

Controlling Corporation
NATIONAL AUSTRALIA BANK LIMITED

ABN 12 004 044 937
Period to which the report relates
1 July 2012 – 30 June 2013

2013

National Carbon Offset Standard

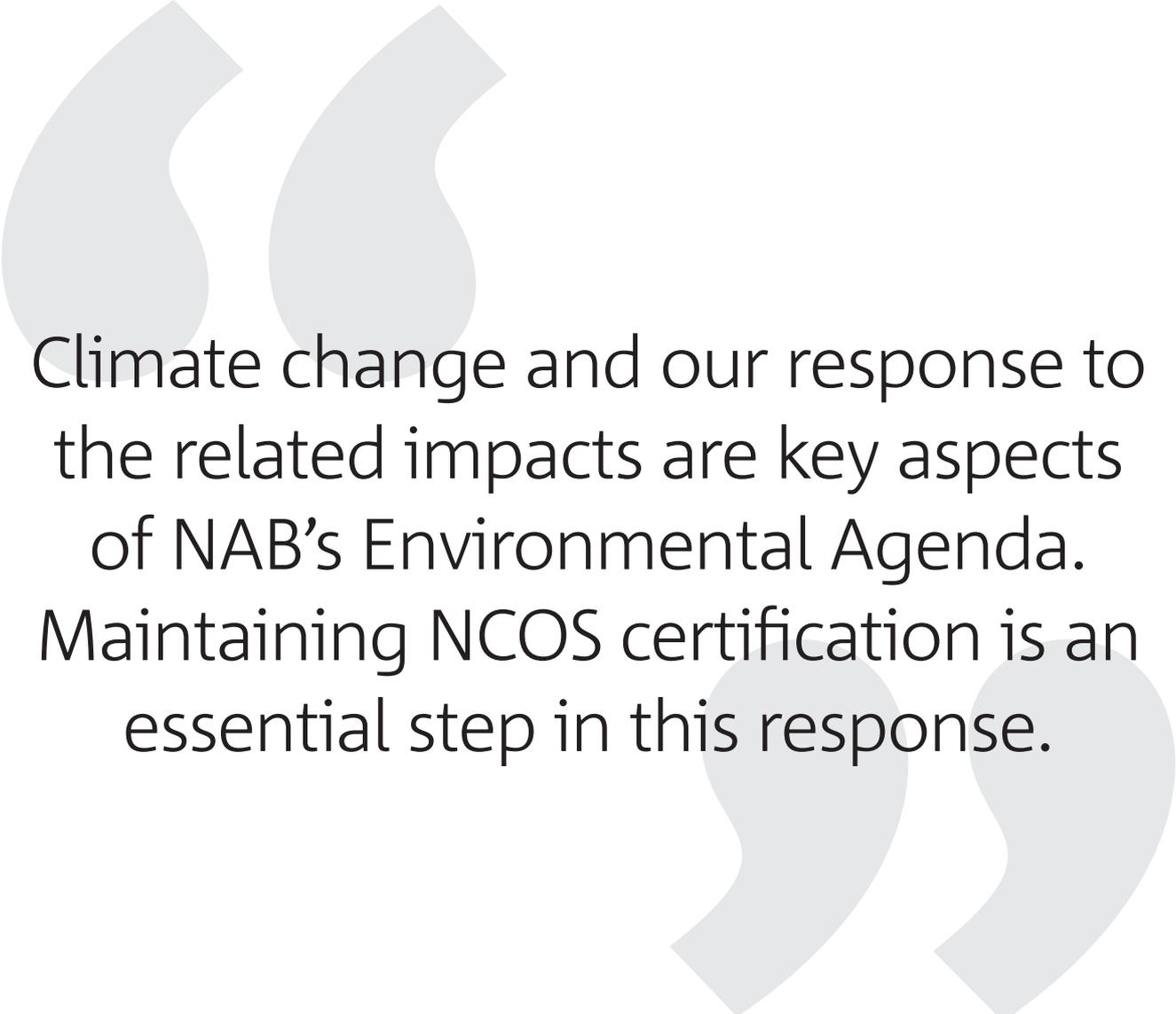
Public Disclosure Summary

Australian Region

Carbon neutral certification type: Organisation
Subject of certification: Organisational Inventory
Date of most recent verification: 8/10/2013



more give, less take



Climate change and our response to the related impacts are key aspects of NAB's Environmental Agenda. Maintaining NCOS certification is an essential step in this response.



