National Australia Bank - Climate Change 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

National Australia Bank Limited (NAB) and its related bodies corporate ('NAB Group', 'Group', 'our' or 'we') is a financial services company providing a comprehensive range of financial products and services. The Group's key businesses operate in Australia and NZ. We also have offices in Asia, the UK, France and the US. Our portfolio includes: Business and Private Banking, Personal Banking, Corporate and Institutional Banking, and Bank of New Zealand (also refer page 11 of NAB Group's 2022 Annual Report (AR)).

In the 2020 financial year (FY2020), the Group refreshed its Strategy, which is outlined on pg 12 of the 2022 AR. A key pillar of the Group Strategy is **a long-term sustainable approach** which is inclusive of the Group's focus on sustainability (see pgs 12 and 16 of the 2022 AR). We are focused on three key areas under this strategic pillar of "What we will be known for":

· **Commercial responses to society's biggest challenges** which incorporate climate action and sustainable agriculture.

· **Resilient and sustainable business practices** which incorporate ESG risk management, reducing our operational carbon footprint and sustainable financing.

· **Innovating for the future** which incorporates natural disaster preparedness, relief and recovery.

The Group's commitment to address climate change sits within this context. Refer to pgs 20-21 of the 2022 AR for further information on our sustainability approach and pgs 38-40 for a summary of the Group's TCFD disclosures. A full set of Task Force on Climate-related Financial Disclosures (TCFD) is available in the Group's 2022 Climate Report.

The Group updated its climate change strategy in 2022 with a focus on maximising the climate transition's economic benefits for customers and NAB, and to help achieve emissions reduction targets consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Group's focus remains unchanged, taking a relationship-led approach that prioritises supporting customers to decarbonise and build resilience. The refreshed climate strategy aims to further embed consideration of climate change into the Group's businesses, and deliver a whole-of-bank response to climate change through:

· Growing by supporting our customers to decarbonise and to build resilience:

· Investing in climate capabilities;

· Reducing financed emissions; and

· Reducing operational emissions.

The strategy helps the Group to identify and respond to climate change risks and opportunities. A long-standing approach to implementing our climate change strategy has been to learn by doing and incorporate this knowledge into how we manage environmental, social and governance (ESG) risks and provide products and services to assist customers.

The Group recognises that climate change is one of the most significant challenges impacting the prosperity of our society and economy. It is a source of significant risk and opportunity for the Group and therefore we need to be part of the solution and support our customers as they take action. In 2019, we signed the Collective Commitment to Climate Action (CCCA) and in FY2020 we announced a goal to align our lending portfolio to net zero emissions by 2050. In FY2021, we also joined the Net Zero Banking Alliance.

Our financial regulators have noted that climate-related risks are a potential source of systemic financial risk that need to be addressed to ensure the future stability and resilience of the financial system. This is leading to changes in supervisory expectations of banks and to regulatory change. In FY2022, NAB completed work on a Climate Vulnerability Assessment led by the Australian Prudential Regulatory Authority.

In addition to responding to relevant regulatory requirements, the Group is decarbonising its operations and playing an active role in addressing climate change by providing products and services to help customers decarbonise and take advantage of low-carbon opportunities. The Group's assessment of climate change-related opportunities has led to a range of targets and commitments covering the Group's operations, as well as how the Group supports customers to decarbonise.

In FY2022, the Group achieved its target to provide $70bn in environmental financing ahead of the 30 Sept. 2025 target date. Since 1 October 2015, the Group has provided $70.8bn in environmental finance (represented as cumulative flow of new environmental finance since 1 October 2015. Refer to the 'Environmental financing target methodology' on pg 50 of our 2022 Climate Report for a further breakdown of how this number is calculated). In FY2022, NAB had completed 86/100 customer transition maturity assessments and we published our first tranche of interim 2030 sector decarbonisation targets covering cement, oil and gas, thermal coal and power generation.

For more details about our climate change strategy and governance refer to our 2022 Climate Report and website here.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
July 1 2021

End date
June 30 2022

Indicate if you are providing emissions data for past reporting years
No

Select the number of past reporting years you will be providing Scope 1 emissions data for
<Not Applicable>

Select the number of past reporting years you will be providing Scope 2 emissions data for
<Not Applicable>

Select the number of past reporting years you will be providing Scope 3 emissions data for
<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.
Australia
China
France
Hong Kong SAR, China
India
Japan
New Zealand
Singapore
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

C0.4

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

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.
Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset manager)	No	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	AU000000NAB4
Yes, a Ticker symbol	NAB
Yes, a CUSIP number	632525408
Yes, another unique identifier, please specify (DR Symbol)	NABZY

C1. Governance

C1.1

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

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	The NAB Board is the principal board for National Australia Bank Limited, the head company of the NAB Group. The NAB Board retains ultimate oversight for climate change-related matters, including strategy and risk management, supported by the Board Risk & Compliance Committee (BRCC). BRCC has accountability for oversight of NAB Group's risk profile and risk management, including climate risk, within the context of Board-determined risk appetite (although ultimate responsibility for risk oversight, risk appetite and risk management rests with the Board). The BRCC refers all matters of significant importance to the Board, making recommendations to the Board concerning the Group's current and future risk appetite, risk management strategy and particular risks or risk management practices, including those related to climate change. The Board and/or BRCC receive reports on a range of climate change-related issues, strategy and commitments, risks and opportunities and related regulatory change and reporting returns. Discussion of climate-related items by the Board and/or BRCC provides an opportunity for Board members to discuss climate change risks and opportunities. For FY2022, key decisions included review and approval of: (i) the Group's FY2022 Annual Report and Climate Report (which include NAB's annual TCFD disclosures and climate-related regulatory reporting); and (ii) the Group's Climate Transition Growth Strategy and NAB's Decarbonisation Pathways and targets. The Board also: - reviewed and discussed the outcomes of NAB's work on the Climate Vulnerability Assessment led by the Australian Prudential Regulatory Authority; and - attended continuing education sessions on decarbonisation goal setting and Net Zero planning, as well as a study tour to meet with customers and stakeholders to understand how they were approaching decarbonisation.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Overseeing major capital expenditures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	The NAB Board retains ultimate oversight for climate change-related matters, which are integrated into business strategy, operations and risk management and which are otherwise part of specific initiatives under the long-term pillar of NAB Group's strategy and more specifically, its climate strategy. The Board directly, or the Board Risk & Compliance Committee (BRCC), receive reports on a range of climate-related issues, risks and opportunities including progress against NAB Group's climate change strategy and commitments, risk appetite, environmental operational performance (including progress against the Group's science-based emissions reduction target), carbon neutral status, and concerns from stakeholders. The NAB Board and/or BRCC have climate-related agenda items scheduled in their annual calendars. These include: • updates (annually and at times more frequently) on the Group's climate change strategy, action plans, goals and targets provided by our Corporate Affairs and key frontline divisional executives. • updates (annually and at times more frequently) on climate-related operational performance against targets and commitments, as well as regulatory change, GHG and energy reporting returns that require noting or approval at Board before submission to regulators provided by Risk and Corporate Affairs executives. • specific updates that relate to climate risk including risk appetite (e.g. reporting on climate-related caps and limits), risk assessment, scenarios and stress testing provided by Risk executives. • when relevant, consideration of key investments presented by the Executive for Technology and Enterprise Operations (such as capital expenditure to improve the environmental performance of data centres the Group operates and buildings we occupy) and Strategy and Innovation. Climate change-related topics are also included in the Board's annual development (continuing education) program for directors. In FY2022, key decisions included review and approval of: (i) the Group's FY2022 Annual Report and Climate Report (which include NAB's annual TCFD disclosures and climate-related regulatory reporting); and (ii) the Group's Climate Transition Growth Strategy and NAB's Decarbonisation Pathways and targets. The Board also: - reviewed and discussed the outcomes of NAB's work on the Climate Vulnerability Assessment led by the Australian Prudential Regulatory Authority; and - attended continuing education sessions on decarbonisation goal setting and Net Zero planning, as well as a study tour to meet with customers and stakeholders to understand how they were approaching decarbonisation.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	Composition of NAB's Board is informed by the following principles: • The Board will be of an appropriate size to allow efficient decision making. • The Board must consist of a majority of independent non-executive directors. • The Board should consist of directors with a broad range of skills, experience and expertise, and different facets of diversity, including gender. Each year the Board assesses the skills and experience of each director and the combined capabilities of the Board. The insights from this assessment are documented in a skills matrix that is: • Considered in the context of NAB's business and its strategic needs. • Incorporated into Board succession planning and the selection of new directors. • Used to inform areas of focus for the Board's continuing education and use of external expertise. To prepare the skills matrix, each director rates their skills, expertise and experience against several competency areas that are then mapped to the skills matrix. The self-assessment ratings and skills matrix are reviewed and calibrated by the Nomination & Governance Committee on behalf of the Board. The current skills matrix is provided in NAB's 2022 Annual Report on page 70 in the Corporate Governance Statement section. The Board assessed its combined skills and capabilities from an environmental and social perspective as strong. In 2022, the Nomination & Governance Committee and Board prioritised increasing the combined capabilities of the Board on ESG risk management in the following environmental and social areas: Climate action (risks, opportunities, transition opportunities, target setting methodologies and practices); Indigenous matters; and affordable and social housing matters. This included meeting with external experts and customers on each of these topics.	<Not Applicable>	<Not Applicable>

C1.2

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

Position or committee
Chief Risks Officer (CRO)

Climate-related responsibilities of this position
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line
Risk - CRO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The Group Chief Risk Officer (GCRO) engaged with the Board and/or Board Risk & Compliance Committee (BRCC) more frequently than quarterly on climate-related issues in FY2022. This included: (i) an annual paper on the Group's climate-related regulatory performance; (ii) engagement on climate-related disclosures including the Group's TCFD disclosures; (ii) NAB's interim portfolio decarbonisation targets for cement, thermal coal, oil and gas and power generation; (iii) the results of NAB's Climate Vulnerability Assessment; (iv) sustainability-related (including climate-related risk appetite and tolerances); (v) climate-related sessions included in the Board's annual development program and (vi) via updates provided in the GCRO's regular reporting to the BRCC. The GCRO is a member of the Group Credit & Market Risk Committee and Chair of the Executive Risk & Compliance Committee.

Position or committee
Other C-Suite Officer, please specify (Group Executive, Corporate & Institutional Banking)

Climate-related responsibilities of this position
Implementing a climate transition plan
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking

Reporting line
Other, please specify (Divisional reporting line. The Group Executive Corporate & Institutional Banking reports to the Chief Executive Officer.)

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The Group Executive, Corporate & Institutional Banking supported papers to Board, more than four times during FY2022. These papers covered the following topics: (i)

NAB's Carbon Opportunity; (ii) Decarbonisation Goal Setting; (iii) Net Zero Planning (Continuing Education Session); (iv) Climate Transition Growth Strategy and Emerging Perspectives on Decarbonisation Pathways; and (v) Climate Transition Decarbonisation Targets.

Position or committee
Risk committee

Papers including climate-related information are submitted to a Risk Committee (Group Credit & Market Risk Committee (GCMRC)) more frequently than quarterly via risk reports. The GCMRC oversights credit and market risk matters impacted by climate change including our risk appetite, risk profile, limits, portfolio exposures, credit policies and compliance with ESG-related, including climate-related regulatory obligations, voluntary commitments, goals and targets.

Climate-related responsibilities of this position
Conducting climate-related scenario analysis
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line
Risk - CRO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
Our Group Credit & Market Risk Committee (GCMRC), and where relevant, the Executive Risk & Compliance Committee or the Executive Leadership Team, oversee aspects of NAB's climate change strategy, risk appetite and management, policies, and performance. These committees review aspects of climate change-related performance. Papers including climate-related matters were presented to the Board via Risk Committees more frequently than quarterly in FY2022. This included climate-related matters in papers going through to Board or Board Risk & Compliance Committee (BRCC) as part of Board and/or BRCC's annual agendas and regular risk reporting. For example, consideration of climate-related risk appetite in the Group's risk appetite statement.

Position or committee
Other committee, please specify (NAB Group's Sustainability Council)

Climate-related responsibilities of this position
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line
Operations - COO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
As important matters arise

Please explain
The Group Chief Operating Officer (GCOO) is Chair of the Group's Sustainability Council, which meets bi-monthly and is responsible for aligning activity across the Group and overseeing progress against the Group's broader sustainability goals and targets including the Group's climate change strategy and commitments (particularly the Collective Commitment to Climate Action and Net Zero Banking Alliance). The GCOO provides updates on the Group's sustainability performance to the Board as required.

Position or committee
Other C-Suite Officer, please specify (Group Executive, Technology & Enterprise Operations (GE, T&EO))

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Implementing a climate transition plan
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our own operations

Reporting line
Other, please specify (The Technology & Enterprise Operations reporting line. The GE, TE&O reports to the Chief Executive Officer.)

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain
The GE, T&EO is accountable for NAB's property portfolio, technology operations, Financial Crime Operations and supply chain management. This includes managing budgets, risks and opportunities related to capital works and operational programs that help reduce NAB's energy use, GHG emissions and other environmental impacts and power purchase agreements to help meet the Group's renewable energy target (RE100) and deliver on the Group's low carbon transition plan to reach net zero by 2050.

