2024 Equator Principles Report

1 October 2023 – 30 September 2024

About NAB

National Australia Bank Limited ("NAB") and its controlled entities ("Group") is a financial services organisation that provides a comprehensive and integrated range of banking and financial products and services. The Group has operations based in Australia, New Zealand, the United Kingdom, France, North America and Asia.

Financial year and currency

The Group's financial year ("FY") is the reporting period commencing 1 October and ending 30 September. All data is as at 30 September 2024 and for the 2024 FY ("FY2024") unless otherwise stated. All references to currency are in Australian dollars unless explicitly stated.

About the Equator Principles

The Group became a signatory to the Equator Principles[1] ("EP") on 25 October 2007. The Group considers EP requirements when lending for specific projects.

NAB's portfolio of project-related financing

We're here to serve customers well and help our communities prosper. As a major bank, our business touches almost all areas of the Australian and New Zealand economies. The Group's portfolio of project-related financing plays an important role in supporting Australia and New Zealand's growth, as well as providing key infrastructure in other countries where the Group operates.

In FY2024:

- Project-related financing represented around 0.6% of total Group Exposure at Default ("EaD")[2] as at 30 September 2024. Of this lending, 99.5% of project lending was in designated countries[3] and 0.5% was in non-designated countries.
- The Group closed 19 new project-related transactions and 12 transactions were repaid.

Transactions can be declined at any stage in negotiation or due diligence. In FY2024, two transactions were declined specifically based on social or environmental risks or issues.

Table 1: EP project-related finance portfolio: Transactions by EP Categories[4]

EP category	Number of projects	Projects as a % of total portfolio value
A	7	6
B	68	65
C	25	29
Total	**100**	**100**

Figure 1: EP project-related portfolio by region (% of total EP project-related portfolio exposure expressed as EaD as at 30 September 2024)

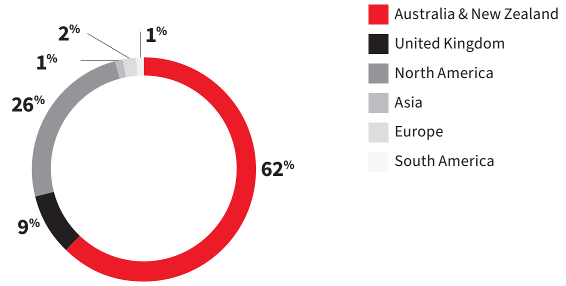
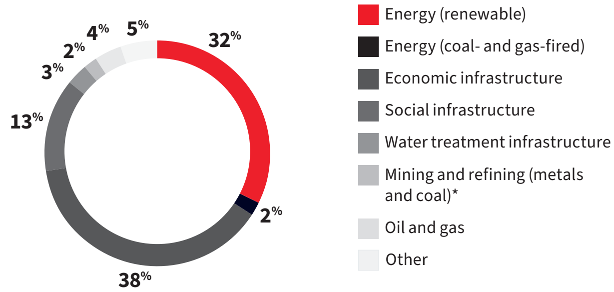


Figure 2: EP project-related portfolio finance by sector (% of total EP project-related portfolio exposure expressed as EaD as at 30 September 2024)



*As at 30 September 2024, EaD for Energy (coal and gas-fired) is all gas-fired. The Group's EP-related finance portfolio no longer contains coal-fired power generation projects. Within mining and refining, coal mining is around 1.6% (0.4% thermal coal; 1.2% metallurgical coal) of EP-related EaD.