Alison Read
Manager, Environment
& Sustainability

In this document the word "NAB" refers to NAB Limited and its Australian subsidiaries.

The reporting year (NAB's environmental reporting year) for this annual Public Disclosure Summary is 1 July 2012 to 30 June 2013. In this reporting year, Gross GHG emissions for our Australian business were: 243,001 tCO₂-e
The baseline year period for NAB's certification is 1 July 2009 to 30 June 2010. In the baseline reporting year, Gross emissions for our Australian business were: 255,534 tCO₂-e

NAB's Environmental Agenda & Carbon Neutrality

NAB was the first Australian bank to be certified carbon neutral under the National Carbon Offset Standard (NCOS) Carbon Neutral Program in 2010. Understanding and managing our carbon footprint and operating on a carbon neutral basis, for our defined carbon inventory, is part of NAB's response to the issue of climate change, and our broader Environmental Agenda.

Our Environmental Agenda focuses on three areas which we consider critical to the sustainability of our business, and that of our customers and suppliers – climate change, resource efficiency and natural value.

Through our Environmental Agenda, NAB seeks to understand and manage our direct and indirect environmental impacts and dependencies via:

- developing our understanding of, and management of, environmental risks and opportunities;
- developing products and services to help our customers respond to environmental challenges;
- advocating and communicating on environmental issues;
- ensuring third party validation of our processes and activities;
- leading through our own actions, i.e. reducing our own environmental footprint and sharing our experience with others; and
- engaging and assisting our people in their personal contribution to environmental sustainability.

Our approach to reducing our environmental impact is outlined below.

Our Climate Change Response

Climate change is one of the most significant environmental, social, and economic challenges facing governments, business, and communities today. NAB believes the financial sector has an important role to play in addressing the issue of climate change – particularly through the provision of capital to assist the transition to a low carbon economy. As a result of this, since 2000 we have financed approximately 65% of Australian utility scale renewable energy projects¹. Additionally, in December 2011, we provided Australia's first Environmental Upgrade Agreement – an innovative new funding source for environmental retrofits of commercial buildings. We have now arranged four of the five privately financed Environmental Upgrade Agreements, that have been implemented.

1. Data sourced from ESAA (Energy Supply Association of Australia) Electricity Gas Australia 2013, Appendix 1 Power stations in Australia 2011-12

Resource Efficiency

NAB recognises that our impact on the environment extends beyond our climate change impact and that increased competition for natural resources may potentially constrain economic growth and increase operational costs. Through our Resource Efficiency Program, we maintain a focus on greenhouse gas (GHG) emission reductions while simultaneously addressing our paper, waste and water footprint to mitigate these impacts.

In addition to developing products and services to assist our customers, and engaging and assisting our people to reduce their environmental impact, we are working to embed sustainable business practices through our upstream value chain.

We are continuously working with our suppliers on sustainability initiatives and have delivered on our commitment to have at least 200 suppliers as signatories to our Group Supplier Sustainability Principles by June 2013.

Natural Value

Natural value is a key focus of our Environmental Agenda. Managing natural value involves recognising the impacts and dependencies of

biodiversity and ecosystem services and accounting for them within traditional business frameworks and the way we do business on a daily basis.

Following our recognition of the importance of natural value, NAB has begun a journey to increasingly integrate natural value considerations into organisational frameworks and processes, including risk management and our Supplier Sustainability Program. We are also starting to engage with customers about the risks and opportunities natural value considerations pose, and how we can work together to address them.

About this Report

This report provides an overview of our approach to maintaining our NCOS carbon neutral certification and achievements in managing our emissions.

We undertake independent third party assurance over our energy and greenhouse data annually. For further details, please refer to the environmental targets, assurance and certification section of our website at: <http://cr.nab.com.au/what-we-do/environmental-targets-assurance-and-certification>

NAB's building energy use is the most significant source of GHG emissions across the organisation. In 2013, we have continued to transition our employees from older, less energy efficient sites to offices such as 800 Bourke Street in Victoria.