Position or committee

Other committee, please specify (Executive Leadership Team (ELT))

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
As important matters arise

Please explain
The Executive Leadership Team (ELT) consider and endorse through to Board, the Group's climate change strategy and key climate-related commitments, goals and targets, including those such as the Collective Commitment to Climate Action and Net Zero Banking Alliance. In FY2022, they considered and endorsed: (i) Net Zero Planning (ii) Climate Transition Growth Strategy and Emerging Perspectives on Decarbonisation Pathways; and (iii) Climate Transition Decarbonisation Targets.

Position or committee
Other C-Suite Officer, please specify (Group Executive, Strategy and Innovation)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities
Other, please specify (Innovation developments including Proof of Concept investments in climate-related projects)

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line
Other, please specify (Strategy and Innovation reporting line. The Group Executive, Strategy and Innovation reports to the Group Chief executive.)

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The Group Executive, Strategy and Innovation is responsible for development of Group's climate change strategy, key climate-related innovation investment and development of implementation plans for key climate-related commitments, goals and targets, including those such as the Collective Commitment to Climate Action and Net Zero Banking Alliance. In FY2022, this included:
(i) refreshing the Group's climate strategy in 2022 to maximise the climate transition's economic benefits for customers and NAB and help to achieve emissions reduction targets consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100;
(ii) developing NAB's first four interim 2030 sector decarbonisation targets, which have been set to guide the Group's lending across key sectors (cement, power generation, oil and gas and thermal coal) in its portfolio to align to net zero emissions by 2050;
(iii) investment in Carbonplace, a carbon credit settlement platform jointly developed by NAB and some of the world's largest financial institutions. In FY2022, Carbonplace completed a successful pilot transfer of Verra certified carbon credits. The transfer was facilitated by NAB, on behalf of Visa, and Itaú Unibanco, on behalf of Sustainable Carbon. One of several pilot trades completed in 2022, this trade underscores how the institutions behind Carbonplace can collaboratively use infrastructure to develop an efficient market for the trading of carbon credits.
Additionally, the Group Executive, Strategy and Innovation created and commenced recruitment for a new role – Chief Climate Officer (CCO). When appointed in FY2023, the CCO, reporting to the Group Executive, Strategy and Innovation, will drive execution of the Group's climate strategy and low carbon transition.

Position or committee
Other C-Suite Officer, please specify (Group Executive, People & Culture. The Group Executive, People & Culture reports to the Group Chief Executive Officer.)

Climate-related responsibilities of this position
Providing climate-related employee incentives

Coverage of responsibilities
<Not Applicable>

Reporting line
Other, please specify (People & Culture reporting line)

Frequency of reporting to the board on climate-related issues via this reporting line
Annually

Please explain

The Group Executive, People & Culture is responsible for the coordinating and overseeing the Group's Reward and Recognition framework, which includes providing information to help the Board establish and assess Group Performance Indicators and the qualitative aspects of Group performance which contribute to annual assessment of the Group's performance for short-term and long-term incentives.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	See 1.3a for responses.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive
Chief Executive Officer (CEO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
NAB's Short Term Incentive Plan is the Variable Reward (VR) remuneration component. The VR rewards the Group CEO for delivering on annual goals that drive long-term sustainable performance. It provides an appropriate level of remuneration that varies based on the Board's determination of Group and individual performance over the financial year measured against agreed targets for financial and non-financial measures ("Group Performance Indicators" – GPIs) that are set to drive delivery of the Group's strategy. The plan is not wholly formulaic. Judgement is applied through qualitative assessment as determined by the Board.

The Target VR (i.e. if targets have been met) is 100% of the CEO fixed remuneration (FR), with the maximum payable set at 150% of FR for exceptional outperformance (over and above stated objectives). GPIs are adjusted by qualitative assessment upwards or downwards (including to zero) for risk, quality of performance (this considers financial, sustainability, customer outcomes, environmental and social impact matters ("ESG"), and progress made our against strategic ambition) and any other matters determined by the Board. GPIs are grouped into the following areas: Financials (60% weighting (W)); Customers (15% W); Colleagues (15% W); Safe Growth (10% W).

Board qualitative performance assessment for ESG includes progress against NAB's climate growth strategy, related transition planning and portfolio decarbonisation targets. Key transition plan elements are disclosed in our 2022 Climate Report.

The relevant climate-related performance considered qualitatively includes:
• Meeting our climate and sustainable financing target. $14.5 bn of environmental finance was provided in FY2022 taking the total to $70.8 bn since 1 Oct. 2015 against a goal of $70 bn by 30 September 2025 (approx. three years ahead of schedule).
• Energy from renewable sources against our target.
• The Dow Jones Sustainability Index outcome.

The VR is also reduced by a qualitative assessment if required risk outcomes are not met. One of which is for "Strengthening of risk management practices and risk profile across the majority of Material Risk Categories driven by role modelling of effective risk management behaviours by leaders." In October 2021, NAB included Sustainability Risk (including climate risk) as a Material Risk Category, therefore, the risk component includes consideration of climate risk in the VR calculation.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
The incentive drives NAB Leadership's risk-adjusted approach to deliver NAB's commitment and actions to address climate change responsibly by setting clear and ambitious goals for reducing NAB's own and financed emissions, as well as financing the low carbon and sustainability transition. In FY2022, the Group achieved and exceeded its AUD70 billion environmental finance target well ahead of the 30 September 2025 target date. This included:
• $40.7bn to support green infrastructure, capital markets and asset finance.
• $30.1bn to provide mortgage lending for new dwellings and significant renovations for 6-Star residential housing in Australia.
The Group's target is to provide a cumulative flow of new environmental financing activities of AUD $70 billion over the ten years to 30 September 2025 (off a 2015 baseline).

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
NAB's Short Term Incentive Plan is the Variable Reward (VR) remuneration component. The VR rewards Group Executives (GEs) for achieving annual goals that drive long-term sustainable performance. It provides an appropriate level of remuneration that varies based on the Board's determination of Group and GEs performance over the financial year measured against agreed targets for financial and non-financial measures ("Group Performance Indicators" - GPIs) that are set to drive delivery of the Group's strategy. The plan is not wholly formulaic. Judgement is applied through qualitative assessment as determined by the Board.

Except for the Group Chief Risk Officer (GCRO), the Target VR (i.e. if targets have been met) is 100% of GE fixed remuneration (FR), with the maximum payable set at 150% of FR for exceptional outperformance (over and above stated objectives) for GE. The GCRO VR is set at 75/112.5% respectively. GPIs are adjusted by qualitative assessment upwards or downwards (including to zero) for risk, quality of performance (including consideration of financial, sustainability, customer outcomes, environmental and social impact matters ("ESG"), and progress made against strategy) and any other matters as determined by the Board. GPIs are grouped into the following areas: Financials (60% weighting (W)); Customers (15% W); Colleagues (15% W); Safe Growth (10% W).

Board qualitative performance assessment for ESG includes progress against NAB's climate growth strategy, related transition planning and portfolio decarbonisation targets. Key transition plan elements are disclosed in our 2022 Climate Report.

The relevant climate-related performance considered qualitatively includes:
• Meeting our climate and sustainable financing target. $14.5 bn of environmental finance was provided in FY2022 taking the total to $70.8 bn since 1 Oct. 2015 against a goal of $70 bn by 2025.
• Energy from renewable sources against our target.
• the Dow Jones Sustainability Index outcome.

The VR is also reduced by a Risk qualitative assessment if required risk outcomes aren't met. One of which is for "Strengthening of risk management practices and risk profile across the majority of Material Risk Categories driven by role modelling of effective risk management behaviours by leaders." In October 2021, NAB included Sustainability Risk (including climate risk) as a Material Risk Category, therefore, the risk component includes consideration of climate risk in the VR calculation.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
The incentive drives NAB Leadership's approach to deliver NAB's commitment and actions to address climate change responsibly by setting clear and ambitious goals for reducing NAB's own and financed emissions, as well as financing the low carbon and sustainability transition. In FY2022, the Group achieved and exceeded its AUD70 billion environmental finance target well ahead of the 30 September 2025 target date. This included:
• $40.7bn to support green infrastructure, capital markets and asset finance.
• $30.1bn to provide mortgage lending for new dwellings and significant renovations for 6-Star residential housing in Australia.
The Group's target is to provide a cumulative flow of new environmental financing activities of AUD $70 billion over the ten years to 30 September 2025 (off a 2015 baseline).

Entitled to incentive
Other, please specify (Bankers in environmental product areas such as Project Finance and Sustainable Finance.)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
All employees will have up to five performance goals which reflect success in role and contributions to NAB's priorities. This will include a Risk Goal, a Leadership & Culture Goal (for People Leaders) and up to three role-based goals. Employees are assessed on both what they have delivered against each goal and the extent to which they have demonstrated NAB's values (How we work).

Key personnel in customer facing areas (e.g. Corporate & Institutional Banking Division) have specific performance objectives related to the generation of business which helps our customers to mitigate or adapt to climate change (e.g. financing of renewable energy projects to avoid emissions or arranging and underwriting green bonds) and sales of environmental and climate change-related products and services which incentivise customers to reduce emissions or produce more renewable energy (e.g. provision of sustainability-linked loans). These individual performance objectives assisted the Group to meet its target to provide $70bn of environmental financing by 30 September 2025, which was achieved in FY2022, approximately three years ahead of schedule.

Where specific individual performance goals are agreed (up to three), they will contribute significantly to an overall performance rating.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
The incentive aligns frontline staff's performance in providing climate financing solutions to customers to NAB's strategic initiatives but in accordance with our risk appetite.

Entitled to incentive
Other, please specify (ESG Risk Managers & Enterprise Sustainability Managers)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
All employees will have up to five performance goals which reflect success in role and contributions to NAB's priorities. This will include a Risk Goal, a Leadership & Culture Goal (for People Leaders) and up to three role-based goals. Employees are assessed on both what they have delivered against each goal and the extent to which they have demonstrated NAB's values (How we work).

Key personnel in ESG Risk and Sustainability roles have specific performance objectives related to management of climate change risks and opportunities. This includes performance objectives such as:
• enacting agreed actions that contribute to work across the Group on its sustainability priority areas of climate change, affordable and
• specialist housing and Indigenous business, and deliver on external commitments and targets (such as NAB's Net Zero Banking Alliance
• actions to align operational and financed emissions with pathways to net zero by 2050)
• expanding coverage of NAB's financed emissions baseline as part of the NZBA work;
• further refinement and updating of NAB's ESG-related credit risk policy and setting for fossil fuels.
Where specific individual performance goals are agreed (up to three), they will contribute significantly to an overall performance rating.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Supporting the Group in its review of climate change risks and opportunities relating to the Paris Agreement, and other material ESG initiatives across the Group's operational footprint.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	No, and we do not plan to in the next two years	<Not Applicable>	This response sets out the Trustee of the Plum Super National Australia Bank Group Superannuation Fund A (Plan) within the MLC Super Fund, ABN 70 732 426 024 (the Fund) position in relation to responsible investing. Responsible investing Environmental, social, governance (ESG), and ethical factors impact the sustainability of companies and governments and therefore influence the returns from investing. Incorporating ESG and ethical considerations into investment decisions is known as responsible investing. Examples of ESG and ethical factors include: • Environmental - climate change, waste and pollution, resource depletion. • Social and labour standards - working conditions, employee relations and diversity, health and safety. • Governance - executive pay, bribery and corruption, tax strategy. • Ethical considerations - other factors that could be detrimental to the broader community. The Trustee does not take into account labour standards, environmental, social and ethical considerations for the purposes of selecting, retaining or realising investments. How responsible investing applies to the investment options available to members, is outlined below. Investment management decisions for the investment options are made by investment experts at MLC Asset Management, and the investment managers they select. MLC Asset Management expects active investment managers to consider material effects any factors may have on investment returns, including ESG and ethical factors. MLC Asset Management, primarily through its investment managers, may also engage with companies, providing an opportunity to enhance and protect the long-term value of investments. Further information on MLC Asset Management's approach to responsible investing can be found at mlcam.com.au It is not intended for the investment options to invest in tobacco manufacturing companies. Investment options, from time to time, may have a small level of unintended exposure to tobacco-related entities. The investment options aren't promoted as socially responsible or ethical investments. NAB employees are free to choose any superannuation funds that offers ESG options as they wish.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	This corresponds to the business planning cycle.
Medium-term	3	6	This corresponds to two business planning cycles.
Long-term	6	51	This extends well past two business planning cycles and looks to the longer-term future outside immediate business planning cycles where a variety of future scenarios need to be considered and the future is less certain. We use scenarios to demonstrate how risks and opportunities could evolve over longer time horizons.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

NAB uses a mix of qualitative and quantitative (including financial) measures to manage risk, including climate risk. These measures consider the risk likelihood and consequence. Our Operational Risk Profiling Standard Operating Procedures provide this information in the form of likelihood and consequence matrices to enable our people to assess significance of financial and strategic impacts on our business, including those arising from climate change. For example, the consequence of a risk or incident may be defined as substantive/ major due to the number of customers or proportion of operations impacted, or due to the size and length of time that the impact occurs. We regularly monitor risks, including climate-related risks, to detect if these risks are changing over time.

