2017, we assessed the degree to which carbon intensive sectors and companies were facing legal and liability risks. We found this varied across jurisdictions and it appeared to be a greater risk in the US, where there is a higher instance of legal actions being taken against companies in carbon intensive sectors. This assessment helped us to prioritise NAB's carbon intensive, climate sensitive and low carbon sectors for phased risk appetite review. NAB's phased review of these sectors commenced in FY2017 with the coal mining sector. Other sectors will follow in subsequent years.
Market	Relevant, always included	NAB considers market risk in climate-related risk assessments so we can understand the contribution that changes in supply and demand for various products and services may have on transition risk and the low carbon transition. For example, changes in market risk were factored into heat mapping of NAB's lending portfolio in FY2017. NAB assessed the degree to which carbon intensive sectors and companies that we lend to were facing climate-related market risks. This assessment helped NAB to prioritise carbon intensive, climate intensive and low carbon sectors for our phased risk appetite review of carbon intensive, climate sensitive and low carbon sectors. NAB's phased review of these sectors commenced in FY2017 with the coal mining sector. Other sectors will follow in subsequent years. It also informs our thinking about where potential stranded assets could arise in our lending portfolio.
Reputation	Relevant, always included	NAB considers reputation risk as a factor in climate-related risk assessments as this can impact on NAB Group's social licence to operate and can be a factor influencing both customers' choice of bank and investors' choice of investment. Reputation is important to NAB because our vision is to be Australia and New Zealand's most respected bank. For example, as a bank NAB considers changing reputation risk associated with our customers as part of our ESG and climate-related risk assessments. This is a standard component of our credit risk and due diligence process and therefore this work was ongoing in FY2017, as in any other year. We regularly receive, including in FY2017, questions from stakeholders including customers and investors about our lending portfolio exposure to customers in fossil fuel-related sectors and provide information to respond to these questions in our half and full year results presentations and annual reporting suite. In considering the reputation risk associated with our customers, we assess both how customer reputation may impact NAB Group by association and the customer's social licence to operate. In 2017, stakeholder feedback and views was a consideration in the way we prioritised carbon intensive, climate intensive and low carbon sectors for phased risk appetite review.
Acute physical	Relevant, sometimes included	Where relevant for particular customers and/or sectors, NAB considers acute physical climate risk in our climate-related and day to day ESG risk assessments. For example, where relevant as part of NAB's ESG risk assessment process, we ask customers if they have undertaken a physical climate-risk assessment and implemented any mitigation or adaptation measures to reduce the likelihood they are impacted by extreme physical impacts of climate change. This was ongoing in FY2017. Depending on the size of a customer's operation and the sector they are in, NAB may also seek information on whether our customers have disaster recovery, business continuity and emergency response plans in place to help them manage the risk associated with extreme weather events as this will reduce the likelihood that any damage and loss suffered by customers as a result of these types of events will impact on their credit risk profile and ability to repay loans NAB provides. This is a factor considered in NAB's preparation for the physical risk scenario development and stress testing work we commenced as part of the UNEP FI TCFD pilot in FY2017.

	Relevance & inclusion	Please explain
Chronic physical	Relevant, sometimes included	Where relevant to particular customers and sectors, NAB considers chronic physical climate risk in our climate-related and day to day ESG risk assessments. In particular, as part of NAB's ESG risk assessment we ask our customers if they have undertaken a physical climate-risk assessment and implemented any mitigation or adaptation measures to reduce the likelihood they are impacted by chronic physical impacts of climate change such as water scarcity, changing temperature, changing sea level and increased risk of sea surge. For example, we sought information from customers in sectors like mining and agribusiness which are critically dependent on water, to understand the degree to which water scarcity and drought may impact their business and the actions they may have taken or plan to take to mitigate this risk. This work was ongoing in FY 2017. The impact of the long-term (chronic) physical impacts of climate change was factored into the risk heat mapping we completed in FY2017 and into preparation work we undertook in late 2017 in relation to physical climate risk scenario development and stress testing for the UNEP FI TCFD pilot. NAB considers financing of infrastructure such as desalination plants provides a risk mitigation option for water supply in drought conditions. This is why we have a number of desalination plant projects in our project finance portfolio.
Upstream	Relevant, sometimes included	As a large Australian financial institution with a contracted supply chain of over 1,841 suppliers (in FY2017), where NAB considers it relevant, we assess the climate-related risks that may arise in our suppliers' businesses and whether there is potential for this to have an impact on our operations. The exposure of NAB's supplier's to transition, physical and liability risk was a factor considered our climate-related risk heat mapping in FY2017.
Downstream	Relevant, sometimes included	As a bank, where NAB considers it relevant, we assess the climate-related risks that may arise in our customers' businesses and whether there is potential for these risks to have an impact on customers' credit risk profile when we are lending to them. For example, this was considered in the climate-related heat mapping NAB did in FY2017 of customers' transition, physical and liability risks and in our preparation in late FY2017 for both transition and physical risk scenario development and stress testing as part of the UNEP FI TCFD pilot in which NAB is participating alongside 15 other UNEP FI member banks.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Assessment and prioritisation of climate-related risks and opportunities is performed on an ongoing basis with due consideration of factors including NAB's risk appetite, business strategy and compliance obligations.

At the company level, NAB's Risk Management Framework (RMF) supports identifying, analysing and understanding material risks at all levels of NAB Group. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including climate change (CC)) 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. Consideration is also given to reputational impacts of changes in stakeholder views, customer demand and behaviour.

In FY2017, NAB's CC Working Group (CCWG) used Bank of England's transition, physical & liability risk categories to assess climate risk to NAB and its customers. Sectors with higher transition and physical climate risks were prioritised for risk appetite review. In FY2017, NAB committed to phased review of carbon intensive, climate sensitive and low carbon sectors. This review process began with coal mining. Transition risk was a key risk for this sector. Following the FY2017 review of coal mining, we announced that while NAB will continue to support existing customers across the mining and energy sectors, including those with existing coal assets, NAB will no longer finance new thermal coal mining projects. NAB consulted with customers and stakeholders on this decision to ensure transparency and clarity on its position.

As Australia's largest agribusiness bank, NAB is conscious of the physical climate risks experienced by customers we lend to. Therefore, in FY2017, we commenced research with a range of partners to better understand the actions our agribusiness customers can take to build their resilience to physical CC risk. This includes an in progress project examining the impacts of physical climate risk on the Dairy sector, where extreme heat for multiple days can negatively impact on production. We expect to have outcomes of this work in FY2019.

NAB uses 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.

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

Current and future business opportunities, including those related to CC, such as financing clean technology, are identified and prioritised through strategic planning processes both at NAB Group and business line levels. Opportunities, both at a transaction or asset level, 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 the short and long term.

NAB recognises that opportunities exist to: (i) reduce our own carbon footprint - hence NAB implements energy efficiency projects in branches and offices, and (ii) help our customers with products/services as they adopt low carbon technologies and manage CC impacts and related government policy responses. For example, we provide NAB agribusiness customers with equipment finance loans for renewable energy and energy efficient assets.

NAB's CCWG is a forum for discussing CC-related risks and opportunities, including monitoring progress on NAB's CC strategy and commitments and supporting the incubation and development of new products and services to support customers in their low carbon transition.

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 NAB's RMF. NAB's Corporate Responsibility team undertakes an annual stakeholder engagement process to determine the materiality of issues such as CC through stakeholders' eyes. This process helps inform NAB's decision making, prioritisation and risk assessment of climate-related issues.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Increased capital costs (e.g., damage to facilities)

Company- specific description

NAB is a bank that has operations in a number of geographies which have all experienced extreme weather events over recent years (e.g. Australia, Asia, US, UK and NZ). Increased severity and number of extreme weather events (including extreme floods, cyclones/ typhoons, droughts and snow) can cause damage to buildings in which NAB operates with resultant costs to refit the buildings. Scientist predictions mean we expect to see increased frequency and severity of these type of extreme weather events which may mean increased number and/or scale of damage events to NAB property. For example, NAB experienced significant damage to 2 branch buildings due to Cyclone Debbie in Queensland/New South Wales in 2017.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Potential financial impact

4000000

Explanation of financial impact

Potential financial impact is estimated at \$4m based on insurance claims for property damage associated with the 2011 and 2013 Queensland and Bundaberg floods - the most significant natural disasters NAB has experienced in recent times. NAB's costs vary depending on the nature and extent of the disaster, but repair/fit-out costs per incident are typically in the range of \$50k-\$500k based on recent flood incidents in Australia. For 2017 reinstatement costs were approximately \$1.1m due to serious damage to two sites caused by Cyclone Debbie. These costs were attributable to property damage in our retail portfolio. While much of the repair cost is landlord funded (where properties are leased), branch fit-outs are paid for by NAB - with cost potentially recoverable through insurance.

Management method

NAB's management method to address the risk of extreme events such as fire and flood is via NAB's disaster recovery and business continuity processes as well as the building selection process. Having such processes embedded reduces the likelihood and magnitude of any 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, NAB selects sites where there is lower likelihood of an event, or where the potential impact of an event would be lower. In most cases NAB's risk is further reduced through leasing rather than owning buildings, and also through insurance coverage. State Incident response teams manage any response required should an event occur. Business continuity processes include use of a mobile branch that can be trucked to the site to provide banking services.

Cost of management

500000

Comment

NAB has a mobile 'bank in a box' that can be trucked to locations as required to provide banking services. This has been used in locations affected by extreme events until the permanent store can reopen. The cost of deployment varies depending on factors such as the power source required, length of deployment and security requirements, but is typically between \$100k-\$500k. We therefore estimate the cost of management per event at ~\$500k. Consideration of current and future risks and scenarios (including physical climate risks) and enhancing processes to minimise 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.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver

Reduced revenues from lower sales/output

Company- specific description

NAB is a bank with a large agricultural customer base. Changes in precipitation patterns and extreme variability in weather patterns (including floods and droughts, associated wild fires, and induced changes in natural resources) can significantly impact NAB's agricultural customers due to reduced yields or loss of crops and livestock. Other sectors such as mining and resources can also be negatively impacted due to loss of infrastructure or flooding of mines. These climate impacts have the potential to cause significant financial loss and hardship for NAB customers, with associated increased credit risk and potential bad debts for NAB.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact

20000000

Explanation of financial impact

The main financial impact to NAB as a bank is an increase in customer hardship related concerns and defaults and staff attention required. Profits may also be affected due to extending financing conditions to assist customers who are struggling to recover and rebuild. Costs vary significantly between events but where relevant and material they 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 Queensland and Victorian floods, although this overlay was later removed as actual bad debts 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 – the value of which is typically less than \$20m in total annually for large scale natural disasters based on financial assistance provided to individual events since 2011.

Management method

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 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 sustainable farming practices); (iii) utilising NAB's 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. NAB's Natural Disaster Relief package is made available to affected customers. 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.

