



nab

2015 Group Environmental Performance Summary

1 July 2014 – 30 June 2015

**National Australia Bank Limited
ABN 12 004 044 937**



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Our Environmental Agenda focuses on the following issues:

Climate change

Increasing impact of climate change and climate-related policy on business resulting in need for climate finance.

Resource scarcity

Increasing competition for finite resources has the potential to constrain economic growth and business operations.

Natural value

Increasing pressure on natural capital (environmental assets and services) that underpins our economic system could impact future asset and business value.

Purpose of this document

The document provides commentary on, and analysis of, environmental performance data for National Australia Bank Limited and its controlled entities (together, the Group). The document is provided as a supplement to the Group environmental performance summary data provided in the NAB Numbers section of our 2015 Dig Deeper available on nab.com.au.

In this Group Environmental Performance Summary, references to 'we', 'our', 'us', 'nab', 'NAB', the 'National', 'National Australia Bank' or the 'Company' are to National Australia Bank Limited ABN 12 004 044 937. The 'Group' refers to the National Australia Bank Limited and its controlled entities.

All information is for our environmental reporting year 1 July - 30 June except where otherwise stated and all graphs portraying environmental data represent Group-wide data from internal sources. Comparisons (such as an increase or decrease) are against the corresponding period in the previous year, unless otherwise stated. Refer to [Note 1](#) for more detail.

Forward looking statements, including targets, are not guarantees of future performance. All amounts are in Australian dollars, unless otherwise stated.

Any minor discrepancies between the totals and individual components set out in tables contained in this report are due to rounding.



Environmental performance summary¹

Statement of position for the Group								Summary of Group greenhouse gas emissions						
Indicator	Notes	Units	2015	2014	2013	2012	2011	(tCO ₂ -e emissions)	Notes	2015	2014	2013	2012	2011
Employee numbers ²	9	FTE	43,205	42,480	42,993	44,054	45,153	Total Scope 1 GHG emissions	3	23,052	23,481	20,848	25,460	25,551
Property space occupied ²		m ²	1,031,640	1,075,345	1,079,403	1,101,213	1,133,042	Total Scope 2 GHG emissions	3	162,029	168,982	177,540	170,857	172,990
Total operating expense ^{3,4}		\$m	(9,899)	(9,987)	(8,410)	(7,828)	(7,974)	Gross Scope 1 and 2 GHG emissions		185,081	192,463	198,388	196,317	198,541
Underlying profit ^{3,4}		\$m	9,399	8,534	10,153	10,396	9,620	Total Scope 3 emissions	3	91,503	105,228	112,636	109,241	120,549
Water consumption (estimate) ⁵	8	kL	612,222	656,838	686,234	679,287	722,590	Gross GHG emissions (Scope 1, 2 and 3)	3, 4	276,584	297,691	311,024	305,558	319,090
Waste to landfill (estimate) ⁵	6	tonnes	2,850	3,548	3,388	3,528	3,786	Renewable electricity (RE)	4	(20,644)	(23,193)	(22,614)	(27,431)	(21,970)
A3 & A4 office paper purchased	5	tonnes	1,156	1,306	1,440	1,538	1,687	Net GHG emissions (after RE) (Scope 1, 2 and 3)	4	255,940	274,498	288,410	278,127	297,120
Net energy consumption	2	GJ	1,083,881	1,117,629	1,102,678	1,139,452	1,144,975	Voluntary carbon offsets retired (offsets)	4	(255,940)	(274,498)	(288,410)	(278,127)	(297,120)
Gross GHG emissions ⁶	3	tCO ₂ -e	276,584	297,691	311,024	305,558	319,090	Net GHG emissions (after RE and offsets)		0	0	0	0	0

1 KPMG has provided assurance on specified GHG emissions and offset data presented in this Group Environmental Performance Summary.

2 The values shown for Employee numbers and Property space occupied shown in the Statement of position (and elsewhere in this document) represent an annual average of FTE and m² respectively across the period from 1 July to 30 June each year.

3 These numbers correspond to the Group's financial year ending 30 September. Following the sale of GWB, the Group's Income Statement has been prepared on a continuing operations basis in accordance with Australian Accounting Standards, with prior year comparatives restated. The restated Income Statement is presented on page 66 of NAB's 2015 Full Year Results.

4 Use of Underlying Profit as a metric (rather than measures of profit or economic activity) for normalisation of our environmental performance data allows for meaningful comparison to prior years' data and to financial intensity measures used in our CDP disclosures due to the nature of our underlying business activities. Please refer to page 3 of NAB's 2015 Full Year Results (available at www.nab.com.au) for a more detailed explanation of the elements comprising the Underlying Profit.

5 2011 – 2015 water consumption and waste to landfill numbers include United States, Australia, United Kingdom and New Zealand.

6 Gross GHG emissions have been restated for the 2013 (an additional 14 tCO₂-e) and 2014 (an additional 11 tCO₂-e) reporting years due to a reclassification of some organic waste to waste to landfill in New Zealand.

**Group reduction targets (against a 2013 baseline by 30 June 2016)**

	Notes	Units	2013 Baseline	2015 Actuals	Change	Status
5% reduction building energy emissions ⁷	3	tCO ₂ -e	204,079	193,781	-5.0%	✓
5% reduction in building energy use ⁷	2	GJ	967,127	898,044	-7.1%	✓
Increase waste diverted from landfill to 75% ⁸	6	%	62%	63%	63%*	~
10% reduction in office paper consumption	5	tonnes	1,440	1,156	-19.7%	✓
5% reduction in water consumption	8	kL	686,234	605,647	-11.7%	✓
Increase proportion of customers receiving online statements to 30% as at 30 June each year ⁹	5	%	28%	34.0%	34.0%*	✓

*As this target is a percentage outcome the 'Change' value is equal to the 2015 actual result.

Key ✓ Trending towards reduction target ~ Not expected to meet target

This year marks the second year of reporting against NAB Group's public 2014-2016 environmental targets. Five of the six targets are tracking ahead of forecast and are expected to be met. The waste diversion from landfill target is the exception as it is not increasing at the rate forecast and is therefore not expected to be met in 2016. The key reason for this is that our Australian operations have significantly decreased the amount of waste paper produced due to the implementation of Follow You Print, greater availability of technology to enable paperless working, and various process improvements. This reduction has exceeded expectations and is a positive result. However, it has impacted our waste diversion target as there is less paper waste to recycle. Further information regarding our performance in each of the target areas is presented in the following Notes to the Environmental Performance Summary.

⁷ Our targets for GHG emissions from stationary energy in buildings and energy use in buildings are from the following sources: Australia – energy use and GHG emissions from electricity, diesel and gas; New Zealand – energy use and emissions from electricity and gas; UK – energy use and GHG emissions from gas and electricity; US – electricity and emissions from the GWB operations; and Asia – electricity usage and related emissions.

⁸ Waste recycled and waste to landfill volumes have been decreasing at a similar rate (14% and 13% reduction from 2013 base year respectively).

⁹ Customer statements data is for our Australian, New Zealand and US businesses only.



Notes to the environmental performance summary

Note 1: Reporting policies

Reporting period

This Group Environmental Performance Summary has been prepared based on a reporting year from 1 July to 30 June, unless otherwise stated. This environmental reporting year has been established to align with regulatory reporting requirements in the Australian geography, where the bulk of the Group's greenhouse gas (GHG) emissions currently occur. It should be noted that this is not the same as the Group's financial reporting period, which has a year end of 30 September.

Organisational boundary

NAB Group reports its environmental performance data using an operational control approach to define its organisational boundary.

In Australia, the organisational boundary for our relevant Scope 1 and 2 GHG emissions meets the definitional requirements of the *National Greenhouse and Energy Reporting Act 2007 (Cth)*. In the UK, the organisational boundary for our relevant Scope 1 and 2 GHG emissions meets the requirements of the *Carbon Reduction Commitment Energy Efficiency Scheme (UK)*.

In addition to reporting on aspects of our environmental performance over which we have operational control or can exert a significant degree of influence, we are committed to playing an influencing role with employees, customers and suppliers to assist and encourage them to reduce their own environmental footprint.

Geographic scope

Environmental performance data has been reported for NAB Group's operations in Australia, New Zealand (NZ), the United Kingdom (UK), Asia and the United States (US), where data of a reasonable quality is available, or a reasonable estimate can be made. Our reporting currently excludes a small office in Canada, from which GHG emissions are considered to be immaterial.