A financial or strategic impact arising from climate-related risks would be deemed substantive/major in accordance with NAB's risk management framework, internal policies and operating procedures if the financial impact was at least $5m or the risk had non-financial impacts that may include: an extensive injury; an impact to more than 3,000 customers; over 24 hours interruption to provision of essential banking services/processes; and sanctions including fines, enforceable undertakings or mandatory improvements, imposition of capital requirements and regulatory civil proceedings. Reputation risk may also be considered substantive based on the number and type of stakeholders raising concerns – including as they are assessed annually through our materiality process. This engagement process is conducted with internal and external stakeholders to seek their views on material issues facing our business and to guide our disclosures. Further information about this process is in our 2022 Annual Report (pg 23). In FY2022, managing climate change, including "taking decisive action on climate change and environmental sustainability" continued to be a top five priority area stakeholders saw as critical to our business, and an issue on which they wanted us to disclose.

The risk factors section in our 2022 Annual Report (refer pgs 86 and 91-94) highlights that physical and transition risks arising from climate change and other environmental impacts may lead to increasing customer defaults and decrease the value of collateral, including as a result of the effect of new laws and government policies designed to mitigate climate change, and the impact on certain customer segments as the economy transitions to low carbon technologies. It notes "Parts of Australia are prone to, and have experienced, acute physical climate events such as severe drought conditions and bushfires over the 2019/2020 summer period, followed by severe floods in Eastern Australia in early 2021 and again in 2022. The impact of these extreme weather events can be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default. Climate-related transition risks are increasing as economies, governments, and companies seek to transition to low-carbon alternatives and adapt to climate change. Certain customer segments may be adversely impacted as the economy transitions to renewable and low-emissions technology. Decreasing investor appetite and customer demand for carbon intensive products and services, increasing climate-related litigation, and changing regulations and government policies designed to mitigate climate change, may negatively impact revenue and access to capital for some businesses."

Further, due to the impact of drought conditions and/or extreme weather events on customers, Note 19 in our2022 Annual Report (see ESG risk section pgs 191-2) noted that "As at 30 September 2022, the Group holds FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14 million (2021: $nil) for the potential impact of the Lismore floods. "

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
At a Group level (company level), NAB Group's Risk Management Framework (RMF) supports identifying, measuring, evaluating, mitigating, and monitoring of all internal and external sources of material risks. Identification and assessment of ESG risks, including climate change (CC) related risks, are built into the RMF, including risk appetite and policies, risk profiling and assessment, monitoring and reporting. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including CC) to operations and strategy execution. Risk profiling aims to identify and understand drivers of change, supporting early action, while risk assessments help to make informed decisions about the risks NAB is willing to accept, reject or mitigate. Key risks are recorded and monitored, as are emerging risks and changes in risk likelihood and consequence. NAB Business lines and support functions are supported by risk advisors and partners, including specialists with CC knowledge, but have accountability for managing risk and setting priorities arising from their activities in accordance with NAB's material risk category requirements.

In addition to acute physical risk management, we use scenario planning and economic modelling to: (1) take a forward and longer-term view of potential transition risk events and to understand their impact e.g. impacts of changing carbon regulation, changes in energy markets or physical climate on our lending portfolio; and (2) inform risk profiling and assessments. Risk measurement and modelling provide quantitative information to help manage risk positions and exposures.

We consider climate-related risks, impacts and opportunities on a short, medium, and long-term basis based on environmental scanning and scenario analysis in accordance with the RMF. Given the outcome of our ESG materiality assessment, we understand that our stakeholders expect us to act now on climate change. In response the Group updated its climate strategy in 2022, including a continuing priority to reduce operational emissions. This means we are acting in the short-term (12-36 months) to annually decrease our operational GHG emissions through energy efficiency initiatives and roof top solar installation. We are also taking action to decarbonise our business activities over the medium (3-6 years) to long-term (up to 10 years) through our science-based emissions reduction target to reduce emissions from our operations by 51% by 2025 (off a 2015 baseline) and through our commitment to RE100 (to buy 100% renewable electricity across our operations globally by 2025).

Strategically, we look for medium to long-term opportunities to reduce the GHG emissions arising from our business when we make significant changes to our building portfolio. For example, through consolidating operations from multiple low energy efficiency buildings into new energy efficient buildings when buildings come up for lease renewal and purchase of renewable energy. This includes working with landlords to achieve our sustainability and climate-related objectives in the new building design and fit out. Planning and execution of these building portfolio changes can require significant investment and take 3-5 years. Short-term opportunities include changes to the vehicles in our car fleet to reduce emissions when our fleet cars reach the end of their lease. This is governed by our vehicle fleet management policy, which is reviewed regularly (every 1-3 years).

Value chain stage(s) covered
Upstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
At a Group level (company level), NAB Group's Risk Management Framework (RMF) supports identifying, measuring, evaluating, mitigating, and monitoring on all internal and external sources of material risks. Identification and assessment of ESG risks, including climate change (CC) related risks are built into the RMF, including risk appetite and policies, risk profiling and assessment, monitoring and reporting. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including CC) to operations and strategy execution. Risk profiling aims to identify and understand drivers of change, supporting early action, while risk assessments help to make informed decisions about the risks NAB is willing to accept, reject or mitigate.

We use scenario planning and economic modelling to: (1) take a forward and longer-term view of potential risk events and to understand their impact e.g. impacts of changing carbon regulation, changes in energy markets or physical climate on our lending portfolio; and (2) inform risk profiling and assessments. Risk measurement and modelling provide quantitative information to help manage risk positions and exposures. Key risks are recorded and monitored, as are emerging risks and changes in risk likelihood and consequence. NAB Business lines and support functions are supported by risk advisors and partners, including specialists with CC knowledge, but have accountability for managing risk and setting priorities arising from their activities in accordance with NAB's material risk category requirements.

NAB reviews climate-related risks and opportunities associated with our supply chain (up-stream), at least annually, and sometimes more than once per year, if required. From a short-term perspective, where relevant, we review climate-related risks and opportunities as part of our ESG risk assessment process, for on-boarding new suppliers (in the tender and supplier selection process), and annually, when reviewing the ESG performance of material suppliers. This is part of our Supplier Sustainability Program (https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/gssp-faqs.pdf) and in accordance with our Group Supplier Sustainability Principles (https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/gssp.pdf).

We review and assess medium and long-term climate-related risks and opportunities as part of our annual review of our climate strategy and ambition. We look for opportunities for suppliers to help us manage transition risk (decarbonising and decreasing our regulatory risk from operations) associated with our operations. This may be in terms of the scope of work we require of our facilities managers (to assist us with identifying and implementing energy efficiency initiatives in our building portfolio and with our GHG reporting), the sustainability and climate-related credentials/certifications of the buildings we occupy (e.g. minimum energy efficiency and GHG intensity requirements), and the data we need to support implementation of our carbon neutrality, including the carbon offsets we purchase.

We also look for opportunities to reduce physical climate risk when reviewing our building portfolio from a strategic perspective – this includes: (i) considering physical impacts of climate change like extreme weather and flooding when selecting the locations of the buildings we lease when they come up for renewal and (ii) considering the insurance policies we have in place to mitigate physical climate risk and events.

From a product and services perspective, in the short, medium and long-term, we consider how suppliers of ESG ratings and assurance services can assist us with the development and assurance of Green Bonds and Sustainability-Linked Loans and other climate-related products and services. This helps us with our annual Green Bond reporting and is considered as part of our strategic assessment of climate-related opportunities as we annually review our climate strategy.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
At a Group level (company level), NAB Group's Risk Management Framework (RMF) supports identifying, measuring, evaluating, mitigating, and monitoring on all internal and external sources of material risks. Identification and assessment of ESG risks, including climate change (CC) related risks are built into the RMF, including risk appetite

and policies, risk profiling and assessment, monitoring and reporting. Risk profiling and assessment processes are key mechanisms to identify and understand internal and external risks (including CC) to operations and strategy execution. Risk profiling aims to identify and understand drivers of change, supporting early action, while risk assessments help to make informed decisions about the risks NAB is willing to accept, reject or mitigate.

We use stress testing, scenario planning and economic modelling to: (1) take a forward and longer-term view of potential risk events and to understand their impact e.g. impacts of changing carbon regulation, changes in energy markets or physical climate on our lending portfolio; and (2) inform risk profiling and assessments. Risk measurement and modelling provide quantitative information to help manage risk positions and exposures. Key risks are recorded and monitored, as are emerging risks and changes in risk likelihood and consequence. NAB Business lines and support functions are supported by risk advisors and partners, including specialists with CC knowledge, but have accountability for managing risk and setting priorities arising from their activities in accordance with NAB's material risk category requirements.

Downstream climate-related physical and transition risks and opportunities are considered in the short, medium, and long-term as part of customer-related risk management processes. As part of credit risk management, assisted by ESG risk assessment, which includes consideration of climate risk, both at a client and portfolio level, we monitor the potential size and scope of climate-related risks within our overall lending portfolio and make changes to risk appetite and ESG risk credit policy settings to manage them. Review of ESG-related exposures, exposure to carbon intensive and low carbon sectors, in our lending portfolio is undertaken on a least a six-monthly basis as part of a semi-annual Risk Committee update.

At an individual customer level, climate-related physical and transition risk is considered as part of the credit risk and due diligence processes conducted at on-boarding and as part of regular client review, usually annually (short-term). This includes understanding how customers are identifying, managing, and monitoring climate-related physical and transition risks and how these risks may change over the tenor (life) of a loan (usually short to medium term; typically, 0-6 years). For example, when considering project finance, we will consider a customer's individual exposure to carbon pricing, carbon-related regulatory requirements and policy change and physical risks such as water scarcity and extreme weather events, as well as how they are responding strategically and operationally to these risks over the short, medium and long-term (for project finance specifically, assessments are aligned to the tenor of the loan which can on occasion be greater than 6 years, but not usually longer than ten years).

At a portfolio level, we consider transition risk as part of a phased review of risk appetite for carbon intensive, low carbon and climate sensitive sectors. In FY2019, we completed a portfolio level review of the Group's thermal coal related exposures (both for mining and power generation). Outcomes of this review were transition pathways to decarbonise our lending portfolios for coal fired power generation and thermal coal mining. In addition, a number of policy exclusions were implemented related to this sector. In FY2020, NAB completed an oil and gas review resulting in an oil and gas exposure cap and changes to the Group's ESG-related credit policy and risk settings (see results section of question C3.2b for further detail on these settings).