Cost of management

400000

Comment

As a bank, the consideration of current and future risks, reassessing of credit risk and assisting our customers is part of NAB's business as usual risk management and relationship management processes and not an additional cost. When large natural disasters occur, NAB typically provides specialist hardship bankers and financial support to affected customers and the surrounding community. NAB's cost of management is estimated based on additional support provided in the form of donations and grants and other support mechanisms (e.g. access to NAB's Employee Assistance Program counselling services). E.g. \$400k was provided in donations to Red Cross and NAB's microfinance partner in relation to Cyclone Debbie in 2017. Employee time is not significant or separately tracked as working with our customers in times of hardship is a standard business practice. E.g. in 2017 about 0.2% of hardship cases referred to our Australian hardship team (NAB Care) related to natural disasters.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Technology: Substitution of existing products and services with lower emissions options

Type of financial impact driver

Technology: Reduced demand for products and services

Company- specific description

As a large Australian bank, NAB has customers in a number of industry sectors which are impacted by transition risk associated with a need to move to lower emission options, In particular, customers in the power generation and resources sectors are affected due to declining cost of renewable energy compared to energy generated from fossil fuels. Should affected customers fail to manage transition risk, there is potentially reduced demand for the customer's products and services (e.g. value of assets such as thermal coal mines, may decline), increased costs associated with meeting regulatory requirements in relation to emissions and increased risk of stranded assets. This in turn means increased credit risk for NAB should our customers be unable to cover their finance payments and assets held as security are not adequate to meet the debt.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact

10180000000

Explanation of financial impact

As a bank, NAB provides finance to a range of customers in sectors which have high emissions and therefore need to address transition risk to ensure their business models remain sustainable and they are able to repay their debts to NAB. The sectors NAB banks that are particularly at risk are Power Generation (non-renewable generation) and Resources (fossil fuels - oil, gas & coal). In calculating the potential financial impact, we have considered the full Exposure at Default (EAD) amount for these sectors as at 30 September 2017 where the exposure in these sectors relates to fossil fuels. For the power generation sector (EAD \$5.2bn) 58% (~\$3.02bn) of our exposure is to renewable energy and 42% (~\$2.18bn) to fossil fuel related energy generation. For the Resources sector (EAD \$12.5bn), 64% (\$8bn) relates to coal mining and Oil & Gas Extraction. The combined fossil fuel related EAD is therefore estimated as \$10.18bn.

Management method

NAB uses a number of methods to reduce the likelihood and magnitude of these risks negatively impacting credit risk. At the customer level, ESG risk (including climate risk) is assessed on a case-by-case basis, as part of credit risk assessment and due diligence processes. For our existing customers in identified high risk sectors, we undertake a regular review of their credit and ESG risk. As part of our ESG risk management framework, we monitor our lending portfolio exposure to industry sectors and activities that may have higher ESG risks. We report on this information regularly to a range of frontline division and executive level risk committees, and where relevant, to Board Risk Committee and Board. During 2016/17 we reviewed our risk appetite for a number of sectors on our sensitive sectors and activities list. As part of this work, we began a phased review of NAB's risk appetite for carbon intensive, low carbon and climate sensitive sectors. This includes resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing, and property. An outcome from the review is that while NAB will continue to support our existing customers across the mining and energy sectors, to facilitate an orderly transition to a low-carbon economy, NAB will no longer finance new thermal coal mining projects.

Cost of management

0

Comment

As a bank, NAB is expected by its regulators in the jurisdictions in which it operates to assess and manage current and future credit related risks and scenarios, as part of its business as usual activities. As a standard credit risk process, we consider there to be no additional costs associated with managing this risk. Costs involve internal staff time only, and as they are not significant in terms of overall staff time and are not separately tracked we have indicated the cost of management to be zero.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

NAB is a bank and our customers are increasingly requesting banking and finance products that support their own transition to lower emissions, or that are supportive of renewable energy/considered 'green'. This provides an opportunity to develop new offerings to meet this demand and increase our revenue. The ways in which NAB may meet customer demand for appropriate offerings include (i) utilising existing products/ services (such as project finance) to finance 'green' infrastructure as well as (ii) developing new products (such as green bonds and green deposits) to allow investors and depositors the option of having their funds support renewable energy/green infrastructure development. NAB is a market leader in the Australian market in offering these products, which is reflected in our increased environmental financing commitment from \$18bn by 2022, to \$55bn by 2025 in order to help address climate change and assist the transition to a low carbon economy.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

High

Potential financial impact

5500000000

Explanation of financial impact

NAB is a bank and in 2016/17 it increased its environmental financing commitment from \$18bn by 2022, to \$55bn by 2025* in order to help address climate change and assist the transition to a low carbon economy. This includes (i) Lending for Green Star certified commercial buildings, (ii) Specialised and corporate finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses, (iii) Green bonds, (iv) Asset finance and Advisory activities, underwriting and arranging and (v) Lending to support development of 6 Star residential properties. For 2016/17 progress was \$8.5bn with total progress to 30 Sept 2017 of \$13.4bn. *(Represents total cumulative new flow environmental financing from 1 October 2015.)

Strategy to realize opportunity

NAB formed a Climate Change Working Group (CCWG) in late 2016, involving management representatives from across the business. The CCWG meets bi-monthly to monitor initiatives being undertaken by business units across the organisation and address road blocks. Reporting on progress against the \$55bn target is undertaken on a six monthly basis with details disclosed publicly in NAB's investor reporting. Data is reviewed annually by KPMG as part of their assurance of environmental performance data.

Cost to realize opportunity

1000000

Comment

External costs associated with bringing NAB issued bond products to market include verification and certification costs and legal fees. These are typically less than \$50k for each deal. There are some additional costs associated with external assurance for data reporting for our \$55bn target. Total assurance costs would typically be less than 500k annually. We have therefore estimated

additional external costs for this opportunity to be less than \$1m annually. There are also annual costs associated with NAB employee resources used to investigate 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 not separately tracked as these 'green' products are largely now considered business as usual and consequently there are minimal additional costs.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

NAB is a large bank with operations in a number of cities – which are spread across multiple buildings, some of which are old and not very energy efficient. Energy efficiency (and environmental credentials) is a key consideration in selection and fit-out of the buildings NAB occupies to reduce energy costs and emissions. These credentials include Green Star, NABERS Energy and WELL Building ratings. As part of key moves and operational consolidations undertaken in Melbourne (2013), Brisbane (2017) this strategy was followed, and is planned for Sydney and Melbourne in coming years. Any higher leasing cost associated with improved environmental credentials is generally offset by lower operating costs. This assists with the increased focus on operational expenditure associated with energy and cost savings achieved through energy efficiency programs. Energy costs are less than 1% of NAB's operating expenses.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

High

Potential financial impact

78000000

Explanation of financial impact

The cost savings associated with NAB's move to more energy efficient buildings is considered confidential. However NAB's total operational costs for the 2017 FY were 7,868m with energy costs making up less than 1% (\$78.7m) of this amount. Cost savings would be less than \$78m.

Strategy to realize opportunity

The environmental credentials of buildings is a key consideration in NAB's selection of main office buildings for lease. These credentials include Green Star, NABERS Energy and WELL Building ratings. This strategy has been followed for key moves in Melbourne and Brisbane to date and is planned for Sydney and Melbourne moves in coming years. 76% of NAB's key office buildings in Australia are operating at a 4 Star (or better) NABERS Energy rating and 75% of our key Australian offices are Green Star rated. NAB is applying the lessons learned from the successful design of our most recent Melbourne offices in Docklands to the design of our new Sydney offices, due for completion in 2020. In August 2017, we moved into NAB Place, our new workplace in Brisbane. We are registered to certify as Green Star Interiors v1.1 and are targeting a rating in 2018. We are seeking to achieve a 6 Star Green Star Interiors V1.1 signifying 'world leadership' for this fit-out.

Cost to realize opportunity

0

Comment

Any higher leasing costs for NAB associated with better environmental credentials of leased buildings is generally likely offset by lower operating costs. In Australia buildings over 1000 sq.m are required to be NABERS certified which enables consideration of the buildings energy efficiency credentials. As this consideration is considered business as usual for building selection processes, the cost to realise the opportunity is considered to be effectively zero.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact driver

Reduced operational costs (e.g., through use of lowest cost abatement)

Company- specific description

NAB is a large bank which operates out of numerous office/branch buildings as well as data centres. The increased use of renewable energy for these buildings (particularly in Australia due to higher purchased energy costs and reducing cost of renewable technologies) will enable reduced energy costs and emissions. In particular it is increasingly viable for companies such as NAB to pursue their own energy generation and sourcing strategies e.g. increased use of solar PV on premises rooftops and corporate power purchasing agreements from wind and solar farms to assist in reducing operational energy costs.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Low

Potential financial impact

181000

Explanation of financial impact

As a bank, NAB's energy costs are less than 1% of total operational spend [\$7868m] in the reporting year. The use of renewable technologies is expected to assist in stabilising or reducing energy costs in future as well as allowing for greater certainty of costs. For example installation of solar panels on branches during 2016/17 [is expected to result in annual monetary savings of ~\$181,000 with a payback period of less than three years.

Strategy to realize opportunity

In 2015, NAB set a commitment to source 10% of NAB's Australian electricity demand from new and additional renewable energy projects by 31 December 2018. In November 2017, a new commitment was set to source 50% of its Australian energy from renewable sources by 2025. As part of this commitment, NAB has a strategy to increase onsite solar generation and to source renewable energy through power purchasing agreements. In 2018, NAB was one of 14 companies in Australia's first group energy purchasing model which contracts the consortium members to buy a third of the assumed output of the 80MW Crowlands Windfarm, thus helping to underwrite its construction which is expected to be complete in early 2019. This allows the consortium members to take more control of their power costs, cut emissions and directly support decarbonisation of the Australian energy grid. Work on developing the unique group purchasing model commenced during 2017.