The economic infrastructure segment of the project-related finance portfolio (as EaD) breaks down into the following key areas:

- Airports – 19%
- Communications, data and metering networks – 3%
- Pipelines & transmission assets – 3%
- Ports – 15%
- Rail – 14%
- Roads & tollways – 16%
- Terminals – 16%
- Other infrastructure – 12%

The social infrastructure segment of the project-related finance portfolio (as EaD) breaks down into the following key areas:

- Government buildings – 15%
- Hospitals and medical centres – 27%
- Schools – 8%
- Student accommodation – 12%
- Other – 39%

1 See http://www.equator-principles.com/ for more information, including the Equator Principles definition of project finance which is used by the Group.
2 EaD is a parameter used in the calculation of economic capital or regulatory capital under Basel II for a banking institution. It is the gross exposure under a lending facility upon default of a customer.
3 Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. A list of designated countries is published by the Equator Principles Association here. Non-designated countries are those countries not found on the list.
4 The EP categorises projects into three categories. The categories are: Category A – Projects with potential significant adverse environmental and social risks and/ or impacts. Category B – Projects with potential limited adverse environmental and social risks and/or impacts. Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.

Table 2: EP project-related finance portfolio by sector and by year (% of total Equator Principles project-related portfolio exposure expressed as EAD as at 30 September 2024). This financing is tagged as EP in NAB's system.

Sector	FY2024 (%)	FY2023 (%)
Energy (renewable)	32	22
Energy (coal and gas-fired)*	2	7
Economic infrastructure	38	41
Social infrastructure	13	12
Water treatment infrastructure	3	3
Mining and refining (metals and coal)*	3	2
Oil and gas	4	7
Other*	5	6

*As at 30 September 2024, EaD for Energy (coal and gas-fired) is all gas-fired. The Group's EP-related finance portfolio no longer contains coal-fired power generation projects. Within mining and refining, coal mining is around 1.6% (0.4% thermal coal; 1.2% metallurgical coal) of EP-related EaD. See page 36 of the Group's 2024 Climate Report for details about the Group's coal and oil and gas ESG-related policy settings.

Project finance for energy infrastructure

A key aspect of the Group's project-related financing is support for renewable and low carbon assets and infrastructure. This supports execution of the Group's climate strategy, which is aligned to the Group's strategic ambition. We acknowledge that climate change is a significant risk to the planet and a major challenge for society to address. Beyond this risk, there is a significant economic opportunity as the world transitions to a low-carbon future.

NAB is working with customers as they decarbonise, adapt, and build resilience, while pursuing new climate opportunities for a prosperous future. NAB has products and solutions to support our customers as they are making investments in sustainability for a better future towards 2030 and beyond.

NAB's role as a leading arranger of project finance and the number one[5] Australian bank provider of project finance to the global renewable energy sector is helping the Group's customers and communities make the low-carbon transition. In FY2024, the Group's financing for renewable energy assets represented a cumulative total generation capacity of 104,322 megawatts ("MW"). An additional 16,737 MW of installed renewable energy generation capacity was added to the portfolio in FY24. This included wind and solar assets in Australia, US and the UK.

In FY2024, the Group's estimated[6] share of total location-based Scope 1 and 2 greenhouse gas ("GHG") emissions associated with Australian designated[7] generation assets for which NAB provides project-related financing (and tagged as EP transactions in NAB's system) was 502,206 tonnes of carbon dioxide equivalent ("tCO_2-e"). This estimate is based on NAB's participation in financing for each facility as a percentage of debt as at 30 September 2024 (FY2023: 482,689 tCO_2-e).

In June 2024, NAB set an environmental finance ambition of $80 billion for the period from 1 October 2023 to 30 September 2030. The ambition is designed to support customers as they invest in their sustainable future towards 2030 and beyond. It represents a cumulative measure of financing provided to NAB customers across certain lending, capital markets, and trading activities. In FY2024, the Group provided $3.2 billion[8] in total financing for renewable energy assets (committed debt measured as at 30 September 2024).

From 1 October 2025, NAB intends to require a Customer Transition Plan for new or renewed corporate and project-level lending[9] and facilitation of capital markets[10] activities to C&IB customers in the power generation, oil and gas, and metallurgical coal sectors. This requirement will also apply to NAB's capital markets activities for customers in these sectors. NAB has created a framework to review these plans and engage with customers about their progress[11]. Customers advancing their transition plans will contribute to NAB's sector decarbonisation goals and assist NAB in identifying the products or services that customers may need.