In FY2020, NAB undertook an initial estimate of attributable financed emissions which included five key sectors of the Group's Australian lending portfolio (residential mortgages, agriculture, commercial real estate (office and retail), power generation (covers power generation, gentailers, electricity transmission and distribution) and resources (including coal, oil & gas). In FY2021, NAB expanded this estimate of baseline attributable financed emissions to include an additional three portfolio sectors – transport (covers road freight, air, rail and international sea transport); heavy manufacturing (covers cement, lime, plaster, concrete, bricks, iron and steel and aluminium) and SME (Commercial and Services). In 2022, NAB set interim 2030 sectoral decarbonisation targets for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production (i.e. long-term >6 year targets to 2030). NAB will set sector-level targets for the remaining carbon-intensive sectors by May 2024, consistent with requirements of the Net Zero Banking Alliance, where data and methodologies allow and exposure to the sector is material.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	NAB Group and its customers are subject to compliance requirements of current climate-related regulation. Changes in the regulatory environment are considered by the Group as part of assessing transition risk. From an operational and compliance risk perspective, in considering how transition risk may impact NAB Group, we review and consider NAB's regulatory obligations within our risk assessment and profiling. NAB Group is subject to a range of climate-related mandatory and voluntary requirements in different jurisdictions. For example, we must comply with the National Greenhouse and Energy Reporting (NGER) Act in Australia and the Streamlined Energy and Carbon Reporting (SECR) requirements in the UK. NAB Group is subject to these requirements because the energy use and GHG emissions from our building portfolio of bank branches and commercial offices trigger the regulatory thresholds. For example, NAB Group undertakes an annual review, including in FY2022, of the requirements of current regulations to ensure we can continue to comply and that changes in the Group's circumstances do not result in non-compliance. Failure to submit reporting by the due date is a contravention of the NGER Act that may attract a civil penalty of up to $626,000. Additional civil penalties of up to $31,300 may also apply for each day that a report is late. The NGER Act provides for other possible regulatory responses to non-compliance, including the use of enforceable undertakings and infringement notices. For the UK SECR there can also be civil penalties for any late filing of SECR reports, or where accounts do not meet the specific requirements laid out under the UK Companies Act 2006 (late filing penalties range from £150 up to £7,500 depending on the type of company and how late the accounts are submitted). From a credit risk perspective, we include an assessment of customer's capacity to comply with current climate change-related policy and regulatory requirements in our ESG risk assessments, where relevant, particularly for those in energy and carbon intensive sectors such as oil and gas, coal and power generation.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	NAB Group considers emerging regulation as part of transition risk assessment. For example, in considering how transition risk may manifest and impact NAB Group, we review and assess the impacts and implications of emerging regulatory requirements on our own operations and /or those of our customers. We provide feedback when invited by regulators through regulatory consultation processes. Consideration of regulatory change is embedded in the Group's risk change process, which requires an assessment of the quantum of change and subsequent risk to NAB Group arising from regulatory change, such as changes to climate related policy and regulation. For example, NAB Group is preparing for the compulsory reporting of climate-related disclosures in New Zealand in line with TCFD recommendations. As a result, Bank of New Zealand (part of NAB Group) commenced providing TCFD aligned climate-related disclosures in FY2021. Regulatory reporting is expected to commence from FY2023. The offence to knowingly fail to comply with climate standards, in the case of an individual, is imprisonment for a term not exceeding 5 years, a fine not exceeding $500,000, or both; and in any other case, to a fine not exceeding $2.5 million. The Group is also participating in consultation by the International Sustainability Standards Board on its proposed disclosures standards, including climate-related disclosure requirements, which may be adopted by national accounting standards boards once finalised. In addition to considering the impact of emerging regulation on NAB Group's own operations, from a credit risk perspective, we include an assessment of customer's capacity to comply with proposed future climate change-related policy and regulatory requirements in our ESG risk assessments, where relevant, particularly for those in energy and carbon intensive sectors such as oil and gas, coal and power generation. We consider the impacts of proposed future climate-related policy and regulatory changes on the Group's customers, both at a transaction level and a portfolio level. This is because changes in the regulatory environment may change the risk profile of customers and contribute to increased credit risk for individual customers or a portfolio of customers. For example, changing and emerging regulation was a factor considered in the transition risk scenario work and pilot stress testing undertaken as part of the UNEP FI TCFD pilot work we took part in from FY2018 through to FY2022.
Technology	Relevant, sometimes included	NAB Group includes technology risk, where relevant, in climate-related risk assessments so we can understand the transition risk faced by individual customers and sectors that we bank and how this might impact on credit risk over time. For example, based on our understanding and assessment of industry developments and climate scenarios, NAB Group expects low carbon technologies to displace fossil fuel-based technologies over time and therefore we review this risk to consider and assess the degree to which this may present a risk of stranded assets associated with individual customers and some sectors in our lending portfolio – particularly sectors like oil, gas and coal. NAB Group also factors in the risk that new and emerging technologies may have unproven performance and market acceptance and therefore, we consider this aspect of technology risk in our credit risk and due diligence processes. For example, this is considered as a matter of course when undertaking due diligence processes for project finance and was considered in FY2022, particularly in lending to power generation and waste management projects.
Legal	Relevant, always included	As a bank, NAB Group considers legal and liability risk so we can assess how this risk may affect the Group's operations or the credit risk profile of the customers that we lend to, including taking internal and external legal advice. NAB Group also considers the potential for legal action resulting from the misalignment of public commitments and financing decisions ('greenwashing'). In FY2022, NAB regularly reviewed global climate related news – including details of climate-related litigation. Details about major climate-related litigation and liability risk are also included when relevant in climate risk updates to the Board. Where relevant to our climate-related risk assessments, we track the cases involving climate-linked litigation, monitor trends and follow any cases that may involve our customers so we can assess whether the litigation or liability may impact on the credit risk of a customer. We have found instances of climate change litigation are increasing and are also being joined with human rights issues, particularly in developing countries. Although this varies across jurisdictions, it still appears to be a much greater risk in the US, where there is a higher instance of legal actions and shareholder resolutions being taken against companies in carbon intensive sectors. This is followed by increasing instances in Australia, the UK and the EU. Ongoing review of legal and liability risk is considered during prioritisation of key sectors in our lending portfolio for phased risk appetite review. This commenced in FY2017 and is ongoing. In 2021, the Group completed its risk review of the oil and gas sector. A review outcome was a decision to align to the International Energy Agency Net Zero Emissions (IEA NZE) 2050 scenario by capping the Group's oil and gas EAD at USD2.4 bn*, and reducing the Group's exposure to oil and gas from 2026 through to 2050. In 2022, NAB set interim 2030 sectoral decarbonisation targets for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production. NAB will set further interim sector-level targets for additional carbon-intensive sectors by May 2024, consistent with Net Zero Banking Alliance requirements. *For the purposes of this review oil and gas included: oil and gas extraction (upstream); liquefied natural gas (LNG) production (not at refineries – downstream LNG); and LNG production at wellhead (integrated LNG).
Market	Relevant, always included	NAB Group monitors climate risk-related market trends to help identify opportunities to assist customers with low-carbon products (such as green bonds, renewable energy finance and sustainability-linked loans), as well as monitoring customers' transition risk – which can then affect customers' credit risk and lead to changes in NAB's sectoral risk appetite. Changes in customer uptake of low-carbon products are demonstrated by NAB's environmental financing; in FY22 reaching a total of: (i) $40.7 bn against the Group's target to provide $35 bn in finance to support green infrastructure, capital markets and asset finance by 30 Sept 2025; and (ii) $30.1 bn against the Group's target to provide $35 bn in new mortgage lending flow for 6-Star residential housing in Australia by 30 Sept 2025. This represents combined progress of $70.8 bn, exceeding our $70 bn environmental financing target by 30 Sept 2025. Changes in market risk were also factored into work undertaken since FY17 in relation to transition risk for customers in carbon intensive sectors. This work has helped NAB prioritise sectors for phased risk appetite review, with initial reviews of coal mining (FY17) and oil and gas (FY18). In FY19, we set appetite for coal-fired power generation and thermal coal mining customers. Our thermal coal mining exposure appetite was revised again in FY20 considering current market trends and updated climate scenarios and we now expect our thermal coal mining exposure to reduce by 50% by 2026, and to be effectively zero by 2030. Our exposure cap excludes residual performance guarantees to rehabilitate existing thermal coal mining assets. In 2021, the Group completed its risk review of oil and gas. A review outcome was a decision to align to the IEA NZE 2050 scenario by capping the Group's oil and gas EAD at USD2.4 bn*, and to reducing the Group's exposure from 2026 through to 2050. In 2022, NAB set interim 2030 sectoral decarbonisation targets for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production, with sector-level targets for the remaining carbon-intensive sectors to be set by May 2024, consistent with requirements of the Net Zero Banking Alliance. *For the purposes of this review oil and gas included: oil and gas extraction (upstream); liquefied natural gas (LNG) production (not at refineries– downstream LNG); and LNG production at wellhead (integrated LNG).
Reputation	Relevant, always included	NAB Group considers reputation risk as a factor in climate-related risk assessments. It is important to the Group's social licence to operate, as this can be a factor influencing both our customers' choice of bank and our investors' choice of investment. Reputation is important to NAB Group because our strategic ambition is to serve customers well and help our communities prosper. The trust of our customers and stakeholders is important to the successful execution of this ambition. As a founding signatory of the Principles for Responsible Banking (PRB) and the first Australian bank to join the UNEP FI Collective Commitment to Climate Action (CCCA), NAB Group seeks to show industry leadership in making a positive impact on society. There is increased public scrutiny on how NAB meets these commitments, which could have reputational or brand impacts. For detail on NAB's progress against the PRB see its year three self-assessment (Principles for Responsible Banking self-assessment (nab.com.au)). In addition, NAB Group considers changing reputation risk associated with our customers as part of our ESG and climate-related risk assessments. This is a standard component of our credit risk and due diligence process and therefore this work was ongoing in FY2022, as in any other year. We regularly receive, including in FY2022, questions from stakeholders (including customers and investors) about our lending portfolio exposure to customers in fossil fuel-related sectors and provide information to respond to these questions in our half and full year results presentations and annual reporting suite (including in FY2022). In considering the reputation risk associated with our customers, we assess both how customer reputation may impact NAB Group by association and the customer's social licence to operate. In FY2022, stakeholder feedback and views, particularly from our annual materiality process (annual ESG-related stakeholder engagement), were considered in the Group's prioritisation of carbon intensive, climate intensive and low carbon sectors for phased risk appetite review. In FY2022, addressing climate change and helping customers transition to a low-carbon economy continued to be a top five priority area stakeholders expect us to act on and want us to disclose. Further detail on the material themes (including Managing Climate Change) from this materiality assessment can be found on p23 of our 2022 Annual Review.

	Relevance & inclusion	Please explain
Acute physical	Relevant, sometimes included	Where relevant for particular customers and/or sectors, NAB Group considers acute physical climate risk in climate-related and day to day ESG risk assessments as part of our credit risk and due diligence processes. For example, depending on the size of a customer's operation, and the sector they are in we may ask customers if they have undertaken a physical risk/climate-risk assessment and implemented any mitigation or adaptation measures to reduce the likelihood and impacts of acute physical impacts of extreme weather events/climate change, including disaster recovery, business continuity and emergency response plans. This work was ongoing in FY2022. This type of customer planning may reduce the likelihood that they suffer damage and loss because of extreme weather events and in turn reduce the likelihood that these events will impact on their credit risk profile and ability to repay loans the Group provides. Drought is one example of an acute physical risk which can have a material negative impact on the credit profile of NAB's agribusiness customers and which needs monitoring to ensure that customers are acting to build resilience to it. Parts of Australia are prone to, and often experience, extreme physical climate events such as severe drought conditions and bushfires, most recently and notably over summer 2019/2020 and flood (February - April 2022). Further, due to the substantive impact of drought conditions and/or extreme weather events such as flood, on customers, NAB may use a collective provision forward looking adjustment to reflect acute physical risk conditions. In FY2022, Note 19 of the 2022 Annual Report stated that the Group held "FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14 million (2021: $nil) for the potential impact of the Lismore floods." In FY2022, NAB Group completed work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involved two key activities – (i) counterparty assessment for a small group of 25 current and material non-finance sector customers; and (ii) climate stress testing at a portfolio level for mortgages and business lending. Two climate scenarios were used to examine climate-related physical (including acute physical risk) and transition impacts over a 30-year period from 2020 through to 2050 at 5-year intervals.
Chronic physical	Relevant, sometimes included	Where relevant to particular customers and sectors, NAB Group considers chronic physical climate risk in our climate-related and day-to-day ESG risk assessments. In particular, as part of NAB Group's ESG risk assessment process we ask our customers if they have undertaken a physical climate-risk assessment and implemented any mitigation or adaptation measures to reduce the likelihood they are impacted by chronic physical impacts of climate change such as water scarcity, changing temperature, changing sea level and increased risk of sea surge or flood. For example, we seek information from customers in sectors like mining and agribusiness which are critically dependent on water, to understand the degree to which water scarcity and drought may impact their business and the actions they may have taken or plan to take to mitigate this risk. This work was ongoing in FY2022. In FY2022, NAB Group completed work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involved two key activities – (i) counterparty assessment for a small group of 25 current and material non-finance sector customers; and (ii) climate stress testing at a portfolio level for mortgages and business lending. Two climate scenarios were used to examine climate-related physical (including chronic physical risk) and transition impacts over a 30-year period from 2020 through to 2050 at 5-year intervals.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Risk models Scenario analysis Stress tests Internal tools/methods External consultants Other, please specify (Heat mapping)	NAB Group qualitatively assesses climate-related risks and opportunities on a range of factors including (where relevant): (i) client dialogue and engagement so we can understand a client's climate-related strategy (including plans, commitments, investments, targets, and performance), (ii) sector risk assessments and, (iii) scenario analysis. We use information from industry analysts, climate scenario analysis, specialist bankers and internal climate subject matter experts and credit managers to form an internal view of the climate-related risks and opportunities associated at both an individual customer and portfolio level. During 2021, Sustainability Risk which includes climate risk, was added as a material risk category in the Risk Management Framework, effective from 1 Oct 2021. Climate risk is also considered in the NAB Group Risk Appetite Statement (RAS). RAS credit risk tolerances include a decreasing thermal coal lending cap. An oil and gas review conducted in FY2021 resulted in inclusion of an additional cap in the 2022 RAS. The Group quantitatively assesses climate-related risks and opportunities in the following ways: • On a 6-monthly basis we review our exposures (as Exposure at Default) to carbon intensive, climate sensitive and low carbon sectors as part of our portfolio review of ESG risks. We analyse portfolio data at an industry code level, across the lending portfolio. Where we have identified industries or sectors, they are subject to higher ESG-risks, including climate-related risks. We monitor this over time to track progress, including against: (i) our thermal coal mining-related portfolio transition pathway (exit of exposure to thermal coal by 2030, apart from residual performance guarantees to rehabilitate existing coal assets) and (ii) the transition to renewable energy in our power generation portfolio. • We have also undertaken semi-quantitative heat mapping of physical, climate and liability risk across the Group's lending portfolio and use this analysis to help prioritise more detailed sectoral reviews of physical and transition risks. This semi-quantitative assessment used a combination of information from industry analysts, customers, climate scenario providers, specialist bankers and internal climate subject matter experts and credit managers to form an internal view of whether each major sector in our portfolio is subject to high, medium or low transition, physical or liability risk. • Our climate-related opportunity assessment is based on a combination of information from industry analysts, customers, climate scenario providers, specialist bankers and internal climate subject matter experts and credit managers to form an internal view of the areas where climate-related opportunities exist. Our first line banking teams then consider alignment with Group and divisional strategies and customer needs and conduct an opportunities assessment to quantify and forecast the size of the strategic opportunity. In FY2019, we increased our target to provide financing for green infrastructure, capital markets and asset finance to $35 billion by 30 Sept. 2025 as part of our target to deliver a cumulative total of $70 billion in environmental financing by 30 Sept. 2025 (from 1 October 2015) – in FY2022 we met and exceeded this target with a total of $70.8bn. • In FY2022, we continued our involvement in the UNEP FI TCFD work program. This work included further examining a range of scenarios and scenario analysis tools to continue to build internal climate risk capability and understand the availability of further data sets to assist with climate-related scenario analysis and risk assessment. • In FY2022, we updated our estimated financed GHG emissions attributable to NAB in Australia for lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas), residential mortgages, small to medium-sized commercial and services businesses and agricultural sectors. In FY2022, the baseline estimate was limited to Australian customers; this will be expanded as data availability and methodologies allow. In FY2022, we made a number of improvements to our methodology. Estimating attributable financed emissions helps us understand relative industry sector carbon intensity and supports our goal of aligning our lending portfolio to net zero emissions and understanding the risks and opportunities for decarbonisation associated with our lending portfolio at a sectoral level. In FY2022, we set our first tranche of interim sectoral decarbonisation targets for our lending portfolio (thermal coal, cement, power generation, and oil and gas). Also, in FY2022, NAB completed an Australian Prudential Regulatory Authority-led Climate Vulnerability Assessment. The results showed only a small proportion (~2%) of NAB exposures face a high level of climate risk exposure (see further detail in our 2022 Climate Report pgs 16-17.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio
Banking (Bank)