All references to the 'US' refers to the combined environmental performance and data of our New York branch and Great Western Bank (GWB) operations. A major part of the US operations, GWB, was fully divested from the Group on 29 July 2015 and will therefore not be included in future reporting.

All references to Asia refers to the combined environmental performance and data of our offices in Japan, Hong Kong, China, India, Singapore and Indonesia.

Baseline for 2016 targets

The baseline data for NAB Group's environmental reduction targets is the data prepared for the 2013 environmental reporting period, except for GHG emissions and energy consumption. For these target areas our 2013 baseline has been adjusted to reflect normal operating conditions given our tri-generation facility was non-operational for an extended period of time during 2013.

Prior year statements

Where relevant and applicable, prior year figures have been restated when more accurate data becomes available. Restatements are noted where relevant as footnotes in this Group Environmental Performance Summary.

Estimation

Where complete information is not available, estimates are made by extrapolating from known activity data or by applying an uplift based on reconciliation between systems that collect activity data and our financial reporting systems. Estimates are footnoted where relevant within this Group Environmental Performance Summary.

Reporting of GHG emissions

All GHG emission figures reported as part of the Group's environmental performance are in tonnes of carbon dioxide equivalents (tCO₂-e) and include the main GHGs covered in the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs), as relevant. The Group does not have emissions of sulphur hexafluoride (SF₆).

Our *Environmental Reporting and Offset Management Standard* sets out the decision framework we have used to establish which Scope 3 GHG emissions are included in our carbon inventory.

All Scope 2 GHG emissions from direct operations are included in our carbon inventory (except for Canada as previously mentioned).

All Scope 1 GHG emissions from our direct operations in Australia, the UK and NZ are included in NAB Group's carbon inventory. For our smaller operations in the US and Asia, Scope 1 data is included where it is available and of a reasonable quality.

NAB Group's Scope 3 GHG emissions include those Scope 3 emissions identified as mandatory for reporting under the framework of the World Resources Institute (WRI) provided in *Hot Climate, Cool Commerce: A Service Sector Guide to Greenhouse Gas Management*. It also includes other voluntary sources of GHG emissions which are relevant to our business, which we have determined to include using the principles and tests provided in the WRI Service Guide and presented in the highlight box on page 6.

The GHG emissions associated with NAB's carbon inventory and the activities noted within this Group Environmental Performance Summary have been calculated on the basis of measured or estimated energy and fuel use, or relevant activity data, and multiplied by relevant GHG emission factors.

Where possible, fuel or energy use is based on direct measurements, purchase invoices or actual activity data; in other cases, it has been necessary to make estimates. Where estimates or extrapolations have been used, this is noted.



Notes to the environmental performance summary

Note 1: Reporting policies (continued)

Relevant published national government emissions factors were used to calculate GHG emissions wherever possible. In the absence of such national factors, we have also used GHG emissions factors provided in reporting guidelines produced by voluntary reporting initiatives, or we have used GHG emissions factors developed by consultants with specialist expertise.

Reporting methodologies

NAB Group's carbon inventory is consolidated using our environmental reporting system with reference to the following methodology descriptions and sources of GHG emissions factors:

- National Greenhouse Accounts (NGA) Factors, July 2009
- National Greenhouse Accounts (NGA) Factors, July 2014
- National Greenhouse and Energy Reporting (Measurement) Determination 2008, compiled 1 July 2014
- National Greenhouse Accounts (NGA) Factors, July 2015
- 2015 UK Government conversion factors for Company Reporting from the Department for Environment, Food and Rural Affairs (DEFRA)
- For office paper – we have used emissions factors prepared for EPA Victoria by Tim Grant and Leyla Acaroglu of Life Cycle Strategies, Richmond, Victoria. These were published in *Greenhouse Gas Emission Factors for Office Copy Paper* Publication 1374.1: October 2013.

- For refrigerants – our method reflects the GHG Protocol worksheet titled hfc-pfc (1) – Worksheet 3: Screening Method for HFC and PFC Emissions from refrigeration/AC Equipment: Emission Factor Based Approach: Step 2: Determine Net Gross HFC and PFC Emissions from Operation of Refrigeration/AC Equipment. Some additional Global Warming Potentials (GWPs) have also been taken from ASHRAE Standard 34 – Table 1: GWPs of Common Greenhouse Gases and Refrigerants. 2nd Assessment GWPs for refrigerant gases have been applied to our Australian related inventory and 4th Assessment GWPs applied for all other jurisdictions we operate in. This is in line with methodology guidelines provided for the respective jurisdictions.
- For hotel stays – the method used incorporates information and factors from the CIBSE *Guide F – Energy Efficiency in Buildings*, the 2015 UK Government conversion factors for Company Reporting from the Department for Environment, Food and Rural Affairs (DEFRA) and the *International Energy Agency – CO₂-e emissions From Fuel Combustion Highlights* (2014 Edition)
- *Guidance for Voluntary, Corporate Greenhouse Gas Reporting – Data and Methods for the 2013 Calendar Year*. New Zealand Ministry for Environment, April 2015

- The US Climate Registry – General Reporting Protocol V1.1 May 2008, including updates and clarifications released July 15, Climate Registry Default Emission Factors – Released April 2015 (incorporating eGrid 9th edition Version 1.0 Year 2010 GHG Annual Output Emission Rates).

Across the Group, where there is evidence that a proportion of activity data relevant to the calculation of a GHG emissions source is generated outside corporate systems, an uplift factor is applied to account for this additional business activity. This is to ensure that we do not underestimate our GHG emissions. The uplift factor is calculated based on a reconciliation of activity data in corporate systems compared with expenditure data.

Uplift factors applied to Australian 2015 data are as follows: (i) a 7% uplift to Business travel – air, for flights not booked through our corporate travel provider; (ii) a 1% uplift for Business travel – hotel stays for stays not booked through our corporate travel provider; and (iii) an 8% uplift for Business travel – rental cars, for bookings not made through our corporate rental car provider.

In New Zealand, the uplift factors applied in 2015 include: (i) Air Travel – domestic uplift of 1.4% and international short and long haul uplift of 6.2%; (ii) Rental Cars – average uplift applied was 17.5%; and (iii) hotel uplift – domestic uplift of 7.05% and international uplift of 16.5%. These uplifts capture specific categories of business travel where bookings have occurred outside of our New Zealand operations' preferred travel suppliers.

Principles and tests for guiding decisions regarding the inclusion of GHG emissions in NAB Group's carbon inventory

General principles – applying to Scope 1, 2 and 3 GHG emissions:

1. Relevance
2. Completeness
3. Consistency
4. Transparency
5. Accuracy

Tests for relevance – applying to Scope 3 GHG emissions:

- a. Is the emission-causing activity significant or believed to be significant relative to the NAB Group's Scope 1 and Scope 2 GHG emissions?
- b. Is the GHG emission-causing activity crucial to the NAB Group's core business?
- c. Do NAB Group's key stakeholders believe that it is important to account for particular GHG emission causing activities?
- d. Can NAB Group reduce or mitigate some of the GHG emissions?
- e. Are the GHG emissions from an outsourced activity that would have been previously categorised as producing Scope 1 emissions?
- f. Is NAB Group able to readily find reliable data for the GHG emission-causing activity?



Notes to the environmental performance summary

Note 2: Energy consumption and production

Group direct and indirect energy consumption and production

(GJ)	2015	2014	2013	2012	2011
Direct energy consumption	366,306	379,353	325,513	390,083	389,190
Indirect energy consumption	760,321	782,136	801,593	797,595	804,296
Gross energy consumption	1,126,627	1,161,489	1,127,106	1,187,678	1,193,486
Indirect energy production	(42,746)	(43,860)	(24,428)	(48,226)	(48,511)
Net energy consumption	1,083,881	1,117,629	1,102,678	1,139,452	1,144,975

- Direct energy consumption refers to energy from fuel used in buildings for heating and back-up power generation, as well as fuel used in our vehicle fleet.
- Indirect energy consumption refers to electricity consumption, from grid supply, and from tri-generation and solar PV.
- Indirect energy production refers to electricity generated through tri-generation (42,528 GJ) and solar PV (218 GJ).
- Net energy consumption refers to gross energy consumption minus indirect energy production.