Cost to realize opportunity

476752

Comment

NAB's costs associated with installation of solar panels on branches during 2016/17 are \$476,752

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	NAB is a bank and while the products and services it offers have not changed significantly, the nature of the products and our risk appetite for certain industry segments is changing. This presents both risks and opportunities. For example, green bonds are an increasingly popular proportion of the bonds we offer, which is an opportunity. Similarly within our project finance portfolio, we are seeing increased numbers of projects related to green infrastructure (e.g. wind and solar farms). To reflect these opportunities, in 2016/17, we increased our environmental financing commitment from \$18bn by 2022, to \$55bn by 2025* in order to help address climate change and assist the low carbon transition. This includes (i) Lending for Green Star certified commercial buildings, (ii) Specialised and corporate finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses, (iii) Green bonds, (iv) Asset finance and Advisory activities, underwriting and arranging and (v) Lending to support development of 6 Star Residential properties. For 2016/17 progress in meeting this commitment was \$8.5bn with total progress to 30 September 2017 of \$13.4bn. *(Represents total cumulative new flow environmental financing from 1 October 2015.) This shift is also reflected in the banking facilities we provide to the power generation sector which is increasingly made up of renewable technologies. As at 30 September 2017, of the Exposure at Default (EAD) to the power generation sector, 58% (~\$3.02bn of \$5.2 bn) of our exposure is to renewable energy and 42% (~\$2.18 bn) to fossil fuels. During 2016/17 NAB reviewed its risk appetite for a number of sectors on its sensitive sectors and activities list to better understand risks in relation to the financing provided. As part of this work, a phased review of NAB's risk appetite for carbon intensive, low carbon and climate sensitive sectors commenced. This includes resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing, and property. An outcome from the review is that while NAB will continue to support its existing customers across the mining and energy sectors, to facilitate an orderly transition to a low-carbon economy, NAB will no longer finance new thermal coal mining projects.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Supply Chain As a financial institution, which does not make physical products, NAB's supply chain is impacted in a limited way. However NAB has incorporated consideration of energy/emissions efficiency as part of certain contracts e.g. leases of our larger commercial buildings. We have also worked with our cash logistics services to streamline their driving route to save fuel. Value chain Climate change is expected to affect many of our customers - particularly those in the energy, resources, agricultural and carbon intensive sectors – some positively through increased opportunities and some negatively due to the need to transition their business to a lower carbon model, or due to physical climate changes. As part of our management of ESG risk, at the customer level, ESG risk (including climate risk) is assessed on a case-by-case basis, as part of credit risk assessment and due diligence processes. Climate risk has the potential to change our credit risk appetite for particular sectors or particular customers. While we may reduce our risk appetite for some customers or sectors, we see significant opportunity to provide finance in order to help address climate change and assist the low carbon transition. NAB has made an environmental financing commitment of \$55bn by 2025 for this purpose which is reported against on a six-monthly basis.
Adaptation and mitigation activities	Impacted	As a bank, NAB leases and operates a portfolio of buildings made up of branches and commercial offices, therefore, NAB's operations can be impacted by extreme weather events such as cyclones and floods which can cause damage to the buildings and interrupt our provision of banking services to customers. NAB's climate change research indicates that the occurrence of such extreme weather events is expected to increase in number and/or severity due to climate change. NAB has experienced flood events affecting some of our branches, which has necessitated the implementation of our contingency plans and the need for branch re-fits due to property damage. NAB's costs vary depending on the nature and extent of the disaster, but repair/fit-out costs per incident are typically in the range of \$50k-\$500k based on recent flood incidents in Australia. In addition, these events can result in lost productivity at impacted branches and increased staff leave associated with clean-up operations. There are also opportunities for NAB associated with financing of adaptation and mitigation infrastructure projects –including desalination plants and flood levees. Any such projects financed would be tracked as part of NAB's environmental financing commitment of \$55bn by 2025.
Investment in R&D	Impacted	As a large agri-bank many of NAB's agricultural customers are likely to be impacted by climate change – for some this may be positive (better growing seasons leading to improved harvests and profits), while for others this can be negative (e.g. property, stock and financial losses associated with fire, flood and drought). This will impact NAB's credit risk and revenue, with potential increases in customer hardship cases and debt write-offs. NAB is a member of a number of research partnerships involving government departments and climate related NGO to investigate climate impacts on particular industry sectors – in particular the agricultural sector - and the potential to reduce risk for NAB and our customers. These research partnerships include areas such as water risk, biodiversity, links between natural capital and financial performance over time and resilience and productivity. NAB is also engaged in the European Institute of Innovation and Technology's Climate-KIC's adaptation financing project as part of Climate-KICs focus on climate resilience. In addition to staff time associated with these research projects, in FY2017 NAB provided funding of over \$500k to support this research and climate-related awareness raising and engagement activities with our customers – particularly in the agri sector.
Operations	Impacted	Climate related impacts have resulted in increasing focus by NAB on energy related operational expenditure and energy efficiency programs. Energy costs in Australia have significantly increased in recent years, while the cost of renewable energy technologies has declined. Greater use of renewable technologies offers the opportunity to stabilise or reduce NAB's energy costs while reducing emissions. NAB has a commitment to source 50% of its Australian electricity from renewable sources by 2025. As part of NAB's energy efficiency program, NAB continued to install solar panels on branches during the 2017 reporting period - this is expected to result in annual monetary savings of ~\$181,000 with a payback period of less than three years. In addition, energy efficiency (and environmental credentials) is a key consideration in selection and fit-out of the buildings NAB occupies to reduce energy costs and emissions. These credentials include Green Star, NABERS Energy and WELL Building ratings. This strategy was followed for key moves in Melbourne (2013), Brisbane (2017) and is planned for Sydney and Melbourne moves in the coming years. Any higher leasing cost associated with better environmental credentials is generally offset by lower operating costs.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	As a bank, while the products and services NAB offers have not changed significantly, we are seeing sectoral change in the customers and transactions that we finance. For example, green bonds are an increasingly popular proportion of the bonds we offer. Similarly within our project finance portfolio, we are seeing increased numbers of projects related to green infrastructure (e.g. wind and solar farms). To reflect this opportunity, in 2016/17, we increased our environmental financing commitment from \$18bn by 2022, to \$55bn by 2025* in order to help address climate change and assist the low carbon transition. This includes (i) Lending for Green Star certified commercial buildings, (ii) Specialised and corporate finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses, (iii) Green bonds, (iv) Asset finance and Advisory activities, underwriting and arranging and (v) Lending to support development of 6 Star Residential properties. For 2016/17 progress in meeting this commitment was \$8.5bn with total progress to 30 Sept. 2017 of \$13.4bn. *(Represents total cumulative new flow environmental financing from 1 October 2015.) This sectoral shift is also reflected in the banking facilities we provide to the power generation sector which is increasingly made up of renewable technologies. As at 30 September 2017, of the Exposure at Default (EAD) to the power generation sector, 58% (~\$3.02bn of \$5.2bn) of our exposure is to renewable energy and 42% (~\$ 2.18bn) to fossil fuels. Conversely, NAB understands that climate change could potentially adversely impact certain sectors we bank (e.g. agriculture) so part of our strategy is to work with research organisations and climate related NGOs to assess impacts and identify adaptation and mitigation strategies which may assist these sectors.
Operating costs	Impacted	Climate related impacts have resulted in increasing focus on operational expenditure associated with energy and cost savings achieved through energy efficiency programs. Energy costs are less than 1% of NAB's operating expenses. Energy costs in Australia have significantly increased in recent years, while the cost of renewable energy technologies has declined. Greater use of renewable technologies offers the opportunity to stabilise or reduce NAB's energy costs while reducing emissions. NAB has a commitment to source 50% of its Australian electricity from renewable sources by 2025. As part of NAB's energy efficiency program, NAB continued to install solar panels on branches during the 2017 reporting period - this is expected to result in annual monetary savings of ~\$181,000 with a payback period of less than three years. In 2018, NAB was one of 14 organisations in Australia's first group energy purchasing model which contracts the consortium members to buy a third of the assumed output of the 80MW Crowlands windfarm, thus helping to underwrite its construction which is expected to be complete in early 2019. This allows the consortium members to take more control of their electricity costs, reduce emissions and directly support decarbonisation of the Australian energy grid. Contracts for the underlying purchases through this unique group purchasing model were completed during the reporting period. In addition, energy efficiency (and environmental credentials) is a key consideration in selection and fit-out of the buildings NAB occupies to reduce energy costs and emissions. These credentials include Green Star, NABERS Energy and WELL Building ratings. This strategy was followed for key moves in Melbourne (2013), Brisbane (2017) and is planned for Sydney and Melbourne in coming years. Any higher leasing cost associated with better environmental credentials is generally offset by lower operating costs.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Climate risk (emissions and forecast increases in energy costs is a consideration in capital expenditure associated with capital works which have an environmental consideration – such as our data centres and leased buildings. 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.
Acquisitions and divestments	Not yet impacted	Due to the nature of our operations, to date climate risk has not been a material risk in relation to any acquisitions and divestments.
Access to capital	Impacted for some suppliers, facilities, or product lines	Investors are increasingly considering climate risk as part of their investment decision. For example, some investors (and bank customers) have indicated they do not wish to invest with organisations that are associated with fossil fuels, or that finance fossil fuels. To date this has not materially impacted our access to capital. However we continue to consider climate risk impacts as part of our ESG Risk Management framework. For example, during 2016/17 we reviewed our risk appetite for a number of sectors on our sensitive sectors and activities list. As part of this work, we began a phased review of NAB's risk appetite for carbon intensive, low carbon and climate sensitive sectors. This includes resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing, and property. An outcome from the review is that while NAB will continue to support our existing customers across the mining and energy sectors, to facilitate an orderly transition to a low-carbon economy, NAB will no longer finance new thermal coal mining projects.
Assets	Not impacted	Due to the nature of our operations, to date climate risk has not been a material risk in relation to assets.
Liabilities	Not impacted	Due to the nature of our operations, to date climate risk has not been a material risk in relation to liabilities.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

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

NAB'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 (EA) are also influenced by external trend analysis via annual planning processes at business line and business function levels and has, for example, led to the formation of specialised clean energy and green bond teams. 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 risk and management committees.

CC is a key focus of NAB's EA. During FY2017, our CC Working Group (CCWG) refreshed NAB's CC strategy. Considerations included identifying further opportunities to reduce NAB's own carbon footprint, assisting customers through the low carbon transition and helping them adapt and build resilience to the physical impacts of CC. NAB anticipates the global low carbon transition will see structural changes in energy markets, with fossil fuel-based energy use materially declining over time, and increased use of renewable energy (RE). This will be reflected in the make-up of NAB's loan book and investment portfolio over time.

Our CC strategy is focused on the following 4 areas:

- Leadership commitments;
- Developing CC knowledge and insights;
- Supporting our customers through the low-carbon transition; and
- Investing in organisational capability to identify and respond to CC risks and opportunities.

As part of NAB's CC strategy, and integrated with our business strategy and objectives, in 2017, NAB increased its commitment to:

- Undertake environmental financing activities of AUD \$55 billion in two key areas – (i) green infrastructure, capital markets and asset finance and (ii) new mortgage lending flow for Australian 6 Star rated residential housing (new and significant renovations) – over 10 years to Sept. 2025 to help address CC and support the low carbon transition (this was increased from \$18 to \$55 billion in FY2017); and
- Source 50% of NAB's Australian electricity requirements from RE sources by 2025 (increased from a previous commitment of 10% by 2018).