Type of climate-related information considered
Emissions data

Energy usage data
Emissions reduction targets
Climate transition plans
TCFD disclosures
Other, please specify (Physical risk vulnerability and resilience, including investments in adaptation)

Process through which information is obtained
Directly from the client/investee
From an intermediary or business partner
Data provider
Public data sources
Other, please specify (Public disclosures made, and reports produced by, clients)

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Materials
Transportation
Consumer Durables & Apparel
Food, Beverage & Tobacco
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Utilities
Real Estate
Other, please specify (Resources including coal, oil and gas along with other mining and other high emitting sectors)

State how this climate-related information influences your decision-making
This information is used in our ESG risk assessment of customers which feeds into our credit risk assessment and due diligence process, particularly those customers that are carbon intensive and have GHG high emissions. This helps us to determine if customers are within ESG-risk credit policy and risk appetite settings and to identify opportunities to support and incentivise (though sustainability-linked products) our customers' plans to decarbonise and build resilience/adapt to climate change. For example, in FY2022, this information has helped us review and agree climate-related KPIs for a number of customers to which we provided sustainability-linked loans.

By end Sept. 2022, we had used our Transition Framework Diagnostic ('the Diagnostic') developed in 2021 to assist us in forming a view of the transition maturity of 86 customers as we progressed towards our target to work with 100 of our largest GHG emitting customers to support them as they develop or improve their low-carbon transition plans by 2023.

The Diagnostic assists in the classification of transition maturity in the following bands:
0 - Unaware of (or not acknowledging) climate change as a business issue.
1 - Acknowledgement of climate change as a business issue.
2 - Building capacity.
3 - Integration into operational decision making.
4 - Strategic assessment.

The climate-related information we collected (energy and emissions data/targets, transitions plans, etc) helped in our analysis. Our preliminary analysis suggests that the majority of customers acknowledge climate change to be a business issue, are disclosing annual GHG emissions and have made a commitment to, or are already, reporting in alignment to the recommendations of the Task Force on Climate-related Financial Disclosures. This analysis suggests 67% are relatively transition mature, scoring within Band 3 (27%) and Band 4 (40%), noting some variation across
industries.

The Diagnostic provides a mechanism to track transition progress over time. The Diagnostic will evolve over time with sector transition expectations and as mechanisms to progress toward net zero evolve. The Diagnostic assists us in uncovering opportunities to support our customers in their transition, including through products and solutions including sustainability-linked finance.

Portfolio
Banking (Bank)

Type of climate-related information considered
Climate transition plans

Process through which information is obtained
Directly from the client/investee
Other, please specify (Public disclosures made, and reports produced by, clients)

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Transportation
Utilities
Other, please specify (Resources including coal, oil and gas along with other mining and other high emitting sectors)

State how this climate-related information influences your decision-making
This information is used in our ESG risk assessment of customers which feeds into our credit risk assessment and due diligence process. This helps us to determine if customers are within ESG-risk credit policy and risk appetite settings and it also helps us identify opportunities to support and incentivise (though sustainability-linked products) our customers' plans to decarbonise and build resilience/adapt to climate change. In particular, this information was used in work we progressed in FY2022 with 100 of our largest greenhouse-gas emitting customers in order to meet our target to work with 100 of our largest greenhouse gas emitting customers to support them as they develop or improve their low-carbon transition plans by 2023. In 2021, we developed a Transition Framework Diagnostic (the "Diagnostic") to assist in this process. Customers' transition plans and engagement were a key input into this diagnostic. The Diagnostic was designed with reference to two global frameworks: (1) the Transition Pathway Initiative; and (2) the Cambridge Institute for Sustainability Leadership's ClimateWise Transition Risk framework. It was designed to enable a view to be formed on the transition maturity of NAB's customers in any sector or jurisdiction. We expect that the Diagnostic will in time be applied beyond 100 of our largest greenhouse gas emitting customers to guide transition discussions. The Diagnostic assists in the classification of transition maturity in the following bands:
0 - Unaware of (or not acknowledging) climate change as a business issue.
1 - Acknowledgement of climate change as a business issue.

2 - Building capacity.
3 - Integration into operational decision making.
4 - Strategic assessment.

As at 30 Sept. 2022, we had completed 86 diagnostics with customers from across a range of sectors. Our preliminary analysis suggests that the majority of customers assessed to date acknowledge climate change to be a business issue, are disclosing annual GHG emissions and have made a commitment to, or are already, reporting in alignment to the recommendations of the TCFD. The analysis suggests that ~67% of clients assessed are relatively transition mature, scored within Band 3 or Band 4. The Diagnostic provides a mechanism to track our customers' transition progress over time and assists us in uncovering opportunities to support our customers in their transition, including through products and solutions including sustainability-linked finance.

C2.3

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

Yes

C2.3a

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

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Cyclone, hurricane, typhoon

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
Operational risk

Company-specific description
NAB is a bank that operates in a number of geographies which have all experienced extreme weather events over recent years (e.g. Australia, Asia, US, UK and NZ). Increased severity and number of extreme weather events (including extreme floods, cyclones/ typhoons, droughts and snow) can cause damage to NAB's premises, infrastructure and property with resultant costs to refit and repair them.

Climate change predictions are for increased frequency and severity of these type of extreme weather events which may mean increased number and/or scale of damage events to NAB property located in higher risk locations (for example Australian locations at higher risk of cyclone and flood events such as coastal and riverine locations in Queensland, NSW and North West Australia). Increased instances of damage are likely to occur, such as the significant damage caused to two NAB branch buildings due to major flood events in February - April 2022 in Queensland and New South Wales. In the 2022 financial year, there were 38 events related to storms, floods and cyclones affecting our Australian operations. 36 of these resulted in limited property damage resulting in temporary branch closures and/or repairs. Two of these flood events (Lismore and Toombul floods) resulted in major damage to the premises. No bushfire related property costs were incurred in FY2022.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
2390000

Potential financial impact figure – maximum (currency)
6100000

Explanation of financial impact figure
The potential maximum financial impact is estimated at $6.1m based on combined insurance claims for property damage associated with the Nov 2010-Jan 2011 Queensland floods (~$3.7m) and February- April 2022 Lismore/Toombul flood events (~$2.4m) – the most significant natural disasters NAB has experienced in recent times. NAB's costs vary depending on the nature and extent of the disaster, Repair/fit-out, management and make good costs per non-material incidents are usually less than $10k per event, while material incidents can cost in the range of $1m-$1.3m based on the most recent significant flood incidents (FY2022) impacting NAB. Multiple incidents can be experienced in a year, for example in FY2022, 36 storm and 2 flood events resulted in damage repair or site closure costs with total repair/refurbishment costs of ~$2.39m. These costs were attributable to property damage in our retail portfolio. While much of the repair cost is landlord funded (where properties are leased), branch fit-outs are paid for by NAB – with some cost potentially recoverable through insurance. Minimum financial impact is therefore given as $2.39m based on the total cost for FY2022 events. While these costs are not material to NAB's overall business, operational closures can have a significant impact on customers.

Cost of response to risk
525000

Description of response and explanation of cost calculation
NAB's management method to address extreme weather events is part of NAB's business continuity and crisis management processes and premises selection process. NAB has: (i) developed internal business continuity processes and guidance for staff in relation to extreme events e.g. flood, bushfire and cyclones; and (ii) consideration of site risk for extreme events or natural disasters in new premises selection. NAB's risk is further reduced through leasing rather than owning buildings, and through insurance coverage. NAB Incident response teams manage any response required to such events. In addition, when a branch is closed due to extreme weather or damage, customers can utilise alternative pre-existing banking channels such as internet banking, Bank@Post, or can attend a nearby branch. Business continuity processes and cost of alternative channels is standard business practice and not a separate climate risk related cost.

However additional costs can be incurred in relation to certain weather (climate) related events. In such cases, the response required (and therefore the cost) can vary. As a case study, in late February 2022, a major flood event inundated the town of Lismore in NSW resulting in extended closure of our Lismore NSW branch. In addition to standard alternative banking channels, a mobile branch ('bank in a box') was trucked to Lismore early March 2022 through to August 2022 to provide banking services and additional staff were available to assist flood affected customers with their financial needs. As a result of creating the 'bank in a box', the start-up and ongoing costs for the branch extended closure was reduced, avoiding increased direct costs.

When this type of response is required, the cost of management to maintain operations (including diesel and additional security for 'bank in a box' deployment) varies depending on factors such as the extent of damage, length of staff and equipment deployment and security requirements, but is typically between $125-525k. This includes between $100k-$500k for the bank in a box and $25k incident management costs. Costs for FY22 use of 'bank in a box' were consistent with this. We therefore estimate the management cost at ~$525k.

Comment
Consideration of current and future risks and scenarios (including physical climate risks) and enhancing processes to minimise property damage, continue operations and ensure staff and customer safety, as well as managing events that occur, are considered part of our business-as-usual risk and crisis/business continuity process. As this is the role of our risk teams and specialist crisis management staff that manage a range of risks and crisis events (not just climate events) we have not included any additional staff costs associated with managing events.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Chronic physical	Changing precipitation patterns and types (rain, hail, snow/ice)

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
NAB is a bank with a large agricultural customer base in Australia and New Zealand. The Group has a large market share among lenders to the Australian and New Zealand agricultural sectors, and around 5% of Group Exposure at Default (EAD) was related to Agribusiness in the 2022 financial year. Changes in precipitation patterns and extreme variability in weather patterns (including floods and droughts, associated wildfires, and induced changes in natural resources) can significantly impact NAB's agricultural customers due to reduced yields or loss of crops and livestock.

These climate impacts have the potential to cause significant financial loss and hardship for NAB customers. In the short term this can result in liquidity stress or cash flow issues and in the longer-term increased business failures. This is reflected in increased customer need for short term credit/cash flow management arrangements, as well as increased credit risk and potential bad debts for NAB.

Flood and drought cycles are a natural part of the climate – particularly in Australia – and therefore are considered by our customers in managing their businesses. However, history shows that sustained drought periods or more extreme flood events (as appears likely in many areas in Australia based on publicly reported climate modelling) have the potential to lead to significantly higher hardship and default rates than current levels. Other sectors such as mining and resources can also be negatively impacted due to loss of infrastructure or flooding of mines.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
34000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The main financial impact to NAB as a bank is an increase in customer hardship related concerns, any financial assistance measures provided and defaults. NAB may use a collective provision forward looking adjustment in its financial reporting to reflect material costs associated with acute physical risk conditions. e.g. in FY2020 results, collective provision forward looking adjustments of $89m were made to address the impact of extreme weather conditions on our Agri customers due to Australian drought considerations. In FY2022, Note 19 of the 2022 Annual Report stated that the Group held "FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14 million (2021: $nil) for the potential impact of the Lismore floods." In addition, financial assistance to customers is made available – this includes grants, and donations. This assistance is typically less than $20m annually for large scale natural disasters based on individual events since 2011. In addition,

other customer financial relief measures such as loan or payment deferral and waiving and/or refunding of fees and charges may be provided. Refer to https://www.nab.com.au/about-us/social-impact/customers/natural-disaster-and-crisis-support for details of recent relief packages and donations.

Our 2022 Annual Report (pg 45) outlined support for the floods in QLD and NSW during 2022 of $4.87 million, including:
• $3.53 million in emergency relief grants from NAB to customers and colleagues|
• $847,000 in grant funding from NAB Foundation to emergency services and community organisations in flood areas
• $250,000 donation from a nabtrade Charity Trading Day to GIVIT's storm and flood appeal
• $243,000 in public and colleague donations to GIVIT to provide goods, services and funding directly to communities in need.

Total impact is therefore estimated as $34m ($14m collective provisions for FY2022 year and financial assistance of $20m).