Regional direct and indirect energy consumption and production

(GJ)	Australia ¹⁰		United Kingdom		New Zealand		United States		Asia	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Direct energy consumption	200,011	203,997	66,425	61,070	57,002	58,471	42,774	55,712	94	103
Indirect energy consumption	495,189	508,677	141,886	134,819	66,607	69,166	51,828	64,665	4,811	4,809
Gross energy consumption	695,200	712,674	208,311	195,889	123,609	127,637	94,602	120,377	4,905	4,912
Indirect energy production	(42,746)	(43,860)	0	0	0	0	0	0	0	0
Net energy consumption	652,454	668,814	208,311	195,889	123,609	127,637	94,602	120,377	4,905	4,912

¹⁰ There is a slight variation in the energy data here and our energy data reported under NGRS. This is due to some circumstances in which the Emissions and Energy Reporting System (EERS) rounds the energy consumed inputs. Refer to S1.16 of the National Greenhouse and Energy Reporting (Measurement) Determination 2008. This issue has been acknowledged by the Clean Energy Regulator and is not considered an error.



Notes to the environmental performance summary

Note 2: Energy consumption and production (continued)

The Group's net energy consumption from buildings and vehicles in 2015 was 1,083,881 GJ. This represents a decrease of 3% from 2014, primarily due to:

- A 21% (25,800 GJ) decrease in US building-based energy use due to milder winter weather and less demand for heating;
- A 2.4% (16,300 GJ) decrease in Australian energy use as a result of a full twelve months operation of our new environmentally designed building at 700 Bourke Street Docklands, and our exit from the five less energy efficient buildings following our occupancy of 700 Bourke Street. We are now realising the full environmental benefits from this major transformation project which commenced in 2010; and

- Energy efficiency measures and the ongoing transition to a more efficient vehicle fleet in NZ, which contributed to a 3% (4,000 GJ) decrease in our NZ operations' net energy use. Additionally, our NZ operations' electricity consumption has decreased 3.3% compared to last year, and this is attributed to the continued savings from the Protégé building energy use monitoring system.

This decrease was partially offset by an increase in Australian energy use in other areas. These included:

- A 9.5% increase in vehicle fuel energy use to support the business' stronger tilt towards the Agri-business segment, which has resulted in increased vehicle travel and a shift from hybrid to diesel vehicles to meet business requirements; and

- Increased energy demand in data centres due to ongoing deployment of new IT equipment while operating three data centres.

Net energy use in the UK also increased this year by around 6.3%. This was mainly due to (i) the inclusion of non-billed sites not previously included; and (ii) a 21.9% increase in vehicle fuel use. This increase was partially offset by a small decrease in energy consumption arising from building relocations, co-locations and some UK branch closures.

Our UK operations also continued to purchase renewable electricity certified under the UK Renewable Energy Guarantee of Origin (REGO) scheme. A total of 35,907 MWh of renewable electricity

was purchased in 2015 which is the equivalent of 20,644 tCO₂-e under the REGO scheme.

At Group level, indirect energy intensity has not materially changed from last year. Indirect energy intensity per square meter of property space occupied was 0.7 GJ/m². Net energy intensity per FTE decreased from 26.3 GJ/FTE to 25.1 GJ/FTE. This was due to a small increase in FTE, and a decrease in energy consumption.

Performance against target

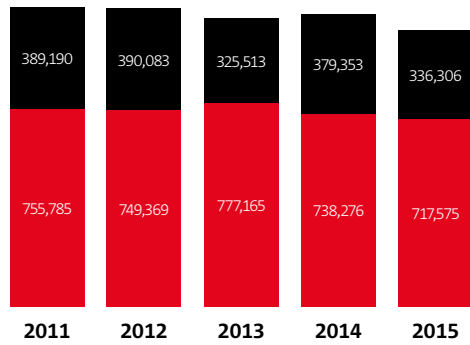
Building energy use has decreased 7.1% from our 2013 baseline year and is on track to meet our 2016 performance target of a 5% reduction.



Notes to the environmental performance summary

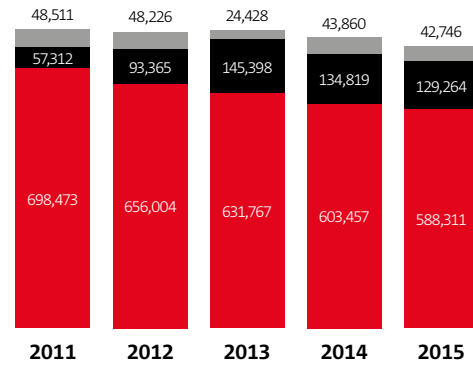
Note 2: Energy consumption and production (continued)

Group net direct and indirect energy consumption (GJ)



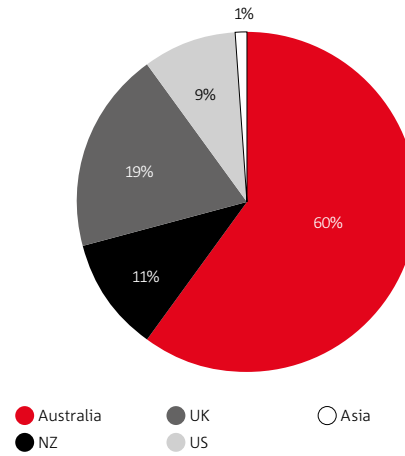
● Indirect Consumption (excl. indirect energy production)
● Direct Consumption

Group indirect energy consumption mix (GJ)



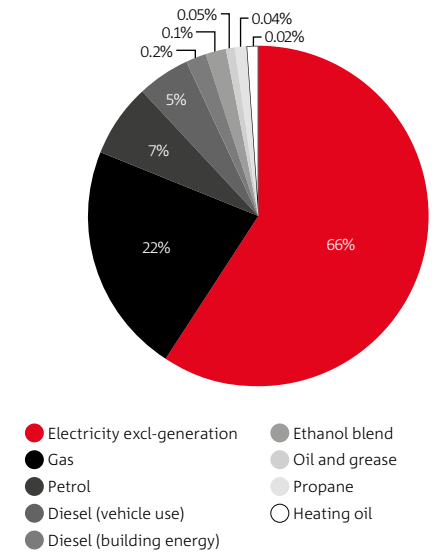
● Grid electricity supply
● Renewable electricity
● Tri-generation supply

Net energy use by region (%)



● Australia ● UK ○ Asia
● NZ ● US

Group net energy consumption by fuel type (%)



● Electricity excl-generation ● Ethanol blend
● Gas ● Oil and grease
● Diesel (vehicle use) ● Propane
● Diesel (building energy) ● Heating oil

Summary of Australian and New Zealand energy efficiency opportunities as at 30 June 2015

Stage of development	Total number of projects	Total estimated annual CO ₂ -e (tonnes)
Under investigation	2	Not Available
To be implemented	10	1,161
Implementation commenced	15	16,722
Implemented	863	84,023
Not to be implemented	266	Not Available
Total	1,156	101,906



Notes to the environmental performance summary

Note 3: Group GHG emissions by activity

(tCO ₂ -e GHG emissions)	% change from prior year	2015	2014	2013	2012	2011
Scope 1						
Building-based refrigerants – HVAC, refrigerators	4%	1,675	1,610	1,790	2,822	2,977
Business travel – status-use vehicle fleet (UK only)	14%	320	281	334	453	438
Business travel – work-use vehicle fleet: diesel, petrol, ethanol	6%	8,422	7,970	8,036	8,355	8,177
Stationary energy – combustion of fuel: diesel, gas, propane	-8%	12,430	13,446	10,509	13,624	13,772
Status-use vehicle fleet – air conditioning refrigerant (UK only)	4%	24	23	28	47	39
Work-use vehicle fleet – air conditioning refrigerant	20%	181	151	151	159	148
Total Scope 1	-2%	23,052	23,481	20,848	25,460	25,551
Scope 2						
Stationary energy – electricity (Total Scope 2)	-4%	162,029	168,982	177,540	170,857	172,990
Scope 3						
A4 and A3 paper purchased	-23%	380	491	599	634	756
Base-building energy – combustion of fuel: diesel, gas, propane (Aust. only)	52%	1,623	1,069	1,388	1,652	1,398
Base-building energy – electricity (Aust. & NZ only)	-28%	20,531	28,424	31,802	32,996	32,905
Business travel – air ¹²	-3%	28,217	29,040	31,145	27,808	37,026
Business travel – employee vehicle: work purpose claims	-24%	2,691	3,520	4,315	3,925	4,659
Business travel – ferry (UK only)	-40%	0.03	0.05	0.28	0.17	0.10
Business travel – hotel stays	7%	5,234	4,909	4,638	4,352	5,048
Business travel – rail (UK only)	-16%	258	306	252	199	377
Business travel – rental cars	-7%	425	459	565	585	628
Business travel – status-use vehicle fleet (UK only)	-1%	85	86	106	125	110
Business travel – taxi use	1%	1,515	1,504	1,668	1,689	1,911
Business travel – work-use vehicles fleet: diesel, petrol, ethanol	11%	441	398	430	470	455
Business travel – supplier	-12%	156	178	187	272	603
Transmission losses – base-building energy: diesel, gas, propane, electricity (Aust. & NZ only)	-34%	2,953	4,487	4,873	4,938	4,908
Transmission losses – stationary energy: diesel, gas, propane, electricity	-10%	23,902	26,556	27,006	25,722	25,618
Waste to Landfill ¹¹	-19%	3,062	3,776	3,633	3,833	4,112
Water consumption – estimate (UK only)	21%	30	25	29	41	34
Total Scope 3	-13%	91,503	105,228	112,636	109,241	120,549
Gross GHG emissions (total of Scopes 1, 2 and 3)	-7%	276,584	297,691	311,024	305,558	319,090