About Us

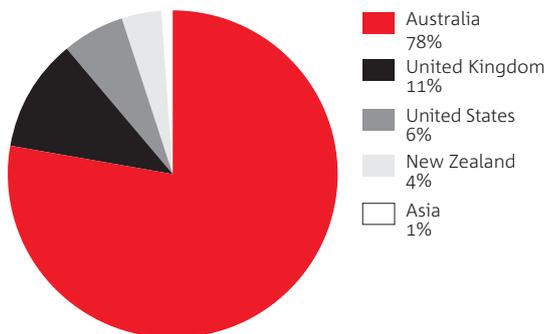
What We Do

NAB is a financial services organisation that provides a comprehensive and integrated range of banking and financial products and services including wealth management. NAB has operations based in Australia, New Zealand, the United Kingdom, the US and Asia².

Our Global Footprint

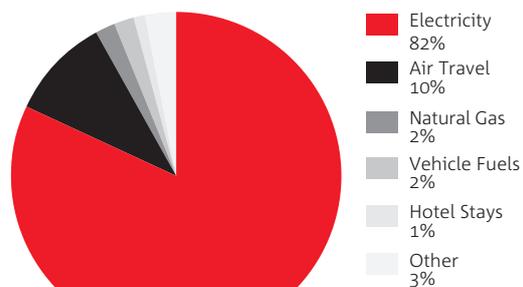
NAB's Australian operations account for around 78% of the NAB Group's carbon inventory in 2013. See Figure 1 below.

Figure 1: Regional distribution of Group 2013 carbon inventory



NAB is a service-based organisation. Stationary energy use in buildings (including data centres) represents the most significant source of GHG emissions across the organisation. Business travel is the next most significant source currently included in the Group's GHG inventory. This is illustrated in Figure 2.

Figure 2: Percentage of 2013 Australian carbon inventory by top 6 emissions sources³.



2. NAB has a small subsidiary operating in Canada which is excluded from our current Group carbon inventory. It is not material as a proportion of the Group's GHG emissions, but will be included for completeness from the 2014 environmental reporting year.

3. The 'Other' category in NAB's 2013 Australian carbon inventory includes GHG emissions from A3 & A4 office paper purchased, waste to landfill, fugitive emissions from refrigeration and HVAC (Heating Ventilation and Air Conditioning) in buildings and cars, employee vehicle claims, taxi use and rental cars – each of which represents no greater than 1.5% of the inventory. Electricity refers to Scope 2 and Scope 3 related emissions.

Our Inventory Boundary

NAB's certification under the National Carbon Offset Standard is for a defined inventory of GHG emissions resulting from the activities of its Australian-based business.

NAB has generally defined the boundary for its emissions inventory using an operational control approach consistent with that required under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act).

The boundary requirements for Scope 1 and 2 emissions are as required by the NGER Act to ensure that NAB's energy GHG reporting is aligned to its regulatory reporting requirements and supports compliance.

For voluntarily reported Scope 1 and Scope 3 emissions, NAB has used an operational control approach and has adopted a set of principles and tests outlined in its *Environmental Reporting and Offset Management Standard* (available on our website⁴) to define the GHG emissions sources included in its carbon inventory. These principles and tests (see Table 1) aim to ensure that the GHG emissions sources included in NAB's carbon inventory are those which are relevant to its operations.

Table 1: Principles and Tests

General principles ⁵
1. Relevance
2. Completeness
3. Consistency
4. Transparency
5. Accuracy
Tests for relevance
a. Is the emission causing activity significant or believed to be significant relative to the Group's and/or geographies Scope 1 and Scope 2 emissions?
b. Is the emission-causing activity crucial to the NAB Group's core business?
c. Do the Group's key stakeholders believe that it is important to account for particular emission-causing activities?
d. Can geographies reduce or mitigate some of the emissions?
e. Are the emissions from an outsourced activity that would have been previously categorized as producing Scope 1 emissions?
f. Are geographies able to readily find reliable data for the emission-causing activity?