Cost of response to risk
2600000

Description of response and explanation of cost calculation
NAB uses a number of methods to reduce likelihood and magnitude of these risks negatively impacting credit risk. NAB (i) assesses industry sectors to understand customer vulnerability with increasing focus on climate impact on natural capital (NAB is a large Agribank) with aim of inclusion of natural capital in credit modelling within the next 2-3 years; (ii) assists customers to manage, adapt and improve resilience to physical climate risks (e.g. agri bankers provide advice about sustainable farming practices); and (iii) NAB's Natural Disaster Relief package is available to customers facing hardship due to natural disasters.

Case Study - Natural Disaster Relief: During 2022, Australia experienced multiple floods in Queensland and New South Wales. Both agri and retail customers were impacted including loss of primary production, employment or housing. NAB has prepared disaster relief measures as part of its risk management framework, which were announced on a state-by-state basis progressively during this period. Bankers and hardship specialists worked with affected customers to implement appropriate measures such as suspending repayments, waiving fees and restructuring bank facilities. This type of assistance ensured the impact to the credit portfolio was reduced and customers were able to recover. During the year, approximately 0.95% of hardship accounts in Australia related to natural disasters.

As a bank, considering current and future risks, reassessing credit risk and assisting customers in times of hardship (including natural disasters) is part of business-as-usual risk and relationship management. Consideration of climate risk is part of this process and not separately costed. However, NAB is working with external research initiatives in relation to climate modelling to assess future risk for our customer portfolio. External costs in 2022 were separately costed at approximately $2.6m, this total being made up of research projects (e.g. supporting the Climate Measurement Standards Initiative & CSIRO natural capital research), memberships (e.g. CDP, CCCA, UNEP FI) and modelling (e.g. ClimateWorks partnership to develop a Natural Capital Roadmap and Natural Capital Measurement Catalogue; and Australian National University research into the trade-offs between environmental resilience and efficiency on farms.

Comment
Hardship assistance may involve concessional rate loans, waiving of fees and charges, donations and grants and other support mechanisms (e.g. customer access to NAB's MyCoach counselling service).
Details of support measures for these events are provided via media releases and are available here: https://www.nab.com.au/about-us/social-impact/customers/natural-disaster-and-crisis-support.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
As a large Australian bank, NAB provides finance to customers in a number of industry sectors which may be impacted as the economy transitions to renewables and lower emission technology options.

Two sectors with significant transition risk (due to an increasing amount of renewables being used for power generation) are: (1) fossil fuel-related Power Generation and (2) fossil fuel-related Resources extraction. As at 30 Sept 2022, net Exposure at Default (EAD) for NAB for these sectors was around $6.02bn (max exposure) – excluding metallurgical coal.

Customers in the power generation and resources sectors may be affected due to the declining cost of renewable energy compared to energy generated from fossil fuels. Should affected customers fail to manage transition risk, they may face reduced demand for their products and services, declining asset values, increased costs associated with meeting regulatory requirements in relation to emissions, and increased risk of stranded assets. This is a credit risk for NAB should these customers be unable to meet their credit obligations, where these obligations are secured by collateral which is devalued or 'stranded' as the value of the security will not cover the cost of the finance provided.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
420000000

Potential financial impact figure – maximum (currency)
6020000000

Explanation of financial impact figure
As a bank, NAB provides finance to a range of customers in sectors which have high emissions and need to address transition risk to ensure their business models remain sustainable and that they can meet their credit obligations. Two sectors with significant transition risk (due to an increasing amount of renewables being used for power generation), are: (1) fossil fuel-related Power Generation and (2) fossil fuel-related Resources extraction (excl. metallurgical coal). As at 30 Sept 2022, net Exposure at Default (EAD) for these sectors was around $6.02bn (max exposure), made up of:
~$2.0bn EAD for fossil fuel-related power generation and
~$4.02bn of Resources EAD related to Oil & Gas extraction and thermal coal mining (Thermal coal mining exposure is ~$420m – which has been used as the min. exposure).
Public position statements covering risk appetite for power generation, thermal coal, oil, gas and tar sands have been released (refer comment below on Risk 3).

Cost of response to risk
2600000

Description of response and explanation of cost calculation
NAB uses multiple methods to reduce likelihood and magnitude of transition risks negatively impacting credit risk. We monitor our lending portfolio exposure to industry sectors and assess the risk appetite required to manage our exposure.

A phased review of NAB's risk appetite for carbon intensive, low carbon and climate sensitive sectors facing higher future risk of physical and transition risk is in progress. This includes resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing and property.

Case study – coal mining sector review:
Coal mining is a resource sector subject to significant physical and transition risk and NAB has lending portfolio exposure to the sector. A FY2019 sector review considered a range of factors including: (i) climate change scenarios for both transition and physical risk; (ii) customer strategies and plans and their alignment to the Paris Agreement 2°C climate goal; (iii) industry trends; and (iv) external expert briefings.

As a result, NAB announced in its 2019 Sustainability Report, restrictions on financing of coal-fired power generation and thermal coal mining exposures (refer Risk 3 comment), effectively implementing a cap and time-based reduction of this sectoral risk. In FY2021, NAB's coal-related credit risk setting was updated to be capped at 30 September 2019 levels, reducing by 50% by 30 September 2026, intended to be effectively zero by 30 September 2030, apart from residual performance guarantees to rehabilitate existing coal assets.

Internal staff costs associated with assessing and managing credit-related risks and scenarios (including climate-related) is part of business-as-usual activities and not separately costed. However, NAB is working with external research initiatives in relation to climate modelling to assess future customer portfolio risk with associated FY22 external costs of approximately $2.6m, covering research projects (e.g. supporting the Climate Measurement Standards Initiative & CSIRO natural capital research), memberships (e.g. CDP, CCCA, UNEP FI) and modelling (e.g. ClimateWorks partnership to develop a Natural Capital Roadmap and Natural Capital Measurement Catalogue; and Aust National University research into trade-offs between environmental resilience and farm efficiency.

Comment
NAB is taking a range of actions to help meet the Paris Agreement temperature goals, while supporting security of energy supply in Australia and NZ. These measures include:
• A target of $70bn of environmental finance by 2025 (cumulatively from 1 Oct 2015). We are Australia's leading arranger of project finance (PF) for Australian renewable energy. In addition, renewables now represent 73% of our power generation exposure.
• Aligning our business with the Paris Agreement temperature goals. We were the only Australian bank to sign the Collective Commitment to Climate Action. To achieve this, we have announced a goal to align our lending portfolio to net zero emissions by 2050.
• Capping thermal coal mining exposures at 2019 levels, reducing these exposures by 50% by 2026, intended to be effectively zero by 2030 (apart from residual performance guarantees to rehabilitate existing coal assets).
• Continuing to support existing customers across the mining and energy sectors to facilitate an orderly transition to a low-carbon economy, however NAB will not finance:
o new thermal coal mining projects or new-to-bank thermal coal mining customers.
o oil/tar sands or ultra-deep water oil and gas extraction projects .
o oil and gas extraction, production, or pipeline projects within or impacting the Arctic National Wildlife Refuge area or any similar Antarctic Refuge.
o new, or material expansions of, coal-fired power generation facilities.
• Capping oil and gas exposure at default at USD2.4 bn* and reducing our exposure from 2026 through 2050, aligned to the IEA NZE 2050 scenario. NAB will only consider directly financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security. NAB will not directly finance greenfield gas extraction projects outside Australia. NAB will not directly finance greenfield oil extraction projects or onboard new customers with a predominant focus on oil extraction.
• Working closely with 100 of our largest GHG emitting customers to support them in developing or improving their low carbon transition plans by 2023.
• Joining the RE100 initiative and committed to sourcing 100% renewable electricity by 30 June 2025.

*For the purposes of this review oil and gas included: oil and gas extraction (upstream); liquefied natural gas (LNG) production (not at refineries– downstream LNG); and LNG production at wellhead (integrated LNG).

C2.4

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

C2.4a

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

Identifier
Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
NAB is a bank and our customers are increasingly requesting banking and finance products that support them as the economy transitions to renewables and lower emission technology options, or that are supportive of renewable energy/considered 'green'. This provides an opportunity to develop new offerings to meet this demand and increase our revenue. The ways in which NAB may meet customer demand for appropriate offerings include (i) utilising existing products/ services (such as project finance) to finance 'green' infrastructure as well as (ii) developing new products (such as green bonds and green term deposits) to allow investors and depositors the option of having their funds support renewable energy/green infrastructure development. This demand is reflected in our environmental financing target of $70bn by 30 September 2025 (as a cumulative flow of finance from 1 October 2015) to help address climate change and assist the transition to a low carbon economy. In 2022, the Group achieved this target to provide $70bn in environmental financing ahead of the 30 September 2025 target date. In FY2022, the Group achieved this target to provide $70bn in environmental financing around three years ahead of the 2025 target date.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
14500000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
NAB is a bank and in FY2019, NAB increased its environmental financing target from $55bn by 30 September 2025* to $70bn by 30 September 2025* to help address climate change and assist the transition to a low carbon economy (potential financial impact).

Progress against this target for FY2022 was $14.5bn (subject to rounding), with the target also being met in FY2022. This is comprised of:
(i) Approx. $0.7bn lending for Green Star certified commercial buildings
(ii) Approx. $5.0bn specialised and corporate finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses
(iii) $0.1bn green term deposits
(iv) $1.5bn green bond issuance
(v) Approximately $1.7bn asset finance, advisory activities, and underwriting and arranging (lending and green/sustainability linked bonds)
(vi) Approximately $5.5bn lending to support development of 6 Star residential properties.

*Represents total cumulative new flow environmental financing from 1 Oct 2015.

Cost to realize opportunity
11000000

Strategy to realize opportunity and explanation of cost calculation
NAB has embedded sustainability in its long-term strategy, supported by a sustainability scorecard which has targets and key measures to show progress in meeting goals aligned to the strategy. This includes those related to the environmental financing target.

Reporting on progress against the $70bn target is undertaken on a six-monthly basis with details disclosed publicly in NAB's investor reporting. Data is reviewed annually by KPMG as part of their assurance of environmental performance data.

The costs to realise the opportunity are estimated at $11m annually and made up of internal and external costs.
External costs associated with developing these products include bringing NAB issued bond products to market (verification and certification costs and legal fees) and separate costs associated with external assurance for data reporting for our $70bn target.

Internal costs represent NAB employee resources used to investigate and develop these opportunities, and for any new systems needed for implementation of new products. However, these are currently managed as part of business-as-usual annual budgets and not separately tracked as these 'green' products are largely now considered business as usual. While total costs are not tracked, there are some teams that spend the majority of their time in activities associated with sustainable finance. Salary costs associated with relevant employees in these teams have been estimated and included in the cost total.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
NAB is a large bank with operations in a number of cities – which are spread across multiple buildings, some of which are older and less energy efficient than newer buildings. Energy efficiency and environmental credentials are key considerations in selection and fit-out of the new buildings NAB occupies. Decisions incorporate energy costs and emissions reductions to help to achieve the Group's emissions reduction targets. Environmental credentials include Green Star and NABERS Energy ratings – these credentials have been applied to the design and development of three new buildings in Sydney and Melbourne during the reporting year. Any higher leasing cost associated with improved environmental credentials is intended to be offset by lower operating costs. This assists with the increased focus on operational expenditure associated with energy and cost savings achieved through energy efficiency programs. Energy costs are less than 0.2% ($17m) of NAB's operating expenses.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
351248

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
During FY2022, NAB moved into two new energy efficient buildings, NAB at 3 Parramatta Square Sydney (estimated energy savings of $298,473) and NAB Place at 395 Bourke St, Melbourne (estimated energy savings of $52,775). Total estimated energy savings are $351,248 in FY2022.

Cost to realize opportunity
1

Strategy to realize opportunity and explanation of cost calculation
The environmental credentials of premises are a key consideration in NAB's selection of main office buildings for lease as this provides for cost and emissions savings. These credentials include Green Star and NABERS Energy ratings. In addition, NAB's design standards for new buildings and fit outs embed energy efficiency requirements. This strategy has driven the design and construction of these new office developments in Sydney and Melbourne.

In Australia buildings over 1000 sq.m are required to be NABERS certified which enables consideration of the buildings' energy efficiency credentials. 74% of NAB's key office buildings in Australia are operating at a 4 Star (or better) NABERS Energy rating and 95% of our key Australian offices are Green Star rated. [This includes 395 Bourke St which received this rating in 2023 as the building needs to be occupied for a year to receive a rating]. Any higher leasing costs for NAB associated with better environmental credentials of leased buildings are generally likely offset by lower operating costs.

A study of the financial performance of green office buildings by the University of Western Sydney, titled Building Better Returns, indicated rental premiums of 3-5% for Green Star and 5-star NABER Energy rated office buildings.

The Australian Government Commercial Building Disclosure website notes that NABERS ratings are associated with reduced operational costs—for every one-star increase in an office building's NABERS Energy rating, there is an estimated 15 per cent saving in energy costs.