11 GHG emissions relating to Waste to landfill data for New Zealand have been restated for the 2013 and 2014 reporting years due to a reclassification of some organic waste to waste to landfill.

12 Business travel – air: 2015, 2014 and 2013 air travel includes DEFRA's required distance uplift (but excludes radiative forcing). GHG emissions from air travel in years prior to 2013 exclude both distance uplift and radiative forcing.



Notes to the environmental performance summary

Note 3: Regional GHG emissions by activity (continued)

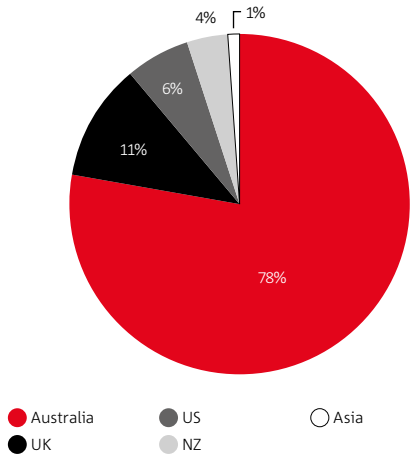
Regional GHG emissions by activity (tCO ₂ -e GHG emissions)	Australia		United Kingdom		New Zealand		USA		Asia	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Scope 1										
Building-based refrigerants – HVAC, refrigerators	866	900	309	270	231	195	269	245	0	0
Business travel – status-use vehicle fleet	0	0	320	281	0	0	0	0	0	0
Business travel – Work-use vehicles fleet: diesel, petrol, ethanol	4,503	4,078	303	249	3,560	3,586	49	50	7	7
Stationary energy – combustion of fuel: diesel, gas, propane	6,811	7,356	3,184	2,990	307	323	2,128	2,777	0	0
Status-use vehicle fleet – air conditioning refrigerant	0	0	24	23	0	0	0	0	0	0
Work-use vehicle fleet – air conditioning refrigerant	111	92	15	12	53	46	2	1	0	0
Total Scope 1	12,291	12,426	4,155	3,825	4,151	4,150	2,448	3,073	7	7
Scope 2										
Stationary energy – electricity (Total Scope 2)	130,096	133,589	18,216	18,510	2,560	3,170	10,238	12,786	919	927
Scope 3										
A4 and A3 paper purchased	13	11	232	310	51	69	65	83	19	18
Base-building energy – combustion of fuel: diesel, gas, propane (Aust. only)	1,623	1,069	0	0	0	0	0	0	0	0
Base-building energy – electricity (Aust. & NZ only)	20,238	28,262	0	0	293	162	0	0	0	0
Business travel – air	21,526	21,476	1,962	2,471	2,378	2,401	620	716	1,731	1,976
Business travel – employee vehicle: work purpose claims	1,518	1,499	511	1,313	116	128	546	580	0	0
Business travel – ferry (UK only)	0	0	0.03	0.05	0	0	0	0	0	0
Business travel – hotel stays	3,955	3,696	481	441	402	373	204	203	192	196
Business travel – rail (UK only)	0	0	257	306	0	0	0	0	1	0
Business travel – rental cars	206	268	8	8	32	34	141	114	38	35
Business travel – status-use vehicle fleet (UK only)	0	0	85	86	0	0	0	0	0	0
Business travel – taxi use	1,277	1,271	89	63	123	139	2	1	24	30
Business travel – work-use vehicles fleet: diesel, petrol, ethanol	353	321	88	77	0	0	0	0	0	0
Business travel – supplier	0	0	156	178	0	0	0	0	0	0
Transmission losses – base-building energy: diesel, gas, propane, electricity (Aust. & NZ only)	2,929	4,472	0	0	24	15	0	0	0	0
Transmission losses – stationary energy: diesel, gas, propane, electricity	17,924	20,102	4,869	5,091	240	321	614	762	255	280
Waste to Landfill	2,530	2,972	0	289	142	137	390	378	NR	NR
Water consumption – estimate (UK only)	0	0	30	25	0	0	0	0	0	0
Total Scope 3	74,092	85,419	8,768	10,658	3,801	3,779	2,582	2,837	2,260	2,535
Gross GHG emissions (total of Scopes 1, 2 and 3)	216,479	231,434	31,139	32,993	10,512	11,099	15,268	18,696	3,186	3,469



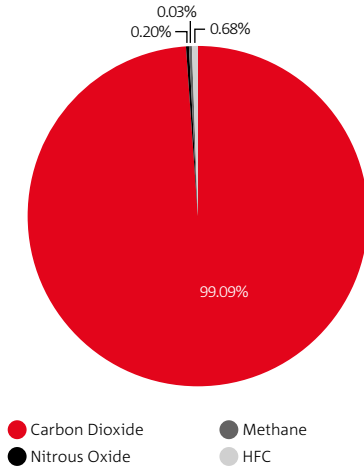
Notes to the environmental performance summary

Note 3: GHG emissions by activity (continued)

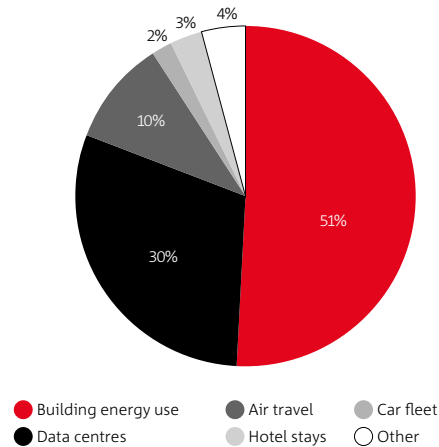
Group GHG emissions by region



GHG emissions by gas type



Group GHG emissions by source



The Group's gross GHG emissions in 2015 were 276,584 tCO₂-e, (255,940 tCO₂-e net of Renewable Energy) which represents a 7% decrease compared with 2014. The key reasons for this were:

- The completion of the Melbourne office building consolidation has contributed to a 2.6% decrease in electricity related emissions in Australia, although this has been somewhat offset by increasing energy demand to support ongoing deployment of new IT equipment and infrastructure as outlined in Note 2. During the reporting period we continued to operate three data centres in Australia as we neared the finalisation of a three year data centre

transformation project to a purpose built, LEED Platinum certified new data centre. Already this is delivering significant energy and water savings with the full impact of this transformation expected in the 2016 reporting year.

- A significant (26.7%) decrease in emissions from Australian base building energy use. A key contribution to this decrease was fuel switching from electricity to gas in Australia, as a result of the transition to 700 Bourke Street (which has a gas co-generation plant). Other projects undertaken in collaboration with our landlords to optimise energy efficiency of base building plant have also contributed to the decrease in base

building emissions.

- A significant decrease (16%) in the electricity emission factor for NZ, as a result of a higher proportion of renewable energy generation in NZ grid. Additionally, our NZ operations achieved a 3.2% decrease in electricity consumption as a result of ongoing energy efficiency initiatives.
- A 3% decrease in Group business travel related emissions, which was driven by the refinement of data collection methodologies for rental vehicles, air travel and employee vehicle claims.