Updates on implementation of the Group's climate change strategy are reported through to management, executive and the Board. Public disclosure is provided in the Group's 2024 Climate Report and Annual Report (refer to the 'climate strategy' and 'climate change and environment' sections respectively).

5 Data Source: Rankings based on IJGlobal League Table MLA, Renewables, both cumulative data from 1 January 2010 to 30 September 2024 and for the 12 months ending 30 September 2024.

6 As these GHG emissions are not generated directly by NAB, NAB has relied on public information disclosed by the Australian Clean Energy Regulator, which is information reported by designated generation facilities for the purpose of National Greenhouse and Energy Reporting. The methodology involved identifying the reported location-based Scope 1 and 2 GHG emissions associated with each generation facility NAB project financed in Australia. These were then multiplied by NAB's participation in financing for each facility as % of debt as at 30 September 2024. NAB's share of location-based Scope 1 and 2 GHG emissions were then aggregated to get the total tCO_2-e for the portfolio of power generation assets NAB project financed in Australia.

7 Designated generation facilities are facilities where the principal activity is electricity generation and where the facility is not part of a vertically-integrated production process. The emissions figure calculated for NAB's project finance portfolio of Australian designated generation facilities covers 100% of the Australian power generation assets (measured as MW capacity of the power generation facilities) included in NAB's project finance portfolio.

8 Amount includes new transactions and re-financing.

9 This includes (i) lending at a corporate level (for example, general facilities made available to the parent company of a group of companies), (ii) at a project-level (that is on an individual project basis for a specific project purpose), and (iii) trade finance facilities.

10 In the context of Customer Transition Plans, capital markets activities means all types of bonds, syndicated loans and US Private placements. It excludes advice or services to a customer by JBWere.

11 Refer to page 12, 2023 NAB Group's Climate Report and page 10, 2024 NAB Group's Climate Report.

Project finance case studies

The Group provides finance for projects across a range of sectors. This year's project finance case studies feature examples of finance for two solar farms and a wind farm. These projects contribute to NAB's environmental finance ambition of $80 billion by 2030, and illustrate the Group's implementation of the EP.

New Zealand's path to sustainability through solar power

New Zealand has a longstanding commitment to renewable energy, with a substantial portion of its electricity generation already derived from hydroelectric, geothermal, and wind power[12]. However, New Zealand is continuing to diversify its renewable energy supply to enhance energy security and reduce its reliance on fossil fuels[13].

The development of the Lauriston Solar Farm, "'the Project," has been planned in this context. NAB, through its subsidiary, Bank of New Zealand (BNZ), is one of two banks providing debt facilities to finance the Project. Located on the Canterbury Plains, 60 kilometres southwest of Christchurch, the Project aligns with the global push for decarbonization and New Zealand's target for achieving net-zero carbon emissions by 2050[14]. The Project is owned by a joint venture between Genesis Energy Limited and FRV Australia.

The Project is on a 93-hectare site and comprises approximately 90,000 solar panels that slowly oscillate with the sun, east to west, to maximise their sun exposure. There are 168 string inverters feeding into eight transformer substations that step-up voltage for grid export. The project allows for battery storage so that the energy generated can be stored for release when most beneficial to the electricity network, however, this was not part of the initial construction.

The Project has incorporated agrivoltaic designs, allowing dual land use for solar energy production and sheep grazing. This approach balances renewable energy goals with agricultural productivity.

The Project created approximately 100 jobs during the construction phase and will employ up to three full time staff now that it's operational. The Project began generating in November 2024, increasing to full capacity by February 2025. It is expected to produce approximately 100,000-megawatt (MW) hour per annum, the equivalent of the domestic demand of approximately 13,000 houses. The electricity generation is primarily aimed at feeding into the grid to help meet peak summer demand from irrigation. One of New Zealand's largest telecommunications companies has agreed to purchase the equivalent of 100% of the energy produced by the Project through a 10-year renewable energy partnership.