The lease and fitout cost arrangements for our new buildings are considered commercially sensitive. However, as the NABERS and Green Star selection criteria and energy efficiency requirements are standard requirements for NAB and embedded within existing building selection processes and design requirements, the cost to realise the opportunity is therefore considered to be effectively $<1.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Reduced indirect (operating) costs

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

In 2019, NAB expanded its renewable electricity sourcing target from 50% to 100% by 30 June 2025 and joined RE100. NAB has a strategy to:
• maintain onsite solar generation (in FY22 solar panels installed on 78 of NAB's branches, business centres and one data centre with a total system size of 1,994 kW and

an installed capacity of 2,684,288kWh. The actual annual generation as at May 2022 was 2,330,597 kWh); and
• source renewable electricity through power purchasing agreements (NAB is part of an energy purchasing consortium sourcing renewable energy from the 80MW Crowlands Windfarm). We also have a Power Purchase Agreement with ENGIE whereby we purchased 50,000 MWh of renewable energy in 2022 that was generated at the Willogoleche Wind Farm in Hallett, South Australia.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
422906

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
As a bank, NAB's energy costs are less than 0.2% ($17m) of total operating expenses ($8,702m) in FY2022.

Our renewable strategy is focused on decreasing our emissions and using renewables technologies to assist this and to reduce energy costs.
The financial impact is calculated in relation to the generation of solar energy from installed solar panels. This avoided $422,906 of energy costs in FY2022 representing approximately 2.5% of total energy costs.

No additional financial impact is included for the purchase of renewable electricity from the Crowlands windfarm which replaces existing electricity purchases with a lower emissions alternative.

Cost to realize opportunity
1600000

Strategy to realize opportunity and explanation of cost calculation
In 2019, NAB expanded our renewable electricity sourcing commitment from 50% to 100% by 30 June 2025 and joined RE100. As part of this commitment, NAB has a strategy to increase onsite solar generation and to source renewable electricity through power purchasing agreements. Case study – Melbourne Renewable Energy Project (MREP): NAB is one of 14 companies in Australia's first group energy purchasing model currently sourcing renewable electricity from the 80MW Crowlands Windfarm. $80 million of non-recourse project financing was provided by the National Australia Bank and another major Australian bank. This activity helped to underwrite its construction and has allowed NAB and other consortium members to take more control of their power costs, cut emissions and directly support decarbonisation of the Australian energy grid. Opening in 2019, it has contributed to NAB's proportion of electricity from renewable sources increasing from 3% in 2019 to 7% in 2020, to 31% in 2021 as part of our commitment to the RE100 initiative.

The FY2022 cost to realise the opportunity is calculated as $1.6m:
• $408k for the cost of sourcing renewable energy certificates generated at the Crowlands Wind Farm from Pacific Hydro and $839k for the cost of sourcing renewable energy certificates generated at the Willogoleche Wind Farm in Hallett from Engie.
• $355k for installed solar panels.

As of May 2022, we have solar panels installed on 78 of NAB's branches, business centres and one data centre with a total system size of 1,994 kW and a installed capacity of 2,684,288kWh. Six additional panels were installed in 2022 (energy generation relates to panels installed in prior years at a cost of $3.2m in those prior years). Any maintenance issues raised with the performance of the solar panels was managed under warranty and there were $0 additional costs in 2022.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan
Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan
Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan
We have a different feedback mechanism in place

Description of feedback mechanism
We have a different mechanism in place as our transition plan is not voted on at AGMs. Shareholders provide feedback on the contents and progress of our climate transition plan during NAB’s Annual General Meeting (AGM). Please refer to the attached 2022 AGM Notice of Meeting in which NAB responded to a shareholder requisitioned resolution related to climate change. Additionally, our Investor Relations and Corporate Affairs teams have regular engagement with investors and proxy advisers throughout the year.

Frequency of feedback collection
Annually

Attach any relevant documents which detail your climate transition plan (optional)
Please refer to NAB Group's TCFD disclosures in the Group's 2022 Annual Report pgs 12, 16, 20 and 38-40 and our 2022 Climate Report (all pages), particularly pgs 5-9. Also refer to NAB's 2022 Notice of Meeting, particularly pages 24-27.
2022-notice-of-agm.pdf
2022-annual-report.pdf
2022-climate-report.pdf

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future
<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios — NGFS scenarios framework	Other, please specify (Counterparty level analysis)	<Not Applicable>	In FY2022, NAB completed a regulator-led Climate Vulnerability Assessment. We selected the REMIND-MAGPIE model from the NGFS Framework Phase II set as this provided the best data to support analysis of large Australian-based counterparties (customers) for transition risk in a number of high emitting sectors including coal, oil and gas, transport, power generation and agriculture. We used two key scenarios from the NGFS Framework for counterparty analysis to meet the requirements set out by our prudential regulator: they included the Current Policies (CP) scenario from the Hot House World category and the Delayed Transition (DT) scenario from the Disorderly Transition category. These scenarios were SSP2 scenarios which set out social, political, and physical climate environments over a time horizon between 2020 and 2050 (a 30-year period). They were selected to help NAB understand the resilience of its customers under significantly different climate-related futures that may cause stress at both a customer and portfolio level. The 30-year timeframe was modelled out in 5-year increments. The DT scenario assumes a policy ambition of 1.8°C, current policies until 2030, rapid reduction in emissions and imposition of a significant carbon price after 2030, low technology change followed by fast change, low use of carbon removal technology and significant variation in regional policies. The CP scenario assumes a low policy ambition leading to a temperature rise of +3°C, no material policy change (e.g. no carbon price), slow change in low carbon technology, low use of carbon dioxide removal and low regional policy variation. We selected parameters including carbon price, energy costs, capital expenditure on low carbon technology and supply and demand information for relevant commodities. Where we could include relevant scenario variables like interest rate these were included in our financial modelling of the impact of the scenario of probability on default and our internal credit rating. Results were both qualitative and quantitative, and considered the impact of the scenarios on counterparties, where possible with and without mitigating actions. This work indicated that the introduction of a carbon price could have a significant impact on credit quality of some of NAB’s high emitting customers if no mitigation action is taken.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: IEA NZE 2050	Portfolio	<Not Applicable>	NAB selected the IEA's Net Zero Emissions 2050 Roadmap scenario (NZE2050) for setting its first four interim sectoral decarbonisation targets which were for cement, oil and gas, thermal coal and power generation. NAB adopted the following principles in its design and setting of targets. - Alignment with UNEP FI Guidance and decarbonisation objectives. - Scientifically credible pathway to achievement, in line with Australian market conditions. - Consistency in decision-making across the portfolio. - Consideration of market practice and alignment to emerging disclosure regimes. - Simplicity in reporting and operationalising the targets that have been set. The IEA NZE2050 scenario was selected as the reference scenario for all four first tranche sector targets, on the basis it is consistent with the scenario selection requirements of the UNEP FI Guidelines, which are: - Widely accepted, science-based from credible and well recognised sources and consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. - Reasonable in assumptions on negative emissions technologies and carbon sequestration achieved through nature-based solutions and land use change and aligned to "no overshoot" or "low-overshoot" scenarios. - Designed to maximise alignment with other Sustainable Development Goals, where possible. NAB considered whether physical intensity or absolute emissions reduction metrics were appropriate for each sector. We set absolute emissions targets for the thermal coal and oil and gas sectors, consistent with achieving an absolute reduction in lending over time to these sectors (see page 14 of our 2022 Climate Report). It is appropriate to adopt absolute targets for fossil fuel industries, as decline in the use of fossil fuels is a key driver of emissions reductions in the IEA NZE 2050 scenario.
Physical climate scenarios: RCP 2.6	Other, please specify (Portfolio and counterparty level)	<Not Applicable>	We used IPCC aligned scenario data provided by our prudential regulator, the Australian Prudential Regulatory Authority as part of a regulator led Climate Vulnerability Assessment (CVA). This scenario was selected to provide analysis of the physical climate impacts that may occur in a scenario were global temperature rise is limited to less than 2 degrees Celsius. The scenario was considered over a 30-year time horizon from 2020 to 2050 in 5-year increments. Physical risk was modelled quantitatively at a portfolio level (for business lending – agribusiness (grains, beef and dairy) and non-agribusiness and mortgages) and at a counterparty level (for agribusiness). Non-agribusiness counterparty physical risk analysis was conducted qualitatively. Variables considered in the analysis included changes in precipitation, humidity, temperature to name a few. In order to convert the impact of these climate variables into financial impacts were had to identify algorithms which would correlate with the climate variables and allow their conversion into impacts on income or expenses that could be modelled in customer level financial models. The outputs of this financial analysis with scenario outputs were then able to input into NAB's credit rating system to get an impact on credit rating and probability of default. This work showed that measurable impacts on credit quality occurred where customers do not take any mitigation action to adapt and build resilience to the physical impacts of climate change. However, at a portfolio level, the results showed that only a small proportion (approximately 2%) of NAB exposures face a high level of climate risk exposure, which moderates the overall impact. The overall portfolio impact was rated as moderate. However, this could change and become material depending on the range and speed of climatic impacts and changes in NAB's portfolio composition. Going forward NAB is considering key learnings from its climate risk-related scenario analysis in: • Future assessment of the impacts of compound climate events and/or physical risk tipping points. • Building future climate-related data requirements into NAB's climate risk capability. • Changes to risk appetite and policy settings, where appropriate, to manage climate-related risks. • Planning for climate risk measurement and monitoring, including building internal capability in geospatial mapping. • Financing provided to support customers to decarbonise and build climate resilience.
Physical climate scenarios: RCP 8.5	Other, please specify (Portfolio and counterparty level)	<Not Applicable>	We used IPCC aligned scenario data provided by our prudential regulator, the Australian Prudential Regulatory Authority as part of a regulator led Climate Vulnerability Assessment (CVA). This scenario was selected to provide analysis of the physical climate impacts that may occur in a scenario were global temperature rise is 3 degrees Celsius and above. The scenario was considered over a 30-year time horizon from 2020 to 2050 in 5-year increments. Physical risk was modelled quantitatively at a portfolio level (for business lending – agribusiness (grains, beef and dairy) and non-agribusiness and mortgages) and at a counterparty level (for agribusiness). Non-agribusiness counterparty physical risk analysis was conducted qualitatively. Variables considered in the analysis included changes in precipitation, humidity, temperature to name a few. In order to convert the impact of these climate variables into financial impacts were had to identify algorithms which would correlate with the climate variables and allow their conversion into impacts on income or expenses that could be modelled in customer level financial models. The outputs of this financial analysis with scenario outputs were then able to input into NAB's credit rating system to get an impact on credit rating and probability of default. This work showed that measurable impacts on credit quality occurred where customers do not take any mitigation action to adapt and build resilience to the physical impacts of climate change. However, at a portfolio level, the results showed that only a small proportion (approximately 2%) of NAB exposures face a high level of climate risk exposure, which moderates the overall impact. The overall portfolio impact was rated as moderate. However, this could change and become material depending on the range and speed of climatic impacts and changes in NAB's portfolio composition. Going forward NAB is considering key learnings from its climate risk-related scenario analysis in: • Future assessment of the impacts of compound climate events and/or physical risk tipping points. • Building future climate-related data requirements into NAB's climate risk capability. • Changes to risk appetite and policy settings, where appropriate, to manage climate-related risks. • Planning for climate risk measurement and monitoring, including building internal capability in geospatial mapping. • Financing provided to support customers to decarbonise and build climate resilience.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

(1) What decarbonisation actions do we need to take to transition our operations and lending portfolio in alignment with a 1.5oC temperature goal?
(2) Which high emitting sectors are more vulnerable to climate change-related transition risks? What mitigation actions can customers take to reduce this vulnerability?
(3) How vulnerable are key portfolio segments like mortgages, agribusiness and non-agribusiness to climate change-related transition risks?
(4) Which geographies and sectors are more vulnerable to climate change-related physical risks? If no action is taken to adapt, what impact may this have on the probability of default in key portfolios such as mortgages and agribusiness?

Results of the climate-related scenario analysis with respect to the focal questions

NAB Group is using the International Energy Agency's Net Zero Emissions (IEA NZE 2050) scenario as a reference point to guide the decarbonisation pathways applied to key sectors in our lending portfolio to progress against our goal to align our lending portfolio to net zero emissions by 2050. In 2021, the Group used the IEA NZE 2050 scenario to assist in a review of our lending to the oil and gas sector. This scenario analysis informed changes that the Group made to its ESG-related credit policy and risk settings, which are now as follows:
- We have capped oil and gas exposure at default at USD2.4 bn* and will reduce our exposure from 2026 through to 2050, aligned to the IEA NZE 2050 scenario. This provides for measured re-orientation of client activity ensuring NAB can continue to support clients committed to transition.
- We will only consider directly financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security.
- We will not directly finance greenfield gas extraction projects outside Australia.
- We will continue to support integrated liquified natural gas (LNG) in Australia, New Zealand, and Papua New Guinea and selected LNG infrastructure in other regions, under the oil and gas exposure cap.
- We will not directly finance greenfield oil extraction projects or onboard new customers with a predominant focus on oil extraction.
- We will not finance oil and gas extraction, production or pipeline projects within, or impacting, the Arctic National Wildlife Refuge area or any similar Antarctic Refuge.
- We will not directly finance oil/tar sands or ultra-deep water oil and gas extraction projects.
In FY2022, NAB completed work on a regulator-led Climate Vulnerability Assessment. NAB will now consider how the outcomes may influence decisions around ESG-credit policy and risk settings among other things.