Group vehicle fleet emissions increased by 5.7%. This was mainly due to a 10.4% increase in GHG emissions from work-use

vehicles in Australia due to the business tilt towards Agri-business. This has significantly increased the number of diesel vehicles in our fleet and led to a subsequent increase in diesel fuel consumption.

Performance against target

Building energy use related greenhouse gas emissions have decreased 5.0% from our 2013 baseline year and we are on track to meet our 2016 performance target of a 5.0%.



Notes to the environmental performance summary

Note 4: Offsetting activities

Group offsetting activities										
(tCO ₂ -e)	2015	2014	2013	2012	2011					
Gross GHG emissions	276,584	297,691	311,024 ¹³	305,558	319,090					
Certified renewable electricity	(20,644)	(23,193)	(22,614)	(27,431)	(21,970)					
Voluntary carbon offsets	(255,940)	(274,498)	(288,410)	(278,127)	(297,120)					
Net emissions	0	0	0	0	0					

Regional offsetting activities										
(tCO ₂ -e)	Australia		United Kingdom		New Zealand		USA		Asia	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross GHG emissions	216,479	231,434	31,139	32,993 ¹³	10,512	11,099	15,268	18,696	3,186	3,469
Certified renewable electricity ¹⁴	0	0	(20,644)	(23,193)				0		
Voluntary carbon offsets	(216,479)	(231,434)	(10,495)	(9,800)	(10,512)	(11,099)	(15,268)	(18,696)	(3,186)	(3,469)
Net emissions	0	0	0	0	0	0	0	0	0	0

¹³ Offsets for 2014 and 2013 have been reallocated following the restatement of Gross GHG emissions for the 2013 and 2014 reporting years due to a reclassification of some organic waste to waste to landfill in NZ.

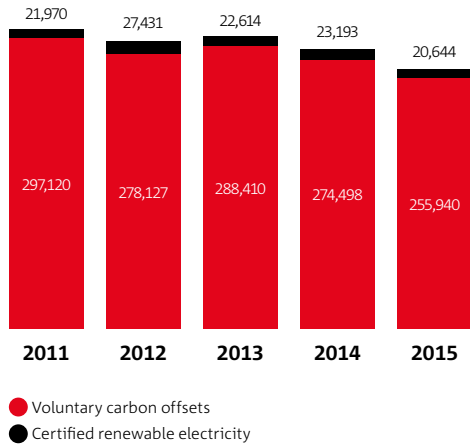
¹⁴ Our UK operations buy government certified renewable electricity under the UK Renewable Energy Guarantee of Origin (REGO) Scheme.



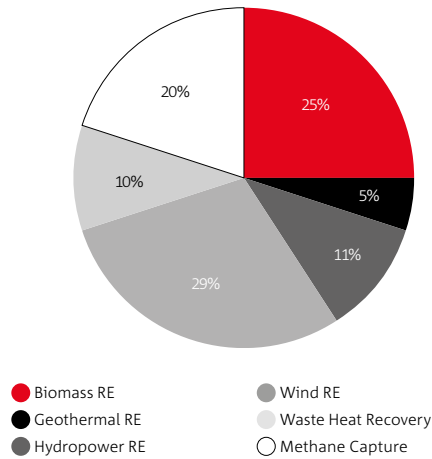
Notes to the environmental performance summary

Note 4: Offsetting activities (continued)

Group offsetting activities (tCO₂-e)

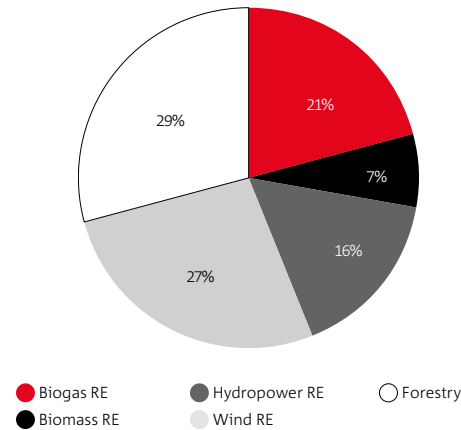


Offset portfolio by project type for actual 2015 GHG emissions (%)



RE = Renewable Energy Generation

Offset portfolio by project type for forecast 2016 GHG emissions (%)



RE = Renewable Energy Generation

A total of 255,940 tCO₂-e of offsets have been retired to cover Group-wide net GHG emissions occurring in the 2015 reporting period, after accounting for the net reduction in GHG emissions due to our purchase of renewable electricity in the UK (equivalent to a reduction of 20,644 tCO₂-e). Additionally, in 2015 we retired 242,560 tCO₂-e of carbon offsets to cover our expected 2016 GHG emissions across the Group.

Our requirements for the purchase of quality carbon offsets and the management of our offset portfolio are documented in

our *Environmental Reporting and Offsets Management Standard*. The portfolio diversity and quality requirements outlined in this Standard were adhered to for our 2015 and 2016 offset allocations.

Our forward purchasing model for carbon offsets means we calculate our forecast GHG emissions for the 2016 year based on the actual GHG reported in our 2015 carbon inventory. Additionally this year, we have included adjustments for key planned 2016 activities and the divestment of GWB which occurred in July 2015. We regularly review

our forecast GHG emissions for the year against our allocated carbon offsets and reallocate from our retired offset pool if necessary.

Offsets from renewable energy projects comprise around 70% of our 2015 offset allocation. This year, we purchased offsets for 2016 and beyond from projects with co-benefits that reflect our Group priorities. This included purchasing offsets from projects located in Australia and New Zealand which support domestic abatement. Additionally, the New Zealand offset project

supplier, New Zealand Carbon Farming Group, is a key customer of the Bank of New Zealand. We have also purchased offsets from a UN REDD project in Papua New Guinea which has significant biodiversity protection and aligns with the Natural Value element of our Environmental Agenda. This has resulted in all our offsets for 2016 being from renewable energy and forestry projects.



Notes to the environmental performance summary

Note 5: Office paper and customer statements

Group paper use	Units	2015	2014	2013	2012	2011
Total A3 & A4 office paper purchased	tonnes	1,156	1,306	1,440	1,538	1,687
A3 & A4 office paper purchased containing recycled content	%	70%	67%	22%	15%	27%
A3 and A4 office paper purchased that is carbon neutral	%	72%	68%	65%	67%	0.26%
Total A3 & A4 office paper purchased per FTE	kg/FTE	27	31	33	35	37
Online statements	count	2,723,800	2,611,426	1,941,678	NR	NR
Printed statements	count	5,320,926	5,390,149	4,977,386	NR	NR
% online only statements	%	34%	33%	28%	NR	NR

Regional paper use	Units	Australia		United Kingdom		New Zealand		USA		Asia	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total A3 & A4 office paper purchased	tonnes	751	805	214	285	122	133	52	66	17	17
A3 & A4 office paper purchased containing recycled content	%	98	99	1	1	21	23	88	87	0	0
A3 & A4 office carbon neutral certified office paper	%	99	99	0	0	72	64	0	0	0	0
Total A3 & A4 office paper purchased per FTE	kg/FTE	26	29	28	37	25	27	34	42	34	34

NR = Not Reported

Total purchase of A3 & A4 office paper in 2015 decreased across the Group by 12% compared with 2014. Paper purchased per FTE has dropped from 31kg to 27kg per FTE. 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).

Across the Group, A3 & A4 office paper purchased is either ECF, PCF or TCF bleached pulp fibre. In addition, our A3 & A4 office paper in Australia and New Zealand is certified, to ensure paper pulp is sourced from sustainably managed forestry.

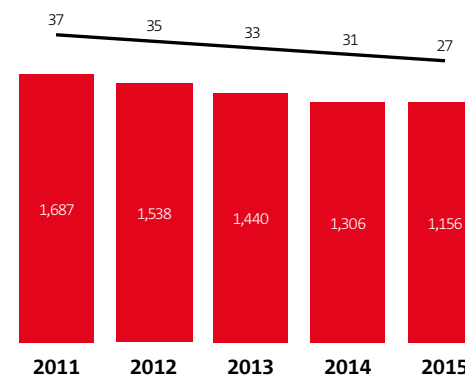
98% of our Australian business' office paper is 100% recycled content and 99% is certified carbon neutral, and 72% of our New Zealand business' office paper is also certified carbon neutral.

Performance against target

A3 & A4 office paper use has decreased 19.7% from our 2013 baseline year and we are on track to meet our 2016 performance target of a 10% reduction.