NAB's 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 and objectives through:

- revenue generation opportunities provided by environmental 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 NAB's 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 EA is monitored by our Group Regulatory, Compliance and Operational Risk Committee and communicated to other governance committees. NAB's Board receives updates, particularly on 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 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, impacts of extreme climatic events and the views of employees, investors and other stakeholders. We have responded to CC impacts by meeting relevant regulatory requirements and via voluntary initiatives including (i) our carbon neutrality; (ii) GHG reduction and resource efficiency targets; (iii) operational infrastructure investments; and (iv) employee engagement programs. NAB shares its experience with customers and other stakeholders, and is providing products/services to assist customers' response to CC. We also 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 risk appetite for it) and risk management practices (inclusion of CC aspects in ESG risk assessment);
- on-going improvements to carbon management and reporting e.g. NAB's carbon risk disclosure commitment and participation in the UNEP FI TCFD pilot;
- consideration of CC risks in NAB's supply chain;
- client engagement to understand their key CC risks and opportunities;
- increasing investment in environmental finance to assist customers e.g. – 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 (6+ years) influenced by CC:

- changes to risk appetite and ESG risk assessment reflecting the insights gained from use of climate scenarios for stress testing NAB's loan portfolio;
- 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 NAB's carbon risk disclosures and stakeholder engagement;
- NAB's ongoing Australian position as the leading arranger of project finance for RE and as a green bond pioneer; and
- first mover advantage in providing environmental and climate-related financial products and services.

(vi) Substantial business decisions influenced by CC in FY2017:

Aspect (market opportunities): Increased NAB's environmental financing commitment from \$18 to \$55 billion; and increased our RE consumption commitment from 10% by 2018 to 50% by 2025

Aspect (other climate-related developments): Continued to improve NAB's carbon risk disclosure in response to stakeholder feedback and joined the UNEP FI TCFD pilot.

The Paris Agreement has influenced NAB's business strategy through changes to risk appetite, ongoing investment in emissions reduction activities, and increased environmental finance to help customers make the low carbon transition and adapt to CC. NAB is considering the impact of 4oC, 2oC and 1.5oC climate scenarios on our business and customers.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
Other, please specify (World Energy Outlook 2016)	<p>NAB uses 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 NAB manage risk positions and exposures. Key risks are recorded and monitored by NAB, as are emerging risks and changes in risk likelihood and consequence. In FY2017, NAB used the scenarios described in the IEA's World Energy Outlook (WEO) 2016 and the WEO2016 Part B Special Focus on Renewable Energy to assist the organisation in semi-quantitatively heat mapping climate risks for: (i) NAB operations (with a key focus on our property portfolio); and (ii) high level industry sector groupings (classified according to 1993 Australian and New Zealand Standard Industrial Classification (ANZSIC) codes) which represent aggregated groups of customers in NAB's lending portfolio. We used the IEA World Energy Outlook for this work as it was also being considered by a number of NAB's clients and it was accessible to NAB for use. The WEO was also familiar NAB. In this analysis we considered risks that might arise in the short, medium and long-term. In FY2017, NAB considered climate-related risks within its current business planning horizon (short-term: 0-3 years and in the longer term: 10+ yrs, i.e. 2030 and beyond) We gave high, medium and low risk ratings to each sector for each key climate-related risk (transition, physical and liability). We also took into account specific strategies and actions being implemented by NAB customers. Additionally, we had discussions with Australian climate scientists to understand the likely physical climate risks predicted for Australia under BAU and 2oC scenarios. These discussions also helped us understand the importance to NAB of developing an understanding of compound extreme physical risk events. Based on our semi-quantitative analysis, we prioritised sectors for more detailed analysis and stress testing as part of NAB's participation in the United Nations Environment Program Finance Initiative (UNEP FI) TCFD bank pilot, which commenced late in FY2017. Primary sectors in NAB's lending portfolio that we identified as highly exposed to transition risk included power generation, mining, oil and gas and transport. Sectors in NAB's lending portfolio which we identified as highly exposed to physical risks were agribusiness, utilities and property. As a consequence of this analysis, we planned a phased review of risk appetite for carbon intensive, climate sensitive and low carbon sectors in NAB's lending book. We also increased NAB's environmental finance commitment to assist our customers with achieving their climate mitigation and adaptation, and clean energy objectives. Our first risk appetite review was conducted in FY2017 for the coal mining sector (a subsector in our Resources portfolio). Transition risk was a key risk for this sector. Following our review of coal mining, NAB announced that while we will continue to support our existing customers across the mining and energy sectors, including those with existing coal assets, NAB will no longer finance new thermal coal mining projects. NAB consulted with customers and stakeholders on this decision to ensure transparency and clarity on its position to no longer finance new thermal coal mining projects.</p>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

58

% reduction from base year

21

Base year

2015

Start year

2016

Base year emissions covered by target (metric tons CO2e)

87565

Target year

2025

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

33.33

Target status

Underway

Please explain

2017 was our second year reporting against the 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 NAB's 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.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1a/b.

Target

Energy usage

KPI – Metric numerator

GJ

KPI – Metric denominator (intensity targets only)

Not applicable as our target is not an intensity target

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

791456

KPI in target year

751883.6

% achieved in reporting year

98

Target Status

Underway

Please explain

NAB has a range of operational eco-efficiency targets, including a target to reduce energy use by 5% by 2020 from a 2015 base year. NAB views multi-year (rather than single year) targets as more appropriate for our business given the time frames required to implement transformational change initiatives in a building portfolio. These multi-year targets support NAB's carbon neutral status and help us reduce our overall greenhouse gas emissions. In 2017, NAB was on track to meet this 2020 target, reducing our energy use by 5% from 2015. For further information refer page 64 of our 2017 Sustainability Report.

Part of emissions target

Yes this target contributes towards NAB's overarching science-based greenhouse gas reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 21% by 2025, from a 2015 base year.

Is this target part of an overarching initiative?

Other, please specify (NAB's Science-based targets initiative)

Target

Waste

KPI – Metric numerator

tonnes

KPI – Metric denominator (intensity targets only)

Not applicable as our target is not an intensity target

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

2518

KPI in target year

2392.14

% achieved in reporting year

100

Target Status

Underway

Please explain

NAB has a range of operational eco-efficiency targets, including a target to reduce waste to landfill by 5% by 2020 from a 2015 baseline of 2,518 metric tonnes. NAB views multi-year (rather than single year) targets as more appropriate for our business given the time frames required to implement transformational change initiatives in a building portfolio. These multi-year targets support NAB's carbon neutral status and help us reduce our overall greenhouse gas emissions. In 2017, 2,305 metric tonnes of general waste was sent to landfill, an 8% reduction from the 2015 baseline. Therefore, NAB was well on track to meet the 2020 reduction target.

Part of emissions target

No, NAB's waste target does not contribute to our overarching science-based greenhouse gas reduction target (SBT). Waste is a Scope 3 inventory item and NAB's science-based greenhouse gas reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Renewable energy consumption

KPI – Metric numerator

per kilowatt hour (kWh)

KPI – Metric denominator (intensity targets only)

Base year

2015

Start year

2015

Target year

2018

KPI in baseline year

0

KPI in target year

12567863

% achieved in reporting year

0

Target Status

Underway

Please explain

This target was announced in October 2015, as part of climate change commitments announced by NAB in the lead up to COP21. NAB's commitment is to source 10% of NAB's Australian electricity demand from new and additional renewable energy projects by 31 December 2018. A behind the meter solar installation with over 2,200 solar panels will generate approximately 794 MWh of renewable electricity for NAB each year. The Large-Scale Generation Certificates (renewable energy certificates) that this system generates will help to meet NAB's commitment to source 10% of our Australian electricity from new renewable sources by 2018. Small scale certificates from the installation of solar on NAB's branches do not contribute to this target, however they generated 2,333GJ during the 2017 environmental reporting period. NAB will source the balance of this 10% through Australia's first renewable energy buyers group, the Melbourne Renewable Energy Project. This project will enable NAB to source new (and additional) renewable energy from a utility scale renewable energy project in regional Victoria. As this is a target based on consumption at a future point in time the KPI in the target year is based on consumption in the year that the target was created (2015).

Part of emissions target

Yes this target contributes towards NAB's overarching science-based greenhouse gas reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 21% by 2025, from a 2015 base year.

Is this target part of an overarching initiative?

Other, please specify (NAB's Science-based target)

Target

Renewable energy consumption

KPI – Metric numerator

50% of Australian electricity (kWh)

KPI – Metric denominator (intensity targets only)

Not applicable as our target is not an intensity target

Base year

2017

Start year

2017

Target year

2025

KPI in baseline year

0

KPI in target year

52295659

% achieved in reporting year

0

Target Status

Underway

Please explain

In November 2017, NAB set a new commitment to source 50% of our Australian electricity from renewable energy sources by 2025. We are confident that NAB's planned activities to increase onsite solar generation and to source renewable energy through power purchasing agreements will ensure that our public target is met in 2025. As this is a target based on consumption at a future point in time the KPI in the target year is based on consumption in the year that the target was created (2017) .

Part of emissions target

Yes, this target contributes towards NAB's overarching science-based greenhouse gas reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 21% by 2025, from a 2015 base year.

Is this target part of an overarching initiative?

Other, please specify (NAB's Science-based target)

Target

Other, please specify (Office Paper)

KPI – Metric numerator

metric tonnes

KPI – Metric denominator (intensity targets only)

Not applicable as our target is not an intensity target

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

892

KPI in target year

802.8

% achieved in reporting year

100

Target Status

Underway

Please explain

NAB has a range of operational eco-efficiency targets, including a target to reduce office paper by 10% by 2020 from a 2015 baseline of 892 metric tonnes. NAB views multi-year (rather than single year) targets as more appropriate for our business given the time frames required to implement transformational change initiatives in a building portfolio. This target supports NAB's carbon neutral status and helps us reduce our overall Scope 3 greenhouse gas emissions. In 2017, 716 metric tonnes of office paper was used, a 20% reduction from the 2015 baseline. Therefore, NAB is well on track to meet the 2020 reduction target.

Part of emissions target

No, NAB's office paper target does not contribute to our overarching science-based greenhouse gas reduction target (SBT). Office paper is a Scope 3 inventory item and NAB's science-based greenhouse gas reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Other, please specify (Potable water)

KPI – Metric numerator

KL

KPI – Metric denominator (intensity targets only)

Not applicable as our target is not an intensity target

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

405642

KPI in target year

365077.8

% achieved in reporting year

28

Target Status

Underway

Please explain

NAB has a range of operational eco-efficiency targets, including a target to reduce potable water withdrawal by 10% by 2020 to 365,078 kL from a 2015 base year of 405,642. NAB views multi-year (rather than single year) targets as more appropriate for our business given the time frames required to implement transformational change initiatives in a building portfolio. This target supports NAB's carbon neutral status and helps us reduce our overall Scope 3 greenhouse gas emissions. In 2017, NAB's potable water use was 394,482 kL , a 3% reduction from the baseline. With planned water efficiency projects NAB is on track to meet the 10% reduction target by 2020.