As part of due diligence and credit risk assessment, BNZ considered a range of environmental and social aspects including the Project's environmental approvals and management plans, biodiversity, noise controls, contamination risk, cultural heritage, human rights, climate risk and stakeholder engagement process. Due diligence also included external review by an independent consultant. The Project was evaluated against EP requirements and classified as a Category B.

Due diligence and credit risk assessment also involved reviewing the risk of modern slavery associated with companies supplying PV modules, inverters, and tracker technology. All three contracted suppliers have policies and processes in place to screen for modern slavery and human rights breaches within their supply chains.

Harnessing the wind to Power USA's green future

Oklahoma continues leveraging its substantial wind resources in response to the growing need for renewable energy. Wagon Wheel Wind Energy Center, "the Project" currently under construction, exemplifies this energy expansion. By harnessing wind power, the Project will generate enough electricity to power 210,000 American homes and represents a more than $250 million investment in local tax revenue, land costs and lease payments, and wages over the life of the project.

12 https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/electricity-statistics
13 https://www.iea.org/reports/new-zealand-2023/executive-summary
14 https://www.genesisenergy.co.nz/about/generation/lauriston-solar-farm

In FY2024, NAB's New York Branch, was part of a syndicate with ten other banks providing finance to Invenergy for the construction of the Project. The Project is a wind energy generation facility, being developed by Invenergy Renewables LLC (the "Sponsor") and Wagon Wheel Wind Project LLC (the "Owner"), an affiliate of the Sponsor and subsidiary of Wagon Wheel Wind Project Holdings LLC ("HoldCo"). The project is on an approximately 82,220 acres site located in Garfield, Kingfisher, Logan, and Noble Counties, Oklahoma, north of Guthrie.

Design and construction of the Project utilises 176 Wind Turbine Generation Systems (WTGs). Each WTG outputs a rated capacity of 3.4 Megawatts (MW) providing the Project a maximum installed capacity of 598.4MW. The energy generated by the Project is to be delivered through a collection system from the WTGs to two on-site substations to accommodate electrical output.

It is anticipated that the Project will commence operations in late calendar year 2025. Tax revenue generated by Wagon Wheel Wind Energy Center will support local school districts, enhancing educational resources and opportunities.
The Project is projected to provide up to 200 jobs during construction and up to 15 full-time operations and maintenance positions once operational[15]. This employment is expected to stimulate the local economy, offering socio-economic benefits to the surrounding communities.

As part of NAB's due diligence and credit risk assessment, NAB reviewed the arrangements in place to identify and manage environmental and social risks associated with the Project. Environmental considerations included land use, air and noise pollution, waste management, soil contamination, and biodiversity impacts. Social considerations include supply chain risks, including modern slavery, and First Nations and stakeholder engagement. Due diligence also included independent external review by third- party consultants, The due diligence confirmed that relevant ESG risks had been identified and would be managed appropriately. The Project was evaluated against EP requirements and categorised as Category B.

NAB's due diligence and credit risk assessment also included evaluating modern slavery risks associated with the production of wind turbine modules as part of its ESG risk assessment. The wind turbines for the construction are manufactured by a US company that has a documented approach to human rights due diligence and managing modern slavery risks through its policies, code of conduct, partnerships, and supplier responsibility governance. NAB recognises that due to the nature of these products and services, and the complexity of the supply chains for renewable energy equipment, some residual risk remains.

Transforming Arizona with solar power

In FY2024, NAB, acting through its New York branch, provided financing facilities to Longroad Energy for the construction of Sun Streams 4 ("the Project"). The Project, located in Maricopa County, Arizona represents a significant advancement in the state's renewable energy infrastructure and the United States' renewable energy generation target of 80% by 2030.