4. <http://cr.nab.com.au/what-we-do/how-we-calculated-our-carbon-inventory> These principles are taken from the Hot Climate, Cool Commerce: A Service Sector Guide to Greenhouse Management by the World Resources Institute May 2006

5. The 'Other' category in NAB's 2013 Australian carbon inventory includes GHG emissions from A3 & A4 office paper purchased, waste to landfill, fugitive emissions from refrigeration and HVAC (Heating Ventilation and Air Conditioning) in buildings and cars, employee vehicle claims, taxi use and rental cars – each of which represents no greater than 1.5% of the inventory.

Within its carbon inventory NAB includes Scope 1, 2 and some Scope 3 GHG emissions from all relevant Kyoto Protocol gases and some CFCs and HCFCs under the Montreal Protocol.

NAB's Scope 3 GHG emissions include emissions identified as mandatory for reporting under the framework of the World Resources Institute (WRI) Service Sector Guide. They also include a number of other sources of emissions which NAB voluntarily reports on, in accordance with its *Environmental Reporting & Offset Management Standard*. This is aligned with the GHG Protocol Scope 3 Standard. See Figure 3 below.

Some of the Scope 1 and 3 emissions included in NAB's carbon inventory make up only a small percentage of NAB's inventory of GHG emissions and are included for relevance and completeness. Where the contribution to the inventory is small,

the requirement for accuracy is reduced and estimation techniques have been applied to the calculation of GHG emissions from activity data.

Scope 1 and 2 GHG emissions in NAB's 2013 carbon inventory that are required for reporting under the NGER Act, have been prepared in accordance with the general principles for measuring GHG emissions noted in the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (NGER Determination) (June 2012 update) and have been subject to a reasonable level of assurance conducted by KPMG. Scope 1 emissions not required for reporting under the NGER Act and Scope 3 GHG emissions included in NAB's carbon inventory have been subject to a limited level of assurance conducted by KPMG⁶.

Figure 3: Diagram of the certification boundary for NAB Group's organisational GHG inventory.



6. Assurance reports provided by KPMG are available at: <http://cr.nab.com.au/what-we-do/environmental-targets-assurance-and-certification>.

Purchase of GreenPower and Retirement of GreenPower Eligible Large-Scale Generation Certificates (LGCs)

In NAB's 2012 *Environmental Dig Deeper* we outlined our decision to transition our support for GHG emissions abatement from GreenPower to the Carbon Farming Initiative (CFI). In 2013, we stopped purchasing GreenPower certified Renewable Energy Certificates (RECs), but we were unable to secure CFI offsets that met our requirements. We're continuing to look for appropriate CFI offsets with a particular emphasis on agricultural projects that align with our agribusiness customer base, our natural value

proposition and our Environmental Agenda more broadly. We continue to provide significant support for the renewable energy sector through project finance. We also support GHG emissions abatement from renewable energy in other ways. The majority of our voluntary carbon offsets were purchased from renewable energy projects and our UK business continues to purchase 100% certified renewable electricity⁷.

Table 2: GreenPower

Type	Volume	Unit	t CO ₂ -e	Status
GreenPower	0	MWh	0	N/A

Table 3: LGCs Surrendered

Details of LGCs Voluntarily Surrendered	
Quantity	Serial No.
0	N/A

Purchase of NCOS Carbon Neutral Products

In previous years, NAB purchased Reflex Carbon Neutral UltraWhite A3 and A4 office paper through our supplier Australian Paper. In the 2013 environmental reporting year, we transitioned nearly all of our office paper to Reflex's 100% Recycled Carbon Neutral white office paper.

Table 4: Carbon Neutral Products

Product/service	Company	Quantity	Units	t CO ₂ -e (if known)
Reflex Carbon Neutral UltraWhite A3 and A4 office paper	Australian Paper	732.8	tonnes	950.50
Reflex 100% Recycled Carbon Neutral White A3 and A4 office paper	Australian Paper	168.1	tonnes	255.78
Total (if known)				1206.28*

*Equivalent tonnes of GHG emissions we would need to offset if Carbon Neutral product is not used

7. The electricity purchased by our UK business is certified as being produced from eligible renewable energy sources under the UK's Renewable Energy Guarantees of Origin (REGO) scheme.