Part of emissions target

No, NAB's water use target does not contribute to our overarching science-based greenhouse gas reduction target (SBT). Water is a Scope 3 inventory item and NAB's science-based greenhouse gas reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	46
To be implemented*	13	9886
Implementation commenced*	6	2573
Implemented*	9	2711
Not to be implemented	3	428

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Energy efficiency: Processes

Description of activity

Other, please specify (New equipment)

Estimated annual CO2e savings (metric tonnes CO2e)

375

Scope

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

41744

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

The payback period was actually instantaneous (0 years) as no additional investment was required as staff were able to implement the required changes to generate these savings from business as usual data centre technology upgrades to storage compression.

Activity type

Energy efficiency: Building services

Description of activity

Other, please specify (HVAC, lighting & site power downs)

Estimated annual CO2e savings (metric tonnes CO2e)

773

Scope

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

110132

Investment required (unit currency – as specified in CC0.4)

381710

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Improving energy efficiency across NAB's buildings, including, improvements to HVAC and lighting as well as powering down sites when not in use

Activity type

Low-carbon energy installation

Description of activity

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

695

Scope

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

181135

Investment required (unit currency – as specified in CC0.4)

476752

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Installation of solar panels on our branches

Activity type

Other, please specify (Carbon Neutral Paper Purchases)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

868

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

1736

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

In the 2017 environmental reporting year, NAB continued to purchase an NCOS Carbon Neutral product - Australian Paper's Reflex 100% Recycled Carbon Neutral A3 and A4 office paper. If this purchase did not occur, NAB's carbon footprint for 2017 would have increased by 868 tCO₂-e

C4.3c

(C4.3c) 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 and carbon reduction.
Dedicated budget for other emissions reduction activities	NAB maintains a dedicated budget for other environmental initiatives such as waste and water which also reduce our GHG emissions.
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 (i.e. provision of energy efficiency requirements in our Technology related hardware and software services) as well as including energy efficiency requirements in our office building and branch property design standards.
Internal finance mechanisms	NAB's internal energy cost forecasts consider increases in energy costs and are considered 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.

C4.5

(C4.5) 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

C4.5a

(C4.5a) 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**

Group of products

Description of product/Group of products

Customer Statements

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Carbon neutral statements are used)

% revenue from low carbon product(s) in the reporting year

0

Comment

A reverse calculation is applied to NAB's customer statements converting the number of statements into avoided tCO₂-e. This reverse calculation provides the volume of GHG emissions avoided through the purchase of carbon neutral paper for customer statements. This is an avoided cost and does not result in revenue.

Level of aggregation

Product

Description of product/Group of products

Climate Bonds

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

4

Comment

The percentage figure provided relates to bond products only and relates to % of bonds issued/arranged. This has been calculated by assessing the value of climate/'green' bonds issued/arranged by NAB (adjusted to reflect NAB's share of these where multiple parties are involved) as a percentage of total bonds issued/arranged. For 2017 FY, Total NAB Climate Bond eligible portfolio (AUD equivalent) was \$1,994.4m GHG emissions avoided (tCO₂) attributable to NAB was calculated as 2,062,663. Emissions avoided have been calculated as follows: Annual energy produced (MWh) x applicable emission factor for electricity grid (tCO₂-e/ Mwh) = GHG emissions avoided. Australian GHG emissions factors based of Australian National Greenhouse Accounts (August 2016). NZ GHG emissions factors based on Ministry for Environment guidance papers for voluntary 2016 GHG emissions reporting. Impact attributable to NAB was calculated by applying the % share of debt to the GHG emissions avoided.

Level of aggregation

Product

Description of product/Group of products

Project Finance - Renewable Energy

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year

0.23

Comment

The percentage figure provided relates to Project Finance – renewable energy as a % of Group Exposure at Default (EAD) as NAB is unable to provide a revenue percentage. NAB is unable to provide data for project finance revenue as a % of total revenue as data is not calculated in this manner Project finance represented 1.5% of total Group Exposure at Default (EAD) at 30 September 2017. Of this, renewable energy projects comprised 15% of the project finance portfolio. Renewable energy project finance therefore represents approximately 0.225% of EAD. In 2017, NAB provided \$1.25 billion (measured as committed debt at 30 September 2017) for renewable energy projects. NAB's current global portfolio of renewable energy generation projects represents a total generation capacity of 6,561 megawatts (MW). Emissions avoided have been calculated as follows: Annual energy produced (MWh) x applicable emission factor for electricity grid (tCO₂-e/ MWh) = GHG emissions avoided. Australian GHG emissions factors based of Australian National Greenhouse Accounts (August 2016). NZ GHG emissions factors based on Ministry for Environment guidance papers for voluntary 2016 GHG emissions reporting. Impact attributable to NAB was calculated by applying the % share of debt provided by NAB to the GHG emissions avoided.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

July 1 2014

Base year end

June 30 2015

Base year emissions (metric tons CO2e)

16449

Comment

This data is comprised of all of NAB's Group Scope 1 GHG emissions from the 2015 environmental reporting period excluding Great Western Bank (GWB) and the Clydesdale and Yorkshire Banking Group (CYBG) as these regions were divested from the Group after the base year.

Scope 2 (location-based)

Base year start

July 1 2014

Base year end

June 30 2015

Base year emissions (metric tons CO2e)

133681

Comment

This data is comprised of all of NAB's Group Scope 2 GHG emissions from the 2015 environmental reporting period excluding Great Western Bank (GWB) and the Clydesdale and Yorkshire Banking Group (CYBG) as these regions were divested from the Group after the base year.

Scope 2 (market-based)

Base year start

July 1 2014

Base year end

June 30 2015

Base year emissions (metric tons CO2e)

901

Comment

In the UK, our operations bought government certified renewable electricity under the UK Renewable Energy Guarantee of Origin Scheme.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Australia - National Greenhouse and Energy Reporting Act

Defra Voluntary 2017 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)

Other, please specify (See C5.2a for additional resources used)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

- 2016 Climate Registry Default Emission Factors – Released April, 2015, Table 12.1 & 12.9
- eGrid 2014 v2 GHG Annual Output Emission Rates
- Australia – National Greenhouse Accounts (NGA) Factors 2016 and 2017
- EPA Victoria's Greenhouse Gas Inventory Management plan: 2012–13 update, publication 1374.1
- NAB Hotel Stays Tool with ref to: CIBSE Guide F - Energy Efficiency in Buildings: Section 20 page 20-10, 2012, DBEIS 2018, IEA 2017, NGER 2017, NGA 2017, 2009
- IEA CO2 emission from fuel combustion 2017 - Complement; T&D losses adjustment

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

19376

End-year of reporting period

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

NAB's 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 NAB's market-based Scope 2 emissions as detailed in Question 6.3 below.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

103936

Scope 2, market-based (if applicable)

103430

End-year of reporting period

<Not Applicable>

Comment

In the UK, our operations bought government certified renewable electricity under the UK Renewable Energy Guarantee of Origin Scheme. We have classed 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 506 tCO2-e.

C6.4

(C6.4) 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

C6.4a

(C6.4a) 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

Fugitive gases associated with building-based HVAC for our Asian and New York operations and a JB Were office in New Zealand. Fugitive gases associated with use of office kitchen refrigerators in New York and a JB Were office in New Zealand.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions excluded

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions excluded

Explain why the source is 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 (Singapore, Japan, India, Indonesia and China), one office in New York and a JB Were 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. Based on the very small proportion of FTE (1%) and NLA (1%) that these regions contribute to NAB's portfolio, and given that we understand the volume of HVAC in our operations where this is calculated (less than 1% of total 2017 GHG emissions), the volume of emissions from HVAC in our Asia, New York and JB Were office in New Zealand has been deemed immaterial.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

48.5

Emissions calculation methodology

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: recycled, virgin content, domestic and offshore sources, certified carbon neutral and carbon neutral & recycled. 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 868 tCO₂-e that we have avoided through the purchase of carbon neutral paper in Australia and New Zealand.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

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 assessed as relevant under our direct operational control as part of our carbon inventory for our carbon neutral commitment in 2010. 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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

NAB Group as a financial services provider is not a significant purchaser of capital goods that have material climate change impacts compared to other sectors. NAB leases many of the capital goods it uses such as 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 NAB Group currently reports. 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 helped to determine that this emission source is not relevant: (i) these GHG emissions are not NAB Group's operational control; (ii) they are immaterial with respect to NAB Group's 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)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

13007

Emissions calculation methodology

(1) Transmission, extraction and distribution losses from stationary energy (diesel, gas and propane) and electricity: 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 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 outlines in the references mentioned above for the calculation and distribution losses.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

This set of Scope 3 GHG emissions includes both the emissions resulting from transmission and distribution losses for electricity and the indirect losses from the extraction, production and transportation of other fuels and energy sources, including vehicle fuels, purchased and used by the NAB Group in the reporting period.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

As a result of the Demerger of Clydesdale and Yorkshire Banking Group (CYBG) (which occurred in February 2016), we no longer calculate any GHG emissions resulting from supplier travel. Previously this source was only applicable to the NAB UK operations for a small number of key contractors.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2959

Emissions calculation methodology

Waste to landfill: Activity data for the calculation of GHG emissions from waste to landfill is collected and provided by NAB Group's 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. Waste to incineration: Activity data for the calculation of GHG emissions from waste to incineration is collected and provided by NAB Group's corporate waste contractors. Waste to incineration is not performed in all countries. Once the tonnage of waste to incineration data is available, the GHG emissions calculation methodologies and factors provided by DEBIS are applied to calculate GHG emissions

Percentage of emissions calculated using data obtained from suppliers or value chain partners

72

Explanation

This Scope 3 GHG emissions source includes GHG 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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

24814

Emissions calculation methodology

1) Air travel: For air travel in all regions NAB uses 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 this is a 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 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. The accuracy of the data is reliant on employees filling in claim forms. (3) Hotel stays: For hotel stays, we use a calculator developed for 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 regions 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 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.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

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 all Group operations. It also includes GHG emissions from rail travel for our UK operations.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

29523

Emissions calculation methodology

In Australia in 2015 a survey was conducted of a sample of NAB's head office staff and their travel modes and distances commuting to and from work. This was extrapolated across the broader head office population to determine a factor for estimating Employee Commuting GHG per Employee Number. This factor has been updated based on 2017 head office staff numbers. Per person emission factors for various travel modes were determined from the following public sources: (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 Victoria's publication 1562, and were adjusted to represent other States' different electricity grids (and also indirect emissions) by drawing upon the NGA factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Employee commuting is not deemed critical among the broader community and NAB does 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 end of trip facilities (including lockers, showers and bicycle racks) to facilitate employees commuting actively and carbon free (i.e. cycling, running or walking to work).