The project is set to have a proposed capacity of 377MW direct current (DC) and 300MW alternating current (AC), along with a 1,200MWh battery energy storage system (BESS) designed to enhance grid reliability and optimise the integration of renewable energy. The BESS will store surplus solar energy generated during peak production periods and discharge it during high demand times or when solar generation is low[16].

The Project will employ advanced technological components to maximise efficiency and energy output. It will utilise solar modules from First Solar, known for their high efficiency and durability in harsh environments. These modules exceed International Electrotechnical Commission (IEC) standards for performance in extreme conditions[17]. Nextracker's solar trackers will optimise panel orientation for maximum energy capture[18] and Sungrow's solar inverters will convert direct current to alternating current with 99% efficiency, ensuring optimal energy harvest and grid compatibility[19].

15 NV_ProjectFactSheet_Dev_Wind_WagonWheel.pdf
16 Longroad Energy Closes Financing of Sun Streams 4, a 377 MWdc Solar and 300 MWac / 1200 MWh Storage Project - Longroad Energy
17 Series-6-Plus-Datasheet---US.ashx
18 nxt_firstsolar_datasheet.pdf
19 DS_20201121_SG250HX Datasheet_V1.5.4_EN.pdf

The Project embodies a comprehensive approach to renewable energy, offering significant environmental benefits while fostering economic and social development. It is anticipated that the solar farm will commence operations by mid-2025. Upon completion, the total output of the solar facility will be purchased by the Arizona Public Service (APS) via a long-term Power Purchase Agreement that will extend over 20 years. Once operational, the Project is expected to produce enough clean energy to power approximately 120,000 average American households annually, while offsetting around 625,000 tCO_2-e each year.

The Project incorporates wildlife corridors to protect native species' habitats. The Project will also generate over $100 million in revenue for Arizona schools and communities through long-term leases with the Arizona State Land Department and tax remittances, while creating approximately 250 construction jobs, including over 65 registered apprentices[20].

As part of the due diligence and credit risk assessment process for the Project, NAB assessed the environmental and social risks associated with the Project. Environmental considerations included habitat disruption for wildlife, impact on native flora and fauna, water resource use, soil erosion and land degradation and noise and dust pollution. Social considerations included cultural and archaeological sensitivity, equity in economic benefits, worker safety risks and human rights issues such as community displacement or land use conflicts. The Project was categorised as Category B.

Further due diligence was conducted to assess Longroad's policies and processes in place for screening its supply chain for modern slavery risk. It was noted that specific ESG provisions have been incorporated into Longroad's supply contracts, including prohibition of forced and child labour. In addition to this, the company has demonstrated its commitment to preventing exploitation of workers in the solar supply chain through signing onto Solar Energy Industry Association (SEIA)'s solar industry forced labour prevention pledge.

20 https://www.mccarthy.com/insights/longroad-energys-sun-streams-4-solar-reaches-construction-milestone-of-peak-workforce

The Group's FY2024 EP Compliance Data

The total number of project-related transactions that triggered the EP, were tagged as EP in NAB's system and reached financial close[21] in FY2024 was 19.

In accordance with the EP Version IV ("EP IV")[22] reporting requirements, Table 3 shows the Group's FY2024 project finance data broken down by sector, region and country type and whether an independent review has been conducted. These transactions are tagged in NAB's system as EP transactions.

Table 3: Project Finance data for transactions triggering EPs in FY2024

	Breakdown by Category		
	A	B	C
Project finance transactions tagged in NAB Group's system as triggering the EP during the period 1 October 2023 to 30 September 2024.	0	10	4
By Sector	**A**	**B**	**C**
Energy (gas-fired)	0	0	0
Energy (renewable)	0	9	1
Oil & Gas	0	0	0
Infrastructure (road, rail, airports, ports, pipelines, and telecommunication)	0	0	3
Social Infrastructure (schools, hospitals, prisons, and public buildings)	0	0	0
Infrastructure (water)	0	0	0
Mining and refining	0	1	0
Infrastructure (Nitrogen-based fertiliser)	0	0	0
By Region	**A**	**B**	**C**
Americas	0	8	4
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	2	0
By Country Type	**A**	**B**	**C**
Designated	0	10	4
Non-designated	0	0	0
Independent Review [23]	**A**	**B**	**C**
Yes	0	10	4
No	0	0	0

In addition, there were two project-related corporate loans, and no acquisition transactions which triggered the EP.
The Group does not provide project-related advisory services.