Our Australian Carbon Footprint

NAB's 2013 Australian carbon inventory is summarised in Table 5. A more detailed breakdown of GHG emissions sources and activity data is provided in our 2013 Environmental Dig Deeper available on line at <http://cr.nab.com.au/download-centre>

Table 5: Australian Carbon Footprint

Emissions Source	Tonnes CO ₂ -e
Scope 1	
Building-based refrigerants – HVAC, refrigerators	1,106
Business travel – Work-use vehicles fleet: diesel, petrol, ethanol	4,147
Stationary energy – combustion of fuel: diesel, gas, propane	4,304
Work-use vehicle fleet – air conditioning refrigerant	93
Scope 2	
Stationary energy – electricity	141, 778
Scope 3	
A4 and A3 paper purchased	13
Base-building energy – combustion of fuel: diesel, gas, propane	1,388
Base-building energy – electricity	31,679
Business travel – air	23,271
Business travel – employee vehicle: work purpose claims	1,604
Business travel – hotel stays	3,507
Business travel – rental cars	311
Business travel – taxi use	1,424
Transmission Losses – business travel – Work-use vehicles fleet: diesel, petrol, ethanol	328
Transmission Losses – base-building energy: diesel, gas, propane, electricity	4,860
Transmission Losses – stationary energy: diesel, gas, propane, electricity	20,429
Waste to Landfill	2,759
Total footprint	243 001 tCO₂-e

Carbon Offset Purchases and Cancellations

Our *Environmental Reporting and Offset Management Standard*⁸ provides guidance on the purchase of quality offsets to ensure that any purchase of offsets meets the purpose of NAB Group's carbon neutral commitment and any related carbon neutral accreditation or certification processes.

Forward purchasing offset model for achieving carbon neutrality:

NAB Group has adopted a forward purchasing model to meet its carbon neutral commitment. This means we have calculated our forecast GHG emissions for the 2013-14 year using the actual GHG emissions reported in our 2012-13 carbon inventory and then we have purchased and retired carbon offsets in advance of the 2013-14 estimated GHG emissions occurring.

Our key assumptions in adopting the forward purchasing model for the 2014 environmental reporting year are that the forecast 2013-14 emissions have been based upon the 2013 actual GHG emissions. We have also allowed for a small forecast increase in GHG emissions that we expect to occur as we bring on our new data centre and a new office at 700 Bourke Street.

The improvement in the energy efficiency of these new buildings is expected to lead to a significant decrease in energy consumption in future years, after we have completed our transition to the new buildings and exited the older buildings.

At the end of the 2013-14 year, we will undertake a reconciliation process of forecast to actual GHG emissions. If there is any shortfall of offsets at this time, we will retire additional offsets to neutralise our actual GHG emissions for the 2013-2014 period. We will continue to seek external assurance as to the assessment of our GHG emissions inventory for the year ending 2014 and the reconciliation of this

reported number to retired offsets. Any changes made to the forecast 2014 position will be reported in our 2014 public reporting.

Offsets retired for forecast total NAB Group emissions occurring in the 2014 (1 July 2013 to 30 June 2014) reporting period:

A total of 300,245 tCO₂-e of offsets have been retired to cover the forecast Group GHG emissions occurring in the 2013-2014 reporting period. Of this, 250,001 tCO₂-e of offsets have been retired to cover 2013-2014 emissions from our Australian business. Given the emissions reduction targets we have in place for both the 2010-13 and 2014-16 periods) this number should be a conservative estimate.

Offsets retired for actual total NAB Group emissions occurring in the 2013 (1 July 2012 to 30 June 2013) reporting period:

In 2012, NAB retired 300,402 tCO₂-e of offsets to cover 2012-2013 Group GHG emissions. As a result of our UK operations sourcing 100% renewable energy⁹ for their electricity usage, our net GHG emissions for 2013 were 288,396 tCO₂-e. This meant that we were required to reallocate 12,006 tCO₂-e of offsets from our 2013 allocation to our pool of surplus retired offsets.

8. Available at <http://cr.nab.com.au/what-we-do/our-approach-to-offsets>

9. The electricity purchased by our UK business is certified as being produced from eligible renewable energy sources under the UK's Renewable Energy Guarantees of Origin (REGO) scheme.