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

21132

Emissions calculation methodology

This GHG emission source category includes GHG emissions from (i) 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 used 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 of 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 2016-17 reporting period and the applicable version of the Australian National Greenhouse Accounts (NGA) Factors, (ii) associated transmission and distribution losses relating to Base-building energy use; and (iii) energy use emissions from use of Automated Teller Machines (ATM's) for our BNZ business. All remote (not located within BNZ store network) 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.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

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.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Due to the intangible nature of financial products and services NAB does 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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Due to the intangible nature of financial products and services NAB does not require physical products to be processed. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Due to the intangible nature of financial products and services NAB does not account for GHG arising from the use of sold physical products. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Due to the intangible nature of financial products and services there is no relevant end of life treatment of sold physical products. Accordingly, NAB has assessed this source of emissions as being not relevant to our industry sector and business.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

NAB Group does not have franchises, therefore this emissions source is not relevant.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1726175

Emissions calculation methodology

NAB has 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 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. 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 2017. 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.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

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 Sep17) in our Project Finance portfolio. NAB Group is participating in the UNEP FI/WRI Carbon Portfolio Initiative and working with Australian peer banks to progress the development of methodologies that may be able to be used in future reporting periods for calculation of financed emissions.

Other (upstream)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

462.7

Emissions calculation methodology

Water: Activity data for the calculation of GHG emissions from NAB's water use is collected and provided by our property services finance services team and is based on billed water use. Our Australian operations contributes to 98% of associated water GHG emissions. where billed information is not available for applicable sites, we extrapolate water use based on kL/m2. 17% of total water use within Australia during the reported year was extrapolated data. The GHG emissions calculation methodologies and factors applied to calculate GHG emissions from water usage are sourced from DEFRA's Voluntary Reporting Guideline and the Environmental Protection Authority Victoria for the relevant reporting period.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

83

Explanation

This Scope 3 GHG emissions source includes GHG emissions from water use from our operations in London, Australia and BNZ.

Other (downstream)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

163

Emissions calculation methodology

Customer Paper Statements: Data for the quantity of customer statements is obtained from our corporate office paper supplier in volume of statements. An average of 3 sheets per statement has been applied to the data. Customer statements are segmented into the following categories for calculation of GHG emissions: domestic recycled (onshore), virgin paper (offshore) and carbon neutral (zero emissions). The methodology and emission factors applied is a reverse calculation of the number of paper sheets into statements using the emission factors 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 is an estimated 865 tCO2-e that we have avoided through the purchase of carbon neutral customer statements in Australia. The 163t reported is from customer statements in New Zealand.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

This Scope 3 GHG emissions source includes GHG emissions from customer statements from our operations in Australia and BNZ. All customer statements within Australia are produced on Carbon Neutral certified paper and have zero emissions.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000120187

Metric numerator (Gross global combined Scope 1 and 2 emissions)

123312.08

Metric denominator

Other, please specify (Underlying profit)

Metric denominator: Unit total

10260000000

Scope 2 figure used

Location-based

% change from previous year

19.93

Direction of change

Decreased

Reason for change

Emissions intensity per unit of \$ underlying profit decreased by approximately 20% in 2017 compared to 2016. Our underlying profit figure has increased by 6%, while our gross global Scope 1 and 2 GHG emissions have decreased by 18% compared to the prior year due to implemented energy efficiency opportunities. 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. \$ of underlying profit (\$10,260m in 2017 and \$9,995m in 2016). 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.

Intensity figure

3.61

Metric numerator (Gross global combined Scope 1 and 2 emissions)

123312.08

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

34167

Scope 2 figure used

Location-based

% change from previous year

5.98

Direction of change

Increased

Reason for change

Our global gross Scope 1 and 2 GHG emissions per FTE increased by approximately 6% in 2017 compared to 2016. The increase in metric tonnes CO₂-e per FTE was driven by a larger decrease in FTE numbers than in gross Scope 1 and 2 GHG emissions figures. The Scope 1 and 2 GHG emissions decreased by 18% due to implemented energy efficiency opportunities whilst our FTE decreased by 23% in 2017 compared to 2016. These changes were in response to our changing environment and change in our business structure to create a simpler model of business.

Intensity figure

0.162584533

Metric numerator (Gross global combined Scope 1 and 2 emissions)

123312.08

Metric denominator

square meter

Metric denominator: Unit total

758449

Scope 2 figure used

Location-based

% change from previous year

9.14

Direction of change

Increased

Reason for change

Our global gross Scope 1 and 2 GHG emissions per metre squared of property occupied increased by approximately 9% in 2017 compared to 2016. This was driven by a larger decrease in property space occupied than 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 25% in 2017 compared to 2016, as we consolidate our operations and our Scope 1 and 2 GHG emissions decrease by 18%.

C7. Emissions breakdowns**C7.1****(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?**

Yes

C7.1a**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	17591	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	115	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	37	IPCC Fourth Assessment Report (AR4 - 100 year)
Other, please specify (Other gases (including HFC's))	1633	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	15052
New Zealand	4152
United Kingdom of Great Britain and Northern Ireland	168
China, Hong Kong Special Administrative Region	4

C7.3**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Building energy use	9146
Business travel	8597
Refrigerants	1633

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons 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	2107	2107	17636	0
China	127	127	187	0
Indonesia	12	12	16	0
India	95	95	116	0
Japan	86	86	154	0
China, Hong Kong Special Administrative Region	417	417	524	0
Singapore	126	126	285	0
United Kingdom of Great Britain and Northern Ireland	537	31	1528.2	1440
Australia	100316	100316	104591	0
United States of America	115	115	365	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Electricity usage at facilities under operational control	103936	103430

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) 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.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	11638	Increased	7.8	NAB Group's purchase of renewable energy decreased by 96% (11,638 tCO2-e), due to the demerger of our UK based business in 2016, the primary purchaser of renewable energy. Australian operations did not purchase renewable energy in 2017. Our total Scope 1 and Scope 2 GHG emissions in 2016 were 150,029 tCO2-e. The increase in emissions as a result of the reduction in renewable energy purchased can therefore be calculated as: $(11,638/150,029)*100 = 7.8\%$
Other emissions reduction activities	1714	Decreased	1.1	NAB's gross Scope 1 and 2 GHG emissions decreased by 1.14% due to a range of emissions reduction activities including; technology upgrades to our data centres, improving energy efficiencies across our buildings, including, improvements to HVAC and lighting as well as powering down sites when not in use, and low carbon energy installations. In 2017, a total of 1,714 tCO2-e were reduced by our emissions reduction projects. Our total Scope 1 and Scope 2 GHG emissions in 2016 were 150,029 tCO2-e. The reduction in emissions as a result of these activities can therefore be calculated as: $(1,714/150,029)*100 = 1.1\%$
Divestment	11676	Decreased	7.8	NAB's gross Scope 1 and 2 emissions decreased by 7.8% following the divestment of Great Western Bank (GWB) in July 2015 and Clydesdale and Yorkshire Banking Group (CYBG) in February 2016. A reduction of 11,676 tCO2-e was experienced between 2016 and 2017. Our total Scope 1 and Scope 2 GHG emissions in 2016 were 150,029 tCO2-e. The reduction in emissions as a result of this divestment can therefore be calculated as: $(11,676/150,029)*100 = 7.8\%$
Acquisitions	0	No change	0	There were no acquisitions in this reporting period that have a material impact on global GHG emissions
Mergers	0	No change	0	There were no mergers in this reporting period that have a material impact on global GHG emissions
Change in output	63	Decreased	0.04	Across the NAB Group, changes in building-based refrigerants GHG emissions had an impact of an increase 63 tCO2-e on Group-wide Scope 1 and Scope 2 GHG emissions. This was due to the increase in the Building HVAC refrigerant leakage reported in Australia. The reduction calculation is therefore: $(63/150,029)*100=0.04\%$
Change in methodology	3266	Decreased	2.2	Across the NAB Group, changes in electricity-related GHG emission factors had an impact of -2.2% on Group-wide Scope 1 and Scope 2 GHG emissions. This was most significant in Victoria, where the Scope 2 electricity-related GHG emission factor decreased by 3.5%, with an associated reduction of 2,429 tCO2-e GHG emissions. The Asian regions all experienced a decrease in emission factors, with the exception of India and Hong Kong. The UK and NZ also experienced decreases in the emission factor applied to the electricity of 15% and 14%, although total emissions from these regions have a lower impact on our portfolio. NY remained relatively stable. In 2017, we had a total decrease in electricity related GHG emissions of 3,266 tCO2-e. Our total Scope 1 and Scope 2 GHG emissions in 2016 were 150,029 tCO2-e. The reduction in emissions as a result of these changes in methodology can therefore be calculated as: $(3,266/150,029)*100=-2.2\%$.
Change in boundary	0	No change	0	No changes to the boundary this reporting period
Change in physical operating conditions	0	No change	0	No changes to the physical operating conditions this reporting period
Unidentified	0	No change	0	No unidentified changes to emissions this reporting period
Other	3028	Increased	2	NAB's Gross Scope 1 emissions increased within Australia due to the tri-generation plant being operational for the full environmental reporting period. In 2016, the system tri-generation plant was offline for three months of the reporting period. Our total Scope 1 & Scope 2 GHG emissions in 2016 were 150,029 tCO2-e. The increase in emissions as a result of this change can therefore be calculated as: $(3028/150,029)*100=2\%$

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

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

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	83518.27	83518.27
Consumption of purchased or acquired electricity	<Not Applicable>	1440	138833.8	140273
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	648	<Not Applicable>	648
Total energy consumption	<Not Applicable>	2088	222352	224440

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

17195

MWh fuel consumed for the self-generation of electricity

907

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

48034

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

2912

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

45122

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

18119

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Other, please specify (Ethanol blend)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

171

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

49.49

Unit

metric tons CO2e per GJ

Emission factor source

National Greenhouse and Energy Reporting (Measurement) Determination 2008, Compiled 1 July 2015, Part 3 (p327)/2015 p307 (Australia) 2015, National Greenhouse Accounts (NGA) Factors, Table 39 (p66) MFE - Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Data and Methods for the 2014 Calendar Year, published December 2016 (table 1)

Comment

This represents a weighted average factor calculated from the emissions factors used for our operations in New Zealand and Australia

Motor Gasoline

Emission factor

44.78

Unit

metric tons CO2e per GJ

Emission factor source

National Greenhouse and Energy Reporting (Measurement) Determination 2008, Compiled 1 July, 2017, Part 4, Div 4.2 page 319 (Australia) MFE - Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Data and Methods for the 2014 Calendar Year, published Dec 2016 (Transport fuels tab) (BNZ & HK)

Comment

This represents a weighted average factor calculated from the emissions factors used for our operations in New Zealand, Australia and Hong Kong

Natural Gas

Emission factor

49.76

Unit

metric tons CO2e per GJ

Emission factor source

National Greenhouse and Energy Reporting (Measurement) Determination 2008, Compiled 1 July 2015, Schedule 1 - Part 2. p 326 (Australia) MFE - Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Data and Methods for the 2014 Calendar Year, published December 2016 (table 1) (BNZ) Defra 2017 UK Government conversion factors for Company Reporting, Fuels (Gross CV) (LDN)

Comment

This represents a weighted average factor calculated from the emissions factors used for our operations in New Zealand, Australia and United Kingdom.