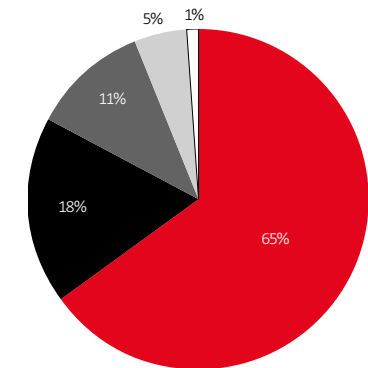
Similarly, the proportion of online only statements has increased from 28% in 2013 to 34% and we are exceeding our 2016 performance target of 30% of customers receiving online statements by 2016.

Group A3 & A4 office paper purchased



● Total A3 & A4 office paper purchased (tonnes)
 — Total A3 & A4 office paper purchased per FTE (kg/FTE)

A3 & A4 office paper purchased by geography



● Australia ● NZ ○ Asia
 ● UK ● US



Notes to the environmental performance summary

Note 6: Waste to landfill and recycling^{15, 16}

Group waste to landfill and recycling tonnes (estimate)	2015	2014	2013	2012	2011
Paper collected and recycled	3,432	4,585	4,455	3,797	4,084
Other waste recycled	1,369	1,446	1,089	1,013	626
Total materials recycled/diverted from landfill	4,801	6,031	5,544	4,810	4,710
Total waste to landfill	2,850	3,548	3,388	3,528	3,786
Total waste generated	7,651	9,579	8,932	8,338	8,496
Total waste to landfill per FTE (kg/FTE)	66	84	79	80	84
% waste diverted from landfill	63%	63%	62%	58%	55%

Regional waste to landfill and recycling tonnes (estimate)	Australia		United Kingdom		New Zealand		USA		Asia	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Paper collected and recycled	1,680	2,599	943	1,132	411	419	382	418	16	17
Other waste recycled	458	616	709	678	200	150	0	0	2	2
Sub-total materials recycled/diverted from landfill	2,138	3,215	1,652	1,810	611	569	382	418	18	19
Waste to landfill	2,300	2,702	0 ¹⁷	270	218	223	332	353	NR	NR
Total waste generated	4,438	5,917	1,652	2,080	829	792	714	771	NR	19
Total waste to landfill per FTE (kg/FTE)	81	97	0	35	45	46	215	224	NR	NR
% Waste diverted from landfill	48%	54%	100%	87%	74%	72%	54%	54%	NR	NR

NR = Not Reported

¹⁵ Total waste to landfill and recycling includes measured and extrapolated data.

¹⁶ Waste to landfill data for NZ has been restated for the 2013 and 2014 reporting years due to a reclassification of some organic waste to waste to landfill. A waste audit conducted by our NZ operations identified and rectified this error.

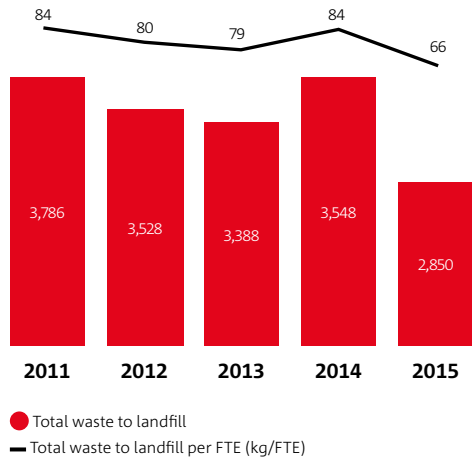
¹⁷ This year, our UK operations achieved a 100% diversion rate of waste from landfill with the majority of waste being recycled and the remaining waste going to incineration.



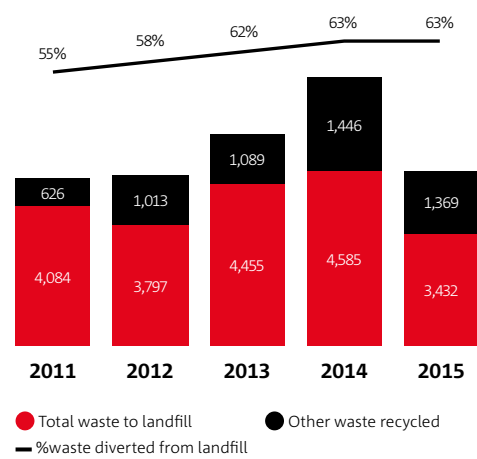
Notes to the environmental performance summary

Note 6: Waste to landfill and recycling (continued)

Group waste to landfill estimate (tonnes)



Group recycled materials estimate (tonnes)



Total estimated waste generated across the Group decreased by around 20% in 2015 compared with 2014. In Australia, total waste volumes decreased by 25% due to ongoing waste reduction initiatives, improved data accuracy and the revision of waste conversion factors, and reductions in office paper consumption and associated paper recycling volumes. In the UK, total waste generated decreased by 21% also due largely to a reduction in office paper consumption and associated paper recycling volumes. This year, our UK operations achieved a 100% diversion rate of waste from landfill with the majority of waste being recycled and the remaining waste going to incineration.

Performance against target

This year, the Group's performance against our waste diversion target remained relatively flat, increasing to 63% from 62% in our 2013 baseline year. Our volumes of waste to landfill and recycled waste have both decreased significantly (by around 20% in 2015 compared with 2014), however, as waste to landfill and recycling are decreasing at similar rates, our diversion ratio has remained constant. We will continue to enhance the recycling facilities available to our employees and raise our employee awareness of how and why to reuse and recycle, but anticipate that our diversion target is unlikely to be met in 2016.



Notes to the environmental performance summary

Note 7: Transport and travel

Group transport and travel	Units	2015	2014	2013	2012	2011
Work use vehicles	Number	1,843	1,738	1,697	1,776	1,725
Fuel consumption – work use vehicles ¹⁸	kL	3,454	3,337	3,439	3,603	3,536
Total air travel ¹⁹	'000 pkms	139,273	144,722	141,177	136,591	160,916
Hotel stays ²⁰	Nights	105,896	94,493	87,661	89,309	100,146

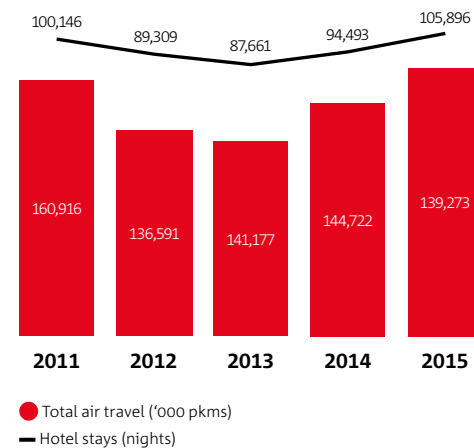
Regional transport and travel	Units	Australia		United Kingdom		New Zealand		USA		Asia	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Work use vehicles (number)	number	1,104	1,026	151	134	580	568	7	9	1	1
Fuel consumption – work use vehicles	kL	1,916	1,779	116	88	1,398	1,445	21	22	3	3
Air travel	'000 pkms	105,439	105,980	8,725	10,729	13,042	14,074	3,242	3,708	8,825	10,230
Hotel stays	nights	76,668	66,891	12,773	11,125	9,190	9,173	3,866	3,835	3,398	3,469

Group vehicle fleet fuel consumption increased by 4% in 2015 compared with 2014. This is consistent with a 6% increase in vehicle fleet numbers. There has been a continued shift towards diesel vehicles in our Australian and NZ vehicle fleets. As outlined in Note 3, in Australia, this was due to the increased number of Agri-business bankers who required 4WDs to safely travel off road in regional and rural areas. This has significantly increased the number of diesel vehicles in the Australian fleet and the consumption of diesel fuel, as well as driving a decrease in the proportion of hybrid vehicles in our Australian vehicle fleet (61% from 68% in 2014). The continued shift to more fuel efficient vehicles in NZ has contributed to a 3% decrease in fuel

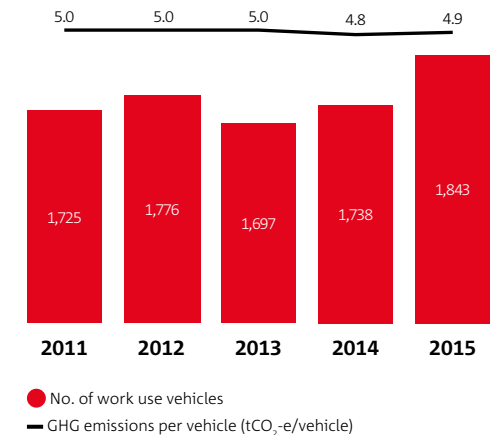
consumption despite a small increase in kilometres travelled. In NZ, fuel efficient vehicles now represent 48% of the total vehicle fleet.