Offset Cancellation

Table 6: Offset Cancellations for actual 2013 Group GHG emissions

Offset type	Registry	Serial number	Quantity
VCU	Markit	931-43804009-43822539-VCU-020-TZ1-IN-1-429-01012008-31122008-0	18,531
VCU	Markit	778-34442896-34447347-VCU-009-TZ1-BR-1-34-01032009-31122009-1	4,452
VCU	Markit	678-31050053-31050878-VCU-009-TZ1-TH-1-256-01012008-31122008-0	826
VCU	Markit	676-31004101-31014100-VCU-009-TZ1-TH-1-256-01012009-31052009-0	10,000
VCU	Markit	598-27722870-27739784-VCU-014-TZ1-CN-1-112-26022009-25112009-0	16,915
VCU	Markit	587-27210382-27214381-VCU-004-TZ1-CN-1-319-01012009-28042009-0	4,000
VCU	Markit	171-6510954-6516039-VCU-014-TZ1-CN-1-112-01122007-25022009-0	5,086
VCU	Markit	1602-67153385-67173384-VCU-008-MER-TH-4-403-01012009-30062009-0	20,000
VCU	APX VCS Registry	1552-64984227-65025726-VCU-014-APX-CN-1-666-28122008-27122009-0	41,500
VCU	Markit	1452-61655879-61662410-VCU-008-MER-TH-4-403-01012009-30062009-0	6,532
VCU	Markit	1405-60780711-60826529-VCU-020-MER-IN-1-429-01082009-31122009-0	45,819
VCU	Markit	1401-60645210-60700677-VCU-008-MER-TH-4-403-01012009-30062009-0	55,468
VCU	APX VCS Registry	1345-58367910-58385309-VCU-009-APX-IN-4-350-01012008-30092008-0	17,400
VCU	APX VCS Registry	1329-57786662-57814502-VCU-004-APX-CN-1-511-01012008-18122008-0	27,841
VCU	APX VCS Registry	1109-49882545-49885668-VCU-008-MER-TR-1-120-01012010-31072010-0	3,124
VCU	APX VCS Registry	1108-49869976-49880877-VCU-008-MER-TR-1-120-01082009-31122009-0	10,902
Total			288,396

Table 7: Offset Cancellations in advance for forecast 2014 Group GHG emissions

Offset type	Registry	Serial number	Quantity (t CO ₂ -e)
CER	UK EU ETS Registry	CN-05-00-638679244-01-01-0-1929 - CN-05-00-638759766-01-01-0-1929	80,523
VCU	Markit	925-43560613-43572556-VCU-009-APX-IN-1-412-01012009-25072009-0	11,944
VCU	Markit	925-43518113-43531168-VCU-009-APX-IN-1-412-01012009-25072009-0	13,056
VCU	Markit	849-40650911-40672198-VCU-009-TZ1-ID-1-144-01042006-31032009-0	21,288
VCU	Markit	2418-103165534-103215533-VCU-030-MER-IN-1-429-01012011-31102011-0	50,000
VCU	Markit	1602-67173385-67263384-VCU-008-MER-TH-4-403-01012009-30062009-0	90,000
VCU	APX VCS Registry	1552-65026109-65035226-VCU-014-APX-CN-1-666-28122008-27122009-0	9,118
VCU	Markit	1411-60835530-60859845-VCU-009-MER-TH-1-256-01062010-31122010-0	24,316
Total			300,245

Surplus Cancelled Offsets

Since 2010, NAB's strategy for purchasing offsets has evolved from simply accessing the spot markets once our requirement was determined to a more sophisticated approach. Through a combination of spot and forward contracts, NAB has taken advantage of low market prices. Buying in excess of our annual need allows us to hold surplus retired offsets for future years.

As of the 2013 environmental reporting year, we have retired all offsets held in our name to ensure they cannot be used for other purposes and to ensure that we hold retired offsets in excess of our forecast GHG emissions. This strategy enables us to have retired/cancelled offsets available should our reconciliation process identify GHG emissions volumes which vary from our forecasts. This avoids us having to access the market at short notice and therefore limits our exposure to supply risk or the price implications of this.

Emission Reduction Measures

NAB has a well-established governance framework to ensure oversight of our environmental performance, including our carbon neutral commitment. This includes detailed review at a business unit level, and oversight by the Group Environment Committee¹⁰ through to our Principal Board.