Other

Emission factor

0.4

Unit

metric tons CO2e per liter

Emission factor source

National Greenhouse and Energy Reporting (Measurement) Determination 2008, Compiled 1 July, 2014, Part 4, Div 4.2 page 341 (Australia)

Comment

We have used the emission factor from Australia as no other regions report on this inventory item. This is not a weighted emission factor.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	15519	15519	648	648
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Solar PV

Wind

Tidal

MWh consumed associated with low-carbon electricity, heat, steam or cooling

1440

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

NAB's UK operations continued to use certified renewable electricity generated under the UK's Renewable Energy Guarantees of Origin (REGO) Scheme.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy use

Metric value

752397

Metric numerator

GJ

Metric denominator (intensity metric only)

Not applicable

% change from previous year

13

Direction of change

Decreased

Please explain

NAB's net energy use in the 2017 environmental reporting year decreased by 13% (112,820 GJ) from the 2016 environmental reporting year. This was primarily due to divestments which took place in the 2016 environmental reporting year: (i) Great Western Bank (GWB) in July 2015 and (ii) Clydesdale Yorkshire Banking Group PLC (CYBG) in February 2016. Energy efficiency initiatives also contributed to the reduction. Please refer to page 64 of the attached 2017 Sustainability Report for further details in regards to our energy use.

Description

Other, please specify (Office Paper)

Metric value

716

Metric numerator

metric tonnes

Metric denominator (intensity metric only)

Not applicable

% change from previous year

25.9

Direction of change

Decreased

Please explain

NAB's office paper use continues to decrease due to the continued impact of flexible working environments, and technology solutions such as Follow You Printing. Our paper use decreased by 26% (250 t) when compared to the prior year.

Description

Other, please specify (Water)

Metric value

400655

Metric numerator

Water Withdrawal (kL)

Metric denominator (intensity metric only)

Not applicable

% change from previous year

18.6

Direction of change

Decreased

Please explain

NAB's potable water use decreased by 19% (19,498 kL) compared to the prior year. This decrease is mainly attributable to the divestment of GWB and the demerger of CYBG. Water use decreased in Australian office buildings due to a focus on reducing after-hours air conditioning and improved landlord building management practices.

Description

Waste

Metric value

2305

Metric numerator

metric tonnes

Metric denominator (intensity metric only)

Not applicable

% change from previous year

4.7

Direction of change

Decreased

Please explain

NAB's waste to landfill has decreased by 5% (114 t) compared to the prior year across all regions, except our United Kingdom (UK) Branch which has zero waste to landfill, as all waste is recycled or sent to incineration.

Description

Other, please specify (Gross GHG emissions)

Metric value

185898

Metric numerator

metric tonnes CO2-e

Metric denominator (intensity metric only)

Not applicable

% change from previous year

19.9

Direction of change

Decreased

Please explain

In the 2017 environmental reporting year, NAB's gross GHG emissions decreased by 20% (46,202 tCO2-e). This was mainly due to the reduction in energy use associated with divestments in the prior year: (i) Great Western Bank (GWB) July 2015 and (ii) Clydesdale Yorkshire Banking Group PLC (CYBG) in February 2016. Other factors which influenced the decrease in GHG emissions include the tri-generation plant being operational for the entire 2017 reporting period, a decrease in business travel related emissions, implementation of energy efficiency initiatives including solar, and lighting upgrades in our Australian and New Zealand businesses. Please refer to page 68 of the attached 2017 Sustainability Report for further details in regards to our GHG emissions.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

NAB 2017_assurance-national-carbon-offset-standard (1).pdf

NAB 2017_SBT and CN data_assurance-environmental-data.pdf

NAB 2017_assurance-national-greenhouse-and-energy-reporting.pdf

Page/ section reference

All. The document attached is a standalone verification statement. We have reasonable assurance for Australian Scope 1 and 2 emissions we report under the National Greenhouse and Energy Reporting Act. The remainder of our Group emissions have limited assurance.

Relevant standard

Other, please specify (ISAE 3000 and ISAE 3410)

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

NAB 2017_assurance-national-carbon-offset-standard (1).pdf

NAB 2017_SBT and CN data_assurance-environmental-data.pdf

NAB 2017_assurance-national-greenhouse-and-energy-reporting.pdf

Page/ section reference

All. The document attached is a standalone verification statement. We have reasonable assurance for Australian Scope 1 and 2 emissions we report under the National Greenhouse and Energy Reporting Act. The remainder of our Group emissions have limited assurance.

Relevant standard

Other, please specify (ISAE 3000 and ISAE 3410)

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

NAB 2017_assurance-national-carbon-offset-standard (1).pdf

NAB 2017_SBT and CN data_assurance-environmental-data.pdf

NAB 2017_assurance-national-greenhouse-and-energy-reporting.pdf

Page/ section reference

All. The document attached is a standalone verification statement. We have reasonable assurance for Australian Scope 1 and 2

emissions we report under the National Greenhouse and Energy Reporting Act. The remainder of our Group emissions have limited assurance.

Relevant standard

Other, please specify (ISAE 3000 and ISAE 3410)

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

NAB 2017_assurance-national-carbon-offset-standard (1).pdf

NAB 2017_SBT and CN data_assurance-environmental-data.pdf

NAB 2017_assurance-national-greenhouse-and-energy-reporting.pdf

Page/section reference

All. The document attached is a standalone verification statement.

Relevant standard

Other, please specify (ISAE 3000 and ISAE 3410)

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C2. Risks and opportunities	Other, please specify (% RE in power generation portfolio) <i>NAB annually reports on the percentage of renewable energy (RE) in its power generation portfolio. This data has been provided in our CDP response as part of risks and opportunities, for example CDP Q2.3a (Risk 3) and Q2.5 (Products and Services) and Q2.6 (Revenues). NAB considers financing of RE to be a strategic opportunity which reduces climate risk and assists our customers and communities to make the low carbon transition.</i>	ISAE 3000 and ISAE 3410	KPMG conducts limited assurance over data points included in NAB's carbon risk and opportunity disclosures. This includes the % of renewable energy generation in our power generation book which is publicly reported in our half and full year investor packs, and our Sustainability Report demonstrating how we are helping customers to make the low carbon transition, This data has been used in NAB's CDP responses.
C4. Targets and performance	Progress against emissions reduction target	ISAE 3000 and ISAE 3410	KPMG conducts limited assurance over NAB's progress against its science-based emissions reduction target.
C1. Governance	Other, please specify (Environmental finance commitment) <i>NAB's environmental financing commitment is to provide \$55bn in environmental finance by 2025 (between 1 October 2015 -30 September 2025) to assist the low carbon transition. This includes: (i) \$20bn to support green infrastructure, capital markets and asset finance (in FY2017 this reached \$4.9bn) and (ii) \$35bn in new mortgage lending flow for 6 Star residential housing in Australia (in FY2017 this reached \$8.52bn).</i>	ISAE 3000 and ISAE 3410	KPMG conducts limited assurance over data points included in NAB's carbon risk and opportunity disclosures. This includes the environmental financing data which is aggregated so NAB can publicly report on its environmental financing commitment, which includes financing to assist our customers in making the low carbon transition, This data has been used in NAB's CDP responses.

NAB 2017_SBT
and CN
data_assurance-
environmental-
data.pdf
NAB
2017_assurance-
carbon-risk-
disclosures.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Other carbon tax, please specify (CRC Energy Efficiency Scheme)

Carbon Reduction Commitment Energy Efficiency Scheme

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

Other carbon tax, please specify

Period start date

April 1 2016

Period end date

March 31 2017

% of emissions covered by tax

0

Total cost of tax paid

0

Comment

NAB's UK operations leased the building facilities during the reporting period. We had no reportable energy supplies because our energy consumption is paid for by the landlord and we pay for our energy consumption to the landlord as part of our tenancy agreement. We have not had direct energy bills since we divested Clydesdale and Yorkshire Banking Group. Under the CRC EE Scheme, participants must directly pay for their energy consumption to be taxed.

C11.1d

(C11.1d) What is your strategy for complying with the systems 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 2016 to 31 March 2017. 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 2016 - 31 March 2017 as required by the last business day in July 2017. NAB submitted a zero return in 2017 in accordance with CRC EE Scheme requirements as we no longer have any reportable energy supplies in the UK (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 contributes to the Group's science-based GHG emissions reduction target of 21% by 2025 and our energy reduction target of 5% by 2020, both with a 2015 baseline.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Geothermal

Project identification

Gunung Salak Serial number: 3370-151555776-151605561-VCU-010-MER-ID-1-144-01042011-31122011-0

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

49786

Number of credits (metric tonnes CO2e): Risk adjusted volume

49786

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

NZ Forest Leasing Serial number: 50075151572-50075161571 and 50139081144-50139082143

Verified to which standard

Other, please specify (New Zealand Emission Trading Scheme)

Number of credits (metric tonnes CO2e)

11000

Number of credits (metric tonnes CO2e): Risk adjusted volume

11000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Solar

Project identification

Qinghai Delingha Xiehe Bundled Solar Serial number: GS1-1-CN-GS3344-1-2014-4418-55016 to 56186

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

1171

Number of credits (metric tonnes CO2e): Risk adjusted volume

1171

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

InfraVest Changbin and Taichung bundled Wind Farms Project Serial number: GS1-1-TW-GS472-12-2014-4605-34085 to 75827

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

41743

Number of credits (metric tonnes CO2e): Risk adjusted volume

41743

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

India Bundled Wind (TASMA-II) Serial number: 3848-166214321-166215322-VCU-048-APX-IN-1-1352-01012012-31122012-0

Verified to which standard

CDM (Clean Development Mechanism)

Number of credits (metric tonnes CO2e)

1002

Number of credits (metric tonnes CO2e): Risk adjusted volume

1002

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Hydro

Project identification

Da Dang 2 Serial Number: 10757701 – 10807700

Verified to which standard

CDM (Clean Development Mechanism)

Number of credits (metric tonnes CO2e)

50000

Number of credits (metric tonnes CO2e): Risk adjusted volume

50000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

April Salumei Serial Number: 3937-168548374-168572015-VCU-016-APX-PG-14-1122-22052009-31122012-0

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

23642

Number of credits (metric tonnes CO2e): Risk adjusted volume

23642

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Other, please specify (Savanna Burning)

Project identification

Oriners and Sefton Savanna Burning Project Serial Number: 3743294783-3743301782

Verified to which standard

Other, please specify (Emission Reduction Fund (Australia))

Number of credits (metric tonnes CO2e)

7000

Number of credits (metric tonnes CO2e): Risk adjusted volume

7000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

- Stakeholder expectations
- Change internal behavior
- Drive energy efficiency
- Drive low-carbon investment
- Identify and seize low-carbon opportunities

GHG Scope

- Scope 1
- Scope 2
- Scope 3

Application

A uniform carbon price is applied to each region in which we operate.