Table 4 shows the Group's FY2024 project-related corporate loans data broken down by sector, region and country type and whether an independent review has been conducted. These transactions have been tagged in NAB's system as EP transactions.

Table 4: Project-related Corporate Loans data for transactions triggering EP in FY2024

	Breakdown by Category		
	A	B	C
Project-related Corporate Loan transactions tagged in NAB Group's system as triggering the EP during the period 1 October 2023 to 30 September 2024.	0	2	0
By Sector	**A**	**B**	**C**
Energy (gas-fired)	0	0	0
Energy (renewable)	0	1	0
Oil & Gas	0	0	0
Infrastructure (road, rail, airports, ports, pipelines, and telecommunication)	0	1	0
Social Infrastructure (schools, hospitals, prisons, and public buildings)	0	0	0
Infrastructure (water)	0	0	0
Mining and refining	0	0	0
Infrastructure (waste management)	0	0	0
By Region	**A**	**B**	**C**
Americas	0	1	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	1	0
By Country Type	**A**	**B**	**C**
Designated	0	2	0
Non-designated	0	0	0
Independent Review [24]	**A**	**B**	**C**
Yes	0	2	0
No	0	0	0

21 Defined in the EP as "the date on which all conditions precedent to initial drawing of the debt have been satisfied or waived".

22 EP IV came into effect on 1 October 2020 and have been applied to projects and data in this report which covers the FY2024 reporting year – 1 October 2023 to 30 September 2024.

23 Conducted in accordance with Principle 7 – Independent Review.

24 Conducted in accordance with Principle 7 – Independent Review.

There were three project-related refinance for project-related corporate loan transactions which triggered the EP. Table 5 shows the Group's FY2024 project-related refinance for project-related corporate loans data broken down by sector, region and country type. These transactions have been tagged in NAB's system as EP transactions

Table 5: Project-related Refinance for Project-related Corporate Loans data for transactions triggering EP in FY2024

Sector	Total
Project-related Refinance for Project-related Corporate Loans transactions tagged in NAB Group's system as triggering the EP during the period 1 October 2023 to 30 September 2024.	3
By Sector	
Energy (gas-fired)	0
Energy (renewable)	0
Oil & Gas	0
Infrastructure (road, rail, airports, ports, pipelines, and telecommunication)	3
Social Infrastructure (schools, hospitals, prisons, and public buildings)	0
By Region	
Americas	0
Europe, Middle East & Africa	3
Asia Pacific	0
By Country Type	
Designated	3
Non-designated	0

In accordance with the reporting requirements of EP IV, Table 6 provides project name reporting for EP transactions which reached financial close in FY2024.

Table 6: Project-related project name reporting[25]