As per our *Environmental Reporting and Offset Management Standard*¹¹, the Group defines carbon neutrality as a process involving five steps:

- defining and measuring our carbon (GHG) inventory or footprint;
- reducing our GHG emissions through energy efficiency and demand management (employee behavioural change);
- avoiding GHG emissions by increasing the amount of energy we purchase from renewable sources where practicable (and where we are allowed by Government rules or standards to apply a zero emissions factor to the renewable electricity purchased);
- offsetting remaining greenhouse gas emissions by purchasing quality accredited carbon offsets; and
- verifying and reporting on our progress by:
 - regularly assessing our progress towards meeting our commitment and targets;
 - obtaining external assurance over our carbon accounts (inventory and offsets) underlying our carbon neutral commitment; and
 - reporting regularly to key internal stakeholders and annually to external stakeholders.

Reducing our GHG Emissions through Energy Efficiency

Having defined our carbon inventory during prior years' reporting to the NCOS Carbon Neutral Program (CNP), the focus of NAB's carbon neutral program has primarily been on resource efficiency and fuel switching. In 2010, we successfully moved our main Australian data centre onto a tri-generation system that has significantly reduced our grid-drawn electricity usage as well as our yearly GHG emissions footprint.

NAB has been reporting on the progress of our energy efficiency program for six years through participation in the *Energy Efficiency Opportunities Act 2006* (Cth) (EEO Act). In this time, we have developed a pipeline of energy efficiency projects that we use to quantify potential savings opportunities and deliver on our GHG emissions reduction target.

The environmental reporting year 2013 marks the second year of Cycle II of the EEO Program. Yearly updates on NAB's progress against pipeline initiatives is provided in our EEO Reports which are available on our website: <http://cr.nab.com.au/download-centre>.

In total, since the commencement of the EEO Program in 2006, NAB has identified 1,022 opportunities, of which 833 are 'under investigation', have been 'implemented' or have been approved to proceed. If the 833 opportunities are all implemented, they are expected to result in approximately 96,233 tCO₂-e of GHG emission savings per annum. Of the energy efficiency opportunities identified to date, NAB has implemented opportunities equivalent to approximately 75,678 tCO₂-e of on-going annual GHG emissions savings. A summary of the opportunities implemented in 2013 is provided in Table 8 below.

10. This responsibility is being transitioned from our Group Environment Committee to a new governance committee. The Group Environment Committee was chaired by the Group Executive – People, Communications & Governance. The new governance committee will be chaired by the Group's Chief Risk Officer.

11. <http://cr.nab.com.au/docs/group-environmental-reporting-and-offset-mgt-standard.pdf>

Table 8: Emission Reduction Measures implemented in the 2013 Reporting Year

Emission source	Reduction Measure	Scope	Scope	Reduction t CO ₂ -e
Stationary energy – electricity	A/C motion detectors, lighting upgrades and de-lamping at a NSW commercial building.	2	Implemented this reporting period	111
Stationary energy – electricity	Decommissioning of redundant servers at data centres	2	Implemented this reporting period	58
Stationary energy – electricity	Pilot study of reflective solar paint on network sites	2	Implemented this reporting period	34.3
Other	Various initiatives including retail store air conditioning controls, commercial and retail lighting upgrades and installing timers on equipment	2	Implemented in this reporting period	155.7
Total emission reductions implemented in this reporting period				359
Total expected emission reductions in future reporting periods from currently identified opportunities				20,555

Our newest commercial office building at 700 Bourke Street features a range of integrated energy and resource efficient technologies to assist us to reduce our carbon footprint.



Emission Reduction Activities for Non-Stationary Energy Related Emissions Sources:

Further to the EEO Program's focus on energy efficiency and associated GHG reductions, our Resource Efficiency Program also provides GHG emissions reductions other than from a reduction in electricity and gas use in our buildings. For example, NAB is reducing its business travel related emission footprint through a number of initiatives including switching fleet vehicles to hybrid and low-emissions vehicles, enabling employees to make use of the video conferencing facilities available at our commercial sites as an alternative to air travel. We are also encouraging employees to plan trips so they are consolidated and involve less within the day travel.