Actual price(s) used (Currency /metric ton)

2

Variance of price(s) used

Average market price as informed through our purchasing process

Type of internal carbon price

Offsets

Impact & implication

NAB has an internal cost of carbon which is used in our standard business case template for capital projects related to energy efficiency, greenhouse gas reduction and renewable energy generation. Our internal carbon price is calculated based upon the actual average price paid for carbon offsets purchased to maintain NAB's carbon neutral status - a status we have maintained since 2010 when we were the first Australian bank to be accredited under the Australian Government's National Carbon Offset Standard Carbon Neutral Program. This means it is a voluntary market price based on the average cost 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 additional co-benefits alongside the carbon reductions. Our average internal carbon price for the 2017 environmental year reporting period was \$2 per tonne. This is an average of our purchases from the international voluntary carbon market, and the Australian Emissions Reduction Fund

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

59

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

33

Rationale for the coverage of your engagement

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. This data refers to our Scope 3 GHG emissions from base-building energy use (diesel, gas) and electricity not under NAB's operational control. Base-building GHG emissions represent our share of emissions from energy use to operate common facilities such as heating, cooling, ventilation and lifts within buildings we occupy. As we have regular engagement with our landlords to work together to reduce the energy use and associated generation of GHG emissions we have included this data in our supplier engagement. For our 6 major commercial buildings, we also share details on energy efficiency targets (NABERS Ratings) and in some instances we have shared whole of building energy efficiency targets.

Impact of engagement, including measures of success

NAB had a 11% reduction in Scope 3 Base Building energy since 2016. This was in part due to the delivery of energy efficiency initiatives in Australia including the installation of LED lighting and air conditioning upgrades undertaken by our landlords in areas of the building shared with NAB.

Comment**Type of engagement**

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

0.16

% total procurement spend (direct and indirect)**% Scope 3 emissions as reported in C6.5**

5

Rationale for the coverage of your engagement

NAB engages with our waste providers to reduce our waste to landfill and improving our diversion to recycling streams. Waste generation (combined waste to landfill and recycled materials) decreased by 18% from 6,133 metric tonnes in 2016 to 5,022 metric tonnes. 54% of total waste generated was diverted from landfill. This is a result of our engagement with our waste providers to implement additional recycling streams across the business and to provide advice to employees on best practices waste management. In 2017 in Australia, we introduced commingled recycling to a further 26 branches and business centres, increasing the number of branches and business centres with commingled recycling to 54. BNZ installed soft plastics recycling at its head office at 80 Queen Street, Auckland. We also recycle organic waste at six of our Australian office buildings. Across the Group, in consultation with our waste providers, we have continued to raise employee awareness around waste and recycling through new bins and signage, intranet articles and activities such as supporting National Recycling Week in Australia.

Impact of engagement, including measures of success

NAB has reduced carbon emissions from landfill waste by 10% since 2016. Waste continues to be a passionate topic among our staff with this being one of the most popular topics for feedback to the Environment team. Some of this feedback is acted upon in conjunction with our waste and recycling suppliers - eg introduction of disposable coffee cup recycling and reducing waste to landfill and associated scope 3 GHG emissions.

Comment

NAB has not provided a % spend to protect the confidentiality of supplier information.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

0.05

% total procurement spend (direct and indirect)

0.82

% Scope 3 emissions as reported in C6.5

28

Rationale for the coverage of your engagement

Travel is an important and necessary part of our business and contributes significantly to NAB's scope 3 emissions. Whilst we travel with a range of service providers in airlines and hotel providers, we engage directly with our travel provider for our Australian business in regards to climate change. They collect a carbon offset fee on our behalf for all hotel stays and domestic and international flights booked through them. These fees partially fund our annual carbon offset purchase which offset all GHG emissions, including those from business travel.

Impact of engagement, including measures of success

100% of NAB's scope 3 emissions generated through our travel provider are offset and in turn, our business is able to remain carbon neutral. As travel is a requirement of our business and the geographical reach of our organisation, we have looked at innovative ways to ensure our staff are mindful of the greenhouse gas emissions impact of their travel. Working in conjunction with our travel supplier, we have a process whereby all staff pay an offset fee. This awareness, as well as travel related bans across the business, has led to a reduction in scope 3 travel related emissions by 30% since 2016.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

Climate change is integrated into supplier evaluation processes

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

All suppliers to NAB, and therefore all sources of Scope 3 GHG emissions, have a sustainability questionnaire they must complete as part of our Supplier onboarding process. A risk-based approach is taken to this questionnaire with a higher level of focus on our material suppliers and suppliers in sensitive sectors.

Impact of engagement, including measures of success

NAB has 90% of material suppliers signed up to our Group Supplier Sustainability Principles through the supplier's participation in the sustainability questionnaire during onboarding - including questions on energy use and GHG emissions.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

Size of engagement

51

% Scope 3 emissions as reported in C6.5

73.4

Please explain the rationale for selecting this group of customers and scope of engagement

This is an example of the type of climate-related customer engagement undertaken by NAB. We identified that many of our customers had questions about how to assess the feasibility of entering into a Corporate Power Purchasing Agreement (CPPA) for renewable energy supply. To assist our customers we held a CPPA event to educate customers about: (i) the characteristics of a CPPA; (ii) the opportunities associated with a CPPA; and (iii) the risks and challenges associated with CPPA's. The event had presentations from experts and case studies from companies who had implemented a CPPA. There was also opportunity for attendees to network and talk with each other. 371 customers were invited to the event and 190 attended. Therefore, this represents around 51% of our invited customers that engaged in this event. We have used this figure for size of engagement. The attendees were represented from corporates interested in understanding CPPA's so they could decide if this would be an option for their renewable energy purchasing. Others in attendance were advisors or power generators (mainly but not exclusively renewable energy generators). A group of attendees were representatives from companies that own power generation assets to which we have provided project finance. Our Scope 3 investment emissions reported in C6.5 represent our estimated share of the total Scope 1 and 3 emissions from Australian designated power generation assets to which we provide project finance. The customer representatives attending this event represented 73.4% of the Scope 3 investment emissions reported in C6.5.

Impact of engagement, including measures of success

Customers indicated that they felt more informed about CPPAs and therefore were more confident in considering CPPA options for their companies. This provided an opportunity for B2B relationships to form between those companies wanting to purchase renewable energy and those producing it.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Australia's climate change policy)	Support	Responding with a submission to the Australian Government's Department of the Environment and Energy's review of Australia's climate change policies.	In announcing Australia's 2030 target, the Australian Government committed to review its climate change policies during 2017. The aim of the review was to ensure Australia's policies remain effective in achieving Australia's 2030 target and Paris Agreement commitments.
Other, please specify (Australia's energy market)	Support	Participating in a banking roundtable with the Australian Energy Market Operator	NAB contributed its observations from interacting with customers on the operation of the Australian Energy Market.
Other, please specify (Draft NCOS for Buildings and Precincts) <i>Draft National Carbon Offset Standard (NCOS) for Buildings and Precincts</i>	Support	Responding to the Australian Government Department of the Environment and Energy's consultation paper on the draft National Carbon Offset Standards (NCOS) for Buildings and Precincts	Introduction of a new Carbon Offset Standard for Buildings and Precincts to better cater for their unique characteristics.
Other, please specify (UK PRA Climate Change Survey) <i>UK Prudential Regulatory Authority (PRA)</i>	Support	Completing a climate change survey of UK-based banks conducted by the UK Prudential Regulatory Authority.	This was a survey undertaken to understand how banks in the UK are considering climate risk. NAB provided feedback to the survey outlining the climate change work we have undertaken to date and set out our plans for aligning NAB's reporting to the TCFD recommendations and for piloting the recommendations as part of the UNEP FI banking pilot.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Sustainable Business Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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:

- 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.

How have you, or are you attempting to, influence the position?

NAB monitors the engagement opportunities provided by SBA and engages in the discussion and submissions when the issues are relevant to our Business.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We participated in a range of climate change related industry activities, including:

- Presenting at the Clean Energy Council's 2017 Clean Energy Summit on financing the clean energy transition
- Presenting at the Carbon Markets Institute's 2017 Australian Emissions Reduction Summit. We shared our experiences in sourcing carbon offsets as a National Carbon Offset Standard Carbon Neutral Program member
- Participating in the Department of Energy and Environments National Carbon Offset Standard Carbon Neutral Network meetings and workshops
- Briefing members of the House of Representatives Standing Committee on Infrastructure, Transport and Cities Inquiry into the Australian Government's Role in the Development of Cities
- Presenting at the Green Building Council of Australia's annual Victorian members evening on transforming the built environment to net zero emissions by 2050
- Presenting at the 2017 Ecocity World Summit in Melbourne on renewable energy purchasing
- Participated in the Asia Pacific Loan Market Association (APLMA) Green Loan Working Group and Green Bond panel for APLMA Young Leaders in Sydney
- Member of the Australian Securitisation Forum and leading discussion on development of green securitisations in Australia
- Presenting at the Finance & Treasury Association 2016 Conference on Innovative Funding Techniques, specifically green bonds.

C12.3f

(C12.3f) 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 is committed to engaging responsibly in climate change policy development. This continues our longstanding approach to constructively engage in the policy development process, where it is relevant to our business. 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, as well as being consistent across business divisions and geographies. Under this process, 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 those policy changes, as they relate to NAB Group. Formal approval from relevant internal stakeholders is sought prior to the submission of a formal written response to proposed regulatory or policy changes.

C12.4

(C12.4) 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

In mainstream reports, in accordance with TCFD recommendation AND in line with CDSB framework

Status

Complete

Attach the document

2017 Annual Financial Report.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (Climate finance)

Publication

In mainstream reports

Status

Complete

Attach the document

FY17-full-year-investor-presentation.pdf

Content elements

Strategy
Emissions figures
Other metrics
Other, please specify (Portfolio exposure to coal & renewables)

Publication

In other regulatory filings

Status

Complete

Attach the document

2017_NCOS disclosure summary.pdf

Content elements

Emissions figures
Other, please specify (Carbon offset portfolio composition)

Publication

In voluntary sustainability report

Status

Complete

Attach the document

sustainability-report-2017.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (Climate finance)

Publication

In voluntary communications

Status

Complete

Attach the document

2017-annual-review.pdf

Content elements

Strategy

Other metrics
Other, please specify (Climate finance)

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm below

I have read and accept the applicable Terms