Group-wide air travel decreased by around 4% compared with 2014. Across the Group, this decrease was driven by a focus on reducing air travel and associated costs. The number of hotel stays nights increased by 12.1% in 2015 largely driven by activity in Australia, as project work resulted in a greater proportion of longer term hotel bookings than in prior years. The increase in hotel stays, together with a reduction in the number of flights, indicates that our employees are staying longer at each destination when undertaking business travel.

Air travel & hotel stays



Work use vehicles GHG intensity



¹⁸ Fuel consumption in the UK is derived from recorded distance travelled and vehicle efficiency information provided by our UK fleet manager.

¹⁹ The unit for air travel is pkms (passenger km travelled). These numbers represent our raw data and do not include uplift calculations applied prior to calculation of GHG emissions. Uplift has been applied to air travel data in Australia and New Zealand to account for travel bookings made outside corporate travel providers.

²⁰ These numbers represent raw data and do not include uplift calculations applied prior to calculations of GHG emissions. Uplift has been applied to hotel stays data in Australia and New Zealand to account for travel bookings made outside corporate travel providers. Refer Note 1: Reporting policies.



Notes to the environmental performance summary

Note 8: Water and trade effluent

Group water consumption	Units	2015	2014	2013	2012	2011
Potable water consumption – estimate	kl	603,640	649,314	681,909	677,670	722,590
Water harvested – estimate	kl	8,582	7,524	4,325	1,617	NR
Total water consumption	kl	612,222	656,838	686,234	679,287	722,590

Regional water consumption	Units	Australia		United Kingdom		New Zealand		USA		Asia	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Potable water consumption – estimate	kl	347,068	396,024	88,301	73,114	51,175	55,862	117,096	124,314	NR	NR
Water harvested – estimate	kl	3,960	4,057	NR	NR	4,622	3,466	NR	NR	NR	NR
Total water consumption	kl	351,028	400,081	88,301	73,114	55,797	59,328	117,096	124,314	NR	NR

NR = Not Reported

Group water consumption decreased by 7% in 2015 compared with the prior year. This decrease is mainly attributable to the following initiatives:

- Moving into our environmentally designed building at 700 Bourke Street and exiting the five legacy sites in Melbourne, Australia. The new building has a number of water efficient features, including on-site rainwater harvesting and reuse, and a blackwater treatment plant;
- A 27% decrease in water use at one of our Australian data centres due to decrease in the IT electrical load as we transitioned to our new air cooled data centre, which resulted in reduced cooling requirements

and in turn, reduced water used by the cooling tower; and

- A 6% decrease in consumption levels in the US due to colder spring weather which reduced the water consumed for building and garden maintenance.

In addition to these reductions in water consumption, the identification of previously unbilled sites in the UK has contributed to a 21% increase in water consumption for that region.

Our Australian and NZ businesses continue to harvest rain water. This year harvested water collections increased by 14% mainly due to data becoming available for one additional office building in NZ.

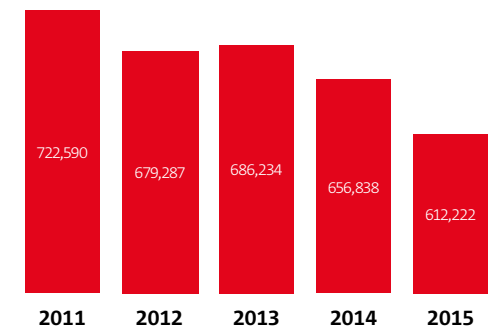
Performance against target

Water use has decreased by 11.7% from our 2013 baseline year and we are on track to meet our 2016 performance target of a 5% reduction.

Trade effluent

In Australia, NAB has a number of Trade Waste Consents for the discharge of trade effluent from grease traps and cooling towers at our larger facilities. In 2015, we continued to operate our licenses to the satisfaction of the relevant water authorities and we have not received nor have any pending fines or penalties for trade waste non-compliance.

Group water consumption estimate (kL)



Note 9: Employee numbers

	Units	Group		Australia		United Kingdom		New Zealand		USA		Asia	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Employee numbers ²¹	FTE	43,205	42,480	28,531	27,968	7,754	7,606	4,865	4,829	1,548	1,579	507	499

²¹ Employee numbers in this table, as well as others used for normalisation, are based on a monthly average number of full time equivalent employees across the period 1 July to 30 June each year. Numbers may not sum due to rounding of averages.



External assurance

Assurance and third party certification

Independent assurance and third party validation of our performance is important to provide management and stakeholders with confidence in our reported environmental performance data and information.

Third party certification

In Australia and the UK, we've chosen to seek third party certification for our carbon management and carbon neutrality.

In Australia, we've held certification under the National Carbon Offset Standard (NCOS) Carbon Neutral Program since 2010 for the emissions inventory we're monitoring and reporting for our Australian operations.

Our Australian operations undertook its biennial NCOS verification at the end of the 2015 environmental reporting period.

In the UK, we've been certified under the Carbon Trust Standard (CTS) since 2008. In the UK we will complete our recertification by the end of the 2015 calendar year. We believe these certifications give stakeholders in Australia and the UK extra confidence in the robustness and credibility of our carbon neutral program. These certifications are

held in addition to the independent carbon neutral assurance KPMG conducts across our Group-wide carbon inventory each year.

Independent assurance

We engage KPMG to undertake a range of assurance processes each year. These include:

- Reasonable level assurance over Scope 1 and 2 GHG emissions data submitted under the Australian National Greenhouse and Energy Reporting Act 2007 (Cth);
- Reasonable level assurance over Scope 1 and 2 GHG emissions data submitted under the UK Government's Carbon Reduction Commitment Energy Efficiency Scheme; and
- Limited level assurance over additional Scope 1, 2 and 3 GHG emissions and offset data associated with the Group's carbon neutral commitment (not already covered by assurance for regulatory reporting requirements).

Copies of all KPMG's assurance reports are available on our [website](#).



External assurance



Independent limited assurance report to National Australia Bank Limited on NAB Group's environmental data

Our conclusions

i) Specified greenhouse gas emissions and offset data

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the specified greenhouse gas (GHG) emissions and offset data prepared for the purpose of maintaining NAB Group's carbon neutrality, as identified below, have not, in all material respects, been prepared and presented in accordance with the Framework.

ii) Carbon risk disclosures

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the carbon risk disclosures, as identified below, have not, in all material respects, been prepared and presented in accordance with the Methodology.

We have been engaged by National Australia Bank Limited ("NAB"), together with its subsidiaries ("NAB Group") to undertake a limited assurance engagement in relation to environmental data arising from NAB's operations in Australia, New Zealand, United Kingdom, United States and Asia. NAB Group's environmental data comprises:

- i) Specified GHG emissions and offset data relating to NAB Group as reported in the 2015 Group Environmental Performance Summary and 2015 Dig Deeper Report. The specified GHG emissions and offset data comprises the following:

Data category	Tonnes of carbon dioxide equivalents (tCO ₂ -e)
Actual consolidated Scope 1, Scope 2 and selected Scope 3 net GHG emissions for the year-ended 30 June 2015	255,940 tCO ₂ -e
Actual quantity of carbon offsets purchased and retired for the year-ended 30 June 2015	255,940 tCO ₂ -e
Estimated consolidated Scope 1, Scope 2 and selected Scope 3 net GHG emissions for the future year ending 30 June 2016	241,944 tCO ₂ -e
Actual quantity of carbon offsets purchased and retired for the future year-ending 30 June 2016	242,560 tCO ₂ -e

The specified GHG emissions and offset data have been prepared by the NAB Group for the purpose of assessing its carbon neutrality in accordance with the NAB Group *Environmental Reporting and Offset Management Standard* and reporting methodologies, which take into account relevant regulatory requirements and government reporting guidelines in jurisdictions in which the NAB Group operates (together referred to as "the Framework"). A summary of the Framework is available on the NAB Group [website](#).