Project Name	Calendar Year	Sector	Host Country	Type of Finance
Angelo Solar	2023	Energy (renewable)	USA	Project Finance
Big Elm Solar	2023	Energy (renewable)	USA	Project Finance
Cedro Hill LLC	2023	Energy (renewable)	USA	Project Finance
C1 Houston West LLC	2023	Infrastructure (telecommunications)	USA	Project Finance
Lauriston Solar	2023	Energy (renewable)	New Zealand	Project Finance
Liontown Resources	2024	Mining and refining	Australia	Project Finance
Sun Streams 4	2023	Energy (renewable)	USA	Project Finance
Eldorado Phase I	2024	Energy (renewable)	USA	Project Finance
Eldorado Phase II	2024	Energy (renewable)	USA	Project Finance
Flat Ridge 4	2024	Energy (renewable)	USA	Project Finance
Flat Ridge 5	2024	Energy (renewable)	USA	Project Finance
Pixley Solar Energy LLC	2024	Energy (renewable)	USA	Project-related Corporate Loan
Project Cardinal	2024	Infrastructure (telecommunications)	USA	Project Finance
Project Ranger	2024	Infrastructure (telecommunications)	USA	Project Finance
Vantage Berlin VDC FRA21 GMBH	2024	Infrastructure (telecommunications)	Germany	Project-related Refinance for Project-related Corporate Loan
Vantage Berlin VDC FRA22 GMBH	2024	Infrastructure (telecommunications)	Germany	Project-related Refinance for Project-related Corporate Loan
Vantage Frankfurt (Vantage Data Centres STELLAR 2 S.A.R.L)	2024	Infrastructure (telecommunications)	Germany	Project-related Refinance for Project-related Corporate Loan
Wagon Wheel	2024	Energy (renewable)	USA	Project Finance

25 Project-related project name reporting excludes one Project-related Corporate Loan as NAB did not receive consent from the customer to disclose.

EP implementation

The Group recognises that businesses today operate in an environment which includes many challenges that affect our economy, environment and society. These include issues such as human rights, climate change, biodiversity loss, ecosystem degradation and impacts on local and Indigenous communities. To assist in managing these issues, the Group has a set of **ESG Risk Principles** which provide an overarching framework for integrating ESG risk considerations into the Group's day-to-day decision-making.

The Group takes a risk-based approach to managing ESG-related risks and issues. The Group considers exposure to ESG risk at both a lending portfolio and an individual customer level. At the individual customer level, ESG risk is assessed on a case-by-case basis as part of the credit risk assessment and due diligence process. This includes an assessment of ESG risks associated with particular sectors.

Colleagues in relevant customer-facing roles identify and manage ESG risks as part of their day-to-day responsibilities. They are supported by colleagues with specialist expertise and understanding of ESG risks who work in Group functions and subsidiaries. For example, by our ESG Risk Management ("ESGRM"), Legal and Sustainability teams and colleagues with sustainability-related roles embedded in teams within other areas.

In addition to the Group's general ESG risk policies and practices, the Group has specific policy requirements that address implementation of the EP. During the credit risk assessment process for corporate and institutional lending, it is the Group's practice to identify potential project finance and corporate finance transactions where the EP could apply. The Group's EP Policy reflects EP IV requirements.

For relevant project and corporate finance transactions, tailored due diligence is undertaken as required by the Group's general credit policies and the Group's EP and ESG Risk policies. This includes categorisation (A, B or C) of projects. EP due diligence is in addition to the Group's standard ESG risk assessment requirements which include risk-based screening to determine whether the customer and project-related activity are in a high ESG risk-related sector or which may have high associated ESG risk. If Corporate & Institutional Banking ("C&IB") colleagues identify ESG risk issues as part of initial customer screening, or note involvement in high-risk sectors or activities, customers are subject to a more detailed ESG risk assessment, in accordance with exposure-related trigger thresholds, as part of the Group's credit risk and due diligence process. Further information on our ESG risk assessment process as part of credit risk assessment and due diligence is provided in the ESG Risk Management section of our 2024 Annual Report pages 57-60.

Relevant transactions that trigger EP requirements are tagged in NAB's system as being EP transactions for reporting and risk management purposes. This also facilitates follow-up with customers to ensure they are meeting EP requirements.

The Group's C&IB customer facing teams originate project-related financing, including project finance, corporate-related lending and refinancing. These origination teams are supported by Client Management and Execution ("CME"), Credit Decisioning and ESGRM teams. The ESGRM team provides Environmental, Social and Governance ("ESG") and EP subject matter expertise.