NAB's general and paper waste management program is focused on both decreasing overall waste generated and increasing diversion of waste from landfill to recycling wherever possible. Strategies that are being implemented to deliver reductions include:

- roll out of standardised signage across the business to help employees sort waste into correct waste streams, including organics;
- collaboration with suppliers (stationery, technology, etc.) to provide goods to NAB sites in less packaging;
- creation of a dedicated waste portal to educate employees about different waste streams available;
- managed print functionality rolled out across the business¹²;
- on-going purchase of NCOS certified carbon neutral office paper; and
- changing default settings on printer fleet to double-sided and black and white printing;

In addition to these initiatives, NAB is also actively working to reduce its refrigerant related emissions footprint by removing old inefficient cooling units and replacing refrigerants that are being phased out as a result of the Montreal Protocol. The global warming potentials for the replacement refrigerants are lower and result in reduced GHG emissions.

12. Managed print means that print jobs must be selected at the printer level before they are released to print. Therefore, documents are not forgotten or printed out multiple times.

13. Our Australian GHG and resource efficiency targets are set against a 2010 baseline with the exception of the paper reduction target, which has a 2009 baseline (and is therefore a 4 year target).

Progress To Date

NAB has adopted a 3-year cycle for resource efficiency targets and 2013 marks the final year of our current target period. Our Australian operation has successfully achieved their *Beyond Carbon Neutral* targets for June 2013 (from a 2010 base year¹³) in all areas with the exception of waste. A summary of each target and progress against that target is outlined below.

- 10% reduction in GHG emissions from building energy per FTE¹⁴ – *Achieved a 10.5% reduction.*

A focus on energy efficiency initiatives in our commercial and retail building portfolio contributed significantly to delivering on this target. Our tri-generation plant at our main data centre was unexpectedly offline for an extended period during 2013, placing this target under pressure as this plant provides significant GHG emissions reductions for our operations. Additionally, property moves and consolidations meant we were operating an increased portfolio of buildings while we exited old buildings and transitioned into the new sites.

- 20% reduction per FTE in paper use¹⁵ – *Achieved a 37.6% reduction.*

This included a 99.5% reduction in associated GHG emissions given NAB moved to NCOS accredited carbon neutral paper during this time frame.

- 20% reduction in the amount of waste generated per FTE – *Achieved a 3.4% reduction.*

While the full target was not delivered, NAB's waste management program did achieve a reduction in overall waste generated. In addition, we now have a much greater level of confidence in the volume and make up of our measured waste and continue to refine our waste collection and recording methodology and processes.

- 0% increase in water use per FTE – *Achieved a 6.0% reduction.*

Water reduction initiatives have been incorporated into major site refurbishments and installation of rain water harvesting technology at water use intensive sites.

14. Full Time Equivalent Employee

15. Where paper use refers to A3 and A4 office paper purchased and paper usage associated with customer statements, internal business reports, proprietary printing and purchased notepads.

Looking Forward

NAB is continuing to pursue resource efficiencies within our operational footprint and our supply chain. Our new environmental targets for the 2014-16 period will continue to reduce our resource footprint and increase our understanding of, and ability to manage, environmental risks and opportunities.

Our 2014–16 environmental targets are as follows (measured Group-wide against a 2013 baseline):

- 5% absolute reduction in stationary energy consumption;
- 5% absolute reduction in building energy emissions;
- 5% absolute reduction in water use;
- 75% diversion of waste to recycling;
- 30% uptake of electronic statements by customers; and
- 10% absolute reduction in the use of office paper.

Additionally, we have made a commitment to have 90% of our material suppliers signed up to our Group Supplier Sustainability Principles by 30 June 2016.

Verification

Annual Independent Assurance of global carbon neutral GHG and offset data

Name of assurer: KPMG
Period covered: 1 July 2012 – 30 June 2013
Date of assurance: 8 October 2013
Next assurance verification due: September 2014

NCOS Biannual Verification

Name of verifier: KPMG
Period covered: 1 July 2012 – 30 June 2013
Date of verification: 8 October 2013
Next verification due: September 2015

Declaration

Signature: 

Name: Michaela Healey
Title: Group Executive People Communications & Governance
Date: 29 October 2013

This Public Disclosure Summary was prepared in accordance with the requirements of the NCOS Carbon Neutral Program Guidelines.

Further information can be found at <http://cr.nab.com.au/what-we-do#environment>