- ii) Carbon risk disclosure data points relating to NAB Group as reported in the 2015 Dig Deeper Report and the 2015 Full Year Results Investor Presentation. The carbon risk disclosures comprise:

- Renewable energy generation as a proportion (%) of the Group's exposure to the power generation sector, expressed as Exposure at Default (EAD), as at 30 September 2015: 43.4%
- Project Finance (PF) by sector as a proportion (%) of total PF portfolio value, expressed as total committed and uncommitted exposure, as at 30 September 2015:

Project sector categories	Proportion (%)
Energy (renewable)	12.0%
Energy (coal and gas-fired)	7.2%
Economic Infrastructure	32.6%
Social Infrastructure	20.5%
Water treatment infrastructure	7.1%
Mining and refinancing (metals and coal)	6.7%
Oil and gas	11.4%
Waste management	0.1%
Other	2.4%

The data point for renewable energy generation as a proportion (%) of the Group's exposure to the power generation sector has been prepared in accordance with NAB Group's methodology. This is described in footnotes accompanying the data point in the Group's 2015 Dig Deeper Report and 2015 Full-Year Results investor presentation.

The data point for Project Finance by sector as a percentage of total PF portfolio value has been prepared to meet the requirements of the Equator Principles (EP) sector definitions and in accordance with NAB Group's methodology (together referred to as "the Methodology").



External assurance



Further information on the Methodology applied to calculate both data points is also provided on NAB Group's [website](#).

We have not been engaged to provide an assurance conclusion on any other information disclosed within the 2015 Dig Deeper or 2015 Full Year Results Investor Presentation.

NAB Group's responsibilities

NAB Group is responsible for the preparation and presentation of the NAB Group's environmental data in accordance with the Framework and the Methodology. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the NAB Group's environmental data so that it is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion to the NAB Group on the preparation and presentation of the NAB Group's environmental data.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000) and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board, in order to state whether we have become aware of any matter that would lead us to believe that the NAB Group's environmental data has not, in all material respects, been prepared in accordance with the Framework and the Methodology.

ISAE 3000 requires us to comply with the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and to plan and perform the engagement to obtain limited assurance as to whether the NAB Group's environmental data is free from material misstatement.

Limited assurance over the specified GHG Emissions and Offset Data

In forming our limited assurance conclusion over the specified GHG emissions and offset data, the procedures we performed were based on our professional judgment and consisted of making enquiries and applying analytical and other evidence gathering procedures including:

Visits to the following NAB businesses, which were selected on the basis of a risk analysis,

including the consideration of both quantitative and qualitative criteria:

- NAB Australia, Melbourne
- National Australia Group Europe, United Kingdom
- Great Western Bank, United States
- Bank of New Zealand, New Zealand
- Interviewing senior management and relevant employees across the NAB Group concerning the specified GHG emissions and offset data aspects of NAB Group's Environmental Agenda, Carbon Neutral Program and policies for material issues, and the implementation of these across the business
- Interviewing the employees responsible for the collection and reporting of specified GHG emissions and offset data across the NAB Group
- Reviewing the Framework and other relevant documentation, including NAB Group policies, management and reporting structures, documentation and systems used to collect, analyse and aggregate the specified GHG emissions and offset data
- Performing tests on a sample basis of evidence supporting specified GHG emissions and offset data across the NAB Group concerning completeness, accuracy and existence
- Undertaking analytical procedures over the specified GHG emissions and offset data
- Understanding the reporting processes for the capture of the GHG emissions and offset data including the consolidation process of the data at the aggregate level
- Reconciling the reported consolidated net GHG emissions with the offset data
- Reviewing the quantity of carbon offsets purchased and retired as at 30 June 2015
- Vouching of carbon offsets purchased to certificates from third party verifiers on a sample basis, to confirm and evidence the retirement of those offsets.

Limited assurance over carbon risk disclosures

- Interviews with key NAB personnel to obtain an understanding of the process for data collection, estimation, calculation and reporting of carbon risk disclosures
- Agreeing the carbon risk data to NAB's internal systems and performing walkthroughs to source documentation
- Reviewing the Methodology and key management assumptions including classification of sectors under the Australian and New Zealand Standard Industrial Classification, 1993
- Assessing overall reporting for accuracy and completeness, and perform mathematical checks.



External assurance



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Inherent limitations

Non-financial information, such as the NAB Group's environmental data, possesses a greater inherent risk of misstatement than financial statement data, due to the nature of the information and the uncertainties inherent in the methods used for determining such information. We specifically note that NAB Group has used estimated or extrapolated underlying information to calculate some amounts, particularly with reference to Scope 3 GHG emissions, included in the specified GHG emissions and offset data.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Restriction on distribution and use

The NAB Group's environmental data has been prepared by the management of NAB Group to meet NAB Group's and the intended users' needs. As a result, the NAB Group's environmental data may not be suitable for another purpose.

Our report has been prepared for National Australia Bank Limited and its directors and management. We disclaim any assumption of responsibility for any reliance on this report, or the Group's environmental data to which it relates to any person, other than NAB, its directors and management, or for any purpose other than that for which it was prepared.

KPMG

Melbourne
23 October 2015



Glossary

Carbon footprint

The measure of impact that activities in a defined carbon inventory will have on the environment; measured in units of carbon dioxide equivalent.

Carbon inventory

A defined list of GHG emission sources that an organisation uses to calculate its carbon footprint.

Carbon offset

A credit that is purchased to negate an amount of carbon (one tonne) included in a defined carbon footprint.

CO₂-e (carbon dioxide equivalent)

The common unit of measure for the expression of Greenhouse Gas emissions. Each unit of greenhouse gas has a different global warming potential. Therefore all greenhouse gases are converted back to tonnes (tCO₂-e) of carbon dioxide equivalent to enable consistent comparison and measurement.

Co-benefits

This describes the features of carbon offset projects that offer other benefits in addition to GHG emissions reductions. This can include health and education services or characteristics defined by the purchaser as important for them, eg linkages to NAB customers or product development areas.

ECF, PCF or TCF

Elementally chlorine free, processed chlorine free or totally chlorine free. An environmentally preferable process that uses chlorine dioxide for the bleaching of wood pulp. It doesn't use elemental chlorine gas during the bleaching process and prevents the formation of dioxins and dioxin-like compounds, which are carcinogenic compounds.

FTE

Full Time Equivalent. A measure for reporting employee numbers.

Greenhouse gas (GHG) emissions

Gaseous pollutants released into the atmosphere that amplify the greenhouse effect. Gases responsible include carbon dioxide, methane, nitrous oxide, hydro fluorocarbons, per fluorocarbons and sulphur hexafluoride.

Renewable energy

Energy taken from sources that are renewable, for example wind, water, solar and geothermal energy.

Scope 1 GHG emissions

This includes direct emissions from within an organisation's boundary. These emissions are from sources that the organisation owns or controls such as:

- combustion of fuel in boilers, furnace or generators that are owned or controlled by the reporting company

- generation of electricity, steam or heat in equipment that is owned or controlled by the reporting company
- business travel in vehicles such as company cars or corporate jets that are owned or controlled by the reporting company
- employee commuting in company-owned or controlled vehicles, such as company cars
- HFC emissions from company owned or controlled refrigeration or air-conditioning equipment.

Scope 2 GHG emissions

Indirect emissions from electricity that is used by the organisation but is generated outside the organisation's boundary by another company, such as an electricity provider. This is called 'purchased electricity'. This includes indirect emissions from consumption of purchased electricity, steam, or heat.

Scope 3 GHG emissions

All other indirect emissions that occur outside the boundary of the organisation as a result of the activities of the organisation including indirect emissions from:

- business travel in non-company owned or controlled vehicles, such as rental cars, employee cars, rail and commercial planes
- combustion of fuel in boilers or furnaces not owned or controlled by the reporting company

- employee commuting in vehicles not owned or controlled by the reporting company, such as light rail, rail, buses and employees' cars
- third-party production or manufacture of materials and resources used by the reporting company, such as furniture, paper and equipment
- indirect losses resulting from the transmission of electricity and other fuels.

Solar photovoltaics (PV)

The technology that converts electromagnetic radiation, as sunlight, into electricity.

Trade effluent

Waste water discharged from industrial and commercial operations to the sewerage system. This may include waste water discharged from cooling towers, boiler systems, grease traps in kitchen and canteens.

Tri-generation

A process in which fuel is combusted to generate electricity, with waste heat being utilised to provide heating and cooling.

UN REDD

A United Nations led collaborative initiative on Reducing Emissions from Deforestation and forest Degradation (REDD) in developing countries.