The relevant origination team will typically agree the technical, environmental and social scope of work, the requirements for site visits during the due diligence process, and the selection of independent experts/consultants as part of their preparatory work on a transaction. The extent of NAB's or Bank of New Zealand's (BNZ) involvement in scoping the environmental and social due diligence requirements will vary with NAB's or BNZ's role in a syndicate (whether we have a lead role or not) and the type of transaction/finance involved

Independent environmental and social experts may be used to assist the origination teams, where applicable, and in accordance with the EP.

Where there are potentially controversial issues or significant ESG risks associated with a potential project finance transaction, the ESGRM team may also review material relevant to a transaction after referral from the origination deal team, CME or Credit team.

As project-related lending usually involves a syndicate of banks, it is the Group's general experience that there is usually consensus reached among the bank group on the project category assignment and, in most cases, a conservative approach is taken.

When potential projects occur in non-designated countries (defined in EP IV), this includes applying IFC Performance Standards[26]. Standards 5 (Land Acquisition and Involuntary Resettlement) and 7 (Indigenous Peoples) are particularly relevant when reviewing how the Group's customer are managing land rights, Indigenous rights and the associated impacts on local communities.

Loan documentation covenants are reviewed by the relevant transaction team, and where appropriate, NAB or BNZ legal teams. Standard facility agreements typically contain covenants sufficient to satisfy the EP covenant requirements – where necessary these are amended on a case-by-case basis.

The transaction team tracks a project's compliance with the EP. This includes seeking client consent for Project Name reporting. Client consent requests are tracked, recorded and held in a central location.

26 Refer to: https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-en.pdf

Monitoring ongoing EP compliance

At a minimum, the Group undertakes an annual review of every EP transaction. This may include site visits by the relevant transaction team (and may also include Credit and ESGRM colleagues) and independent monitoring where necessary (generally during construction and operations for complex and/or Category A projects).

The Group also requires the client to provide reports on general construction and operational compliance. The frequency and scope of this reporting is based on the risk associated with a project – for example, it may be monthly, quarterly, half-yearly or annually. A higher risk project typically requires more frequent reporting so the Group can monitor that it is being developed in accordance with project approvals, project documents and any additional requirements of the relevant Group transaction team.

Reporting to management

The Group's executive committee and board of directors receive reports on the Group's lending book exposure to a list of industry sectors with potentially higher ESG risk sensitivities (as designated by the Group internally), such as mining and energy generation. This reporting includes project-related lending.

The Group also monitors the carbon intensity of its project finance energy generation portfolio and has publicly disclosed interim decarbonisation targets for priority sectors developed to satisfy the requirements as part of the Group's membership of the Net Zero Banking Alliance.

Training

In FY2024, the C&IB business unit Training, Change and Client Management and Execution teams in consultation with ESG Risk Management, developed an ESG eLearn training module for inclusion in the Group's learning platform. This eLearn covered EPs requirements.

Also, in FY2024, NAB reviewed and refreshed its ESG Risk Checklists, including its EP checklist. NAB's Corporate and Institutional Banking team also developed and commenced piloting a digitised version, called "ESG Accelerate", of the ESG Risk Checklists used by that Division, with input from NAB's Risk and Client Management and Execution teams. The pilot of this new format for ESG risk assessment commenced with 50 bankers in September 2024. Moving to a digitised format will assist capture of customer-related ESG data to enhance both customer and portfolio level assessment of ESG risk, including for EP risk assessment and reporting purposes.

Reporting methodology

The Group produces data and provides case studies to meet EP reporting requirements associated with Principle 10 and to demonstrate implementation of the EP. The EP data published in this report represents the Group's identified EP-related portfolio managed by the C&IB business unit and BNZ. The EP portfolio data is validated and reconciled through interviews and data checks with colleagues across NAB's offices in Australia, New York and London and BNZ in New Zealand. The Group's EP portfolio is segmented in a variety of ways to produce the data.

Assurance over EP data

In FY24, EY provided limited assurance over selected information in NAB's Equator Principles Report for the year ended September 2024. EY's assurance report can be located here.

Further information on the Equator Principles can be found at www.equator-principles.com.