* The cap of USD2.4 bn was determined giving consideration to the three-year average exposure up to 30 September 2021 due to COVID impacts. Use of USD for the purposes of this cap is to account for currency movement because the majority of the portfolio is USD denominated. From 2022, oil and gas exposure at default will be reported in USD. For the purposes of this review oil and gas included: oil and gas extraction (upstream); liquefied natural gas (LNG) production (not at refineries– downstream LNG); and LNG production at wellhead (integrated LNG).

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	As a founding signatory of the UN Principles for Responsible Banking (PRB) and the first Australian bank to have joined the UN Collective Commitment to Climate Action (CCCA), we want to show industry leadership in making a positive impact on society. Under Principle 2 'Impact and target setting', we will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts. Case study – Environmental Financing: The Group's ambition is to grow by supporting customers to decarbonise and build climate resilience. One of the ways the Group measures its progress is its environmental financing target (first set in 2015) to provide $70bn in financing activities by 30 Sept. 2025, to help address climate change and support the transition to a low carbon economy. In FY2022, the Group met and exceeded its 2025 target, having provided a total of $70.8bn in environmental financing since 1 October 2015. The Group will consider future opportunity-oriented targets to support the achievement of its climate strategy. We are pursuing product and service opportunities across our portfolio, from institutional and corporate financing to retail deposits. During FY2022, NAB continued its market-leading role, remaining the number ranked #1 Australian bank for global renewables transactions (based on IJGlobal League Table). Carbonplace (a carbon credit settlement platform jointly developed by NAB and some of the world's largest financial institutions) completed a successful pilot transfer of Verra-certified carbon credits in 2022. The transfer was facilitated by NAB, on behalf of Visa, and Itaú Unibanco, on behalf of Sustainable Carbon and was one of several pilot trades completed in 2022. In November 2021, NAB launched the pilot phase of its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria.
Supply chain and/or value chain	Yes	From a supply chain perspective (upstream in the value chain) in FY2019, NAB re-evaluated the opportunity to purchase renewable energy to reduce our operational GHG gas emissions and to support customers building renewable energy projects. As a result of this review and as part of NAB's new Group Strategy, we increased our operational renewable energy consumption commitment from 50% to 100% by 30 June 2025 and joined the RE100 initiative. Case study – Melbourne Renewable Energy Project (MREP): NAB is one of 14 companies in Australia's first group energy purchasing model currently sourcing renewable electricity from the 80MW Crowlands Windfarm. $80 million of non-recourse project financing was provided by the National Australia Bank and another major Australian bank. This activity helped to underwrite its construction and has allowed NAB and other consortium members to take more control of their power costs, cut emissions and directly support decarbonisation of the Australian energy grid. Opening in 2019, it has contributed to NAB's proportion of electricity from renewable sources increasing from 3% in 2019 to 72% in 2022 as part of our commitment to the RE100 initiative. From a customer perspective (downstream in the value chain), in FY2019, following review of progress against our environmental financing target and further investigation and research on climate-related opportunities to assist our customers through the provision of products and services to help customers make the low carbon transition or to adapt and build resilience to climate change, we increased our environmental finance target from $55 billion to $70 billion by 30 Sept. 2025, to provide financing for green infrastructure, capital markets and asset finance from $20 billion to $35 billion (cumulative flow since 1 October 2015). In FY2022, the Group met and exceeded its 2025 target, having provided a total of $70.8bn in environmental financing since 1 October 2015 to help our customers address climate change and support the transition to a low-carbon economy. The Group will consider future opportunity-oriented targets to support the achievement of its climate strategy. We also restricted risk appetite/credit policy settings and introduced climate transition pathways for our thermal coal mining, thermal coal-fired power generation lending, and oil and gas lending.
Investment in R&D	Yes	The Group joined the Net Zero Banking Alliance (NZBA) in December 2021, furthering its ambition to align its operational and financed emissions with pathways to net zero by 2050. Working towards this ambition, NAB has set interim 2030 sectoral decarbonisation targets ('sector targets') for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production. Target work is ongoing for commercial real estate, residential real estate, iron and steel, aluminium, agriculture and transport. Recognising that climate change as an issue cannot be addressed by the Group alone, in 2022, the Group continued to collaborate and participate in climate risk-related industry research and development activities and projects. These aimed to better understand, and implement, methodologies to assess and manage climate risk. Case study – scenario analysis and decarbonisation pathways: The Group uses climate-related scenario analysis to help inform its strategy, risk appetite and risk management. The Group's use of scenarios has been two-fold, to: 1. Understand the vulnerability of the Group's lending portfolio and its customers in key high emitting segments to transition and physical risk; and 2. Understand the sectoral decarbonisation pathways to transition to a net zero lending portfolio by 2050 and set sectoral decarbonisation targets to achieve this goal. During 2022, NAB used two key climate scenarios from the Network for Greening the Financial System (NGFS) scenario set to assess the climate vulnerability of its lending portfolio through climate-related scenario analysis. The analysis examined climate impacts on: (i) home lending, agri and non-retail portfolios; and (ii) a subset of individual high emitting customers in climate vulnerable sectors. Portfolio level climate stress testing was informed by physical and transition scenario data, internal experts, insurance and non-insurance data and stress testing models to segment the portfolio by relative risk levels and estimate financial impacts in terms of future losses. For customer-level analysis, the focus was on analysing climate-related risk for a sample of customers in a range of high emitting sectors including: coal mining, oil & gas extraction, electricity supply, manufacturing, construction and transport.
Operations	Yes	Since the 2020 reporting period, aligned with the Principles for Responsible Banking and as part of the targets supporting NAB's new Group Strategy, a new energy reduction target was set to reduce energy use by 30% by 20 June 2025 from a 2019 base year. The new target covers 100% of NAB Group's reported gross Scope 1 & 2 energy use across all regions. Case study – improving energy efficiency in operations: During FY22, the program of work to improve energy efficiency across all NAB occupied buildings continued, this included (with estimated annual CO_2-e savings in metric tonnes in brackets): - Consolidation of staff into energy efficient corporate offices (1,582) - Further solar roll-out across the branch network (211) - Energy efficiency in buildings: lighting and HVAC (5) The above initiatives have contributed to an 40% reduction in energy use since 2020 (22% reduction in energy use since 2021).

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures Provisions or general reserves	Provisions or general reserves: Where relevant, NAB raises forward-looking provisioning adjustments to address targeted sector and idiosyncratic stress events including, for example, climate-related risks. In FY2020, due to the easing of drought conditions for the bulk of exposures, our 2020 Full Year Investor Presentation (slide 84) discloses that NAB had made collective provision forward looking adjustments of $89m to address impact of extreme weather/drought conditions. Provisions are reviewed periodically, directly impact NAB's profit & loss position, and are part of the Bank's regular financial disclosures (made at least at half and full year). In FY2021 no provisioning was required due to an improved agricultural sector outlook with more favourable weather conditions. In FY2022, due to the impact of drought conditions and/or extreme weather events on customers, Note 19 in our 2022 Annual Report (see ESG risk section pgs 191-2) noted that "As at 30 September 2022, the Group holds FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14 million (2021: $nil) for the potential impact of the Lismore floods." Capital expenditures: Capital expenditure associated with energy efficiency, GHG and water reduction initiatives form a specific environmental capex budget on an annual basis. Initiatives considered for this annual budget are planned 2-3 years in advance providing us with flexibility should initiatives in the current year not proceed. For example, in 2022 this capital budget was allocated toward further solar roll-out across the branch network and LED lighting upgrades totalling ~$410k. Direct costs: Costs for meeting our commitment to purchasing 100% renewable energy by 30 June 2025 were considered in our decision process to make this commitment through to 2025. Large Generation Certificate price forecasting is included in our FY2023 budget planning process.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	Yes, we identify alignment with our climate transition plan	<Not Applicable>

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric
OPEX

Type of alignment being reported for this financial metric
Alignment with our climate transition plan

Taxonomy under which information is being reported
<Not Applicable>

Objective under which alignment is being reported
<Not Applicable>

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)
4725000

Percentage share of selected financial metric aligned in the reporting year (%)
0.06

Percentage share of selected financial metric planned to align in 2025 (%)

Percentage share of selected financial metric planned to align in 2030 (%)

Describe the methodology used to identify spending/revenue that is aligned
The known operational expenses (costs) that have been identified as part of climate-related risks and opportunities with the potential to have a substantive financial or strategic impact on our business have been compiled, namely:
Risk 1 – Direct operations costs to respond to acute physical risks (cyclone, hurricane, typhoon) of $525K.
Risks 2 & 3 – Banking portfolio combined costs to respond to chronic physical risks (changing precipitation patterns and types) and market risks (changing customer behaviour) of $2.6m.
Opportunity 3 – Direct operations costs to use lower-emission sources of energy of $1.6m.

This totals $4.725m, approximately 0.057% (rounded to 0.06%) of total operating expenses for the year ($8,274m) as reported in NAB annual results (see https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-full-year-results-management-discussion-and-analysis.pdf page 11).

Predicted percentage share of selected financial metric to align in 2025 and 2030 is not available as NAB sets financial budgets on an annual basis.

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies	Explain why the policy framework for your portfolio activities do not include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, our framework includes both policies with climate-related client/investee requirements and climate-related exclusion policies	<Not Applicable>

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio
Banking (Bank)

Type of policy
Credit/lending policy

Portfolio coverage of policy
100

Policy availability
Publicly available

Attach documents relevant to your policy
Refer to Equator Principles Principle 2 (pg 2), to which NAB Group is a signatory. There are climate-related requirements for certain projects which trigger Equator Principles. These requirements have been integrated into NAB Group's credit policy.

Criteria required of clients/investees
Disclosure of Scope 1 emissions
Disclosure of Scope 2 emissions

Value chain stages of client/investee covered by criteria
Direct operations only

Timeframe for compliance with policy criteria
Clients/investees must be compliant within the next year

Industry sectors covered by the policy
Other, please specify (Any sector where the transaction involves project-related finance where Equator Principles compliance is triggered. This typically involves fossil-fuel related projects like gas-fired power generation or projects in other high emitting sectors.)

Exceptions to policy based on
<Not Applicable>

Explain how criteria required, criteria coverage and/or exceptions have been determined
When Equator Principles compliance is triggered by relevant projects, due diligence is undertaken to ensure that the requirements are satisfied. For relevant EPs projects clients are required to conduct a physical risk assessment and where total project Scope 1 & 2 emissions are expected to exceed 100,000 tCO2-e, a transition risk assessment, alternatives analysis and emissions reporting is conducted.

The criteria are applied to ensure that where relevant, NAB Group and its clients meet Equator Principles requirements. For the first year of Equator Principles adoption, the clients are required to provide details of their internal preparation and staff training. Transactions can be declined at any stage during negotiation or due diligence if they do not meet the relevant criteria.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio
Banking (Bank)

Type of exclusion policy
Thermal coal

Year of exclusion implementation
2019

Timeframe for complete phase-out
By 2030

Application
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to
Australia
New Zealand

Description
NAB Group has limited its direct thermal coal mining exposures to Australia and New Zealand.

Although NAB Group continues to support existing customers across the mining and energy sectors to facilitate an orderly transition to a low-carbon economy, we will not finance new thermal coal mining projects or new-to bank thermal coal mining customers, nor will we finance new or material expansions of coal-fired power generation facilities. The exclusion is based on industry code and analysis of the activities conducted by a customer during our ESG risk assessment process.
We have updated our target to reduce thermal coal mining exposures by 50% by 2026 and to reduce to effectively zero by 2030 apart from residual performance guarantees to rehabilitate existing thermal coal mining assets and this will be reported separately as part of reporting our resources exposures from FY2022.

Portfolio
Banking (Bank)

Type of exclusion policy
All oil & gas

Year of exclusion implementation
2018

Timeframe for complete phase-out
Other, please explain (We aim to reduce our exposure from 2026 through to 2050, aligned to the aligned to the International Energy Agency (IEA) Net Zero Emissions 2050 scenario.)

Application
New business/investment for new projects

Country/Area/Region the exclusion policy applies to
Australia
New Zealand
United Kingdom of Great Britain and Northern Ireland
United States of America
Europe

Description
NAB Group's exposure to oil and gas is through customer relationships in Australia, New Zealand, the UK, the US and Europe.

Although NAB continues to support existing customers across the mining and energy sectors to facilitate an orderly transition to a low-carbon economy, we will not finance:
- Oil/tar sands or ultra-deep water extraction projects
- Oil and gas projects within or impacting the Arctic National Wildlife Refuge area and any similar Antarctic Refuge.
- Greenfield gas extraction projects outside Australia or onboard new customers with a predominant focus on oil extraction.

We will only consider directly financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security.

We have capped oil and gas exposure at default at USD2.4 bn* and will reduce our exposure from 2026 through to 2050, aligned to the IEA NZE 2050 scenario. We currently have no exposure (measured as Exposure at Default) to oil and gas activities for oil/tar sands or ultra-deep water extraction or within or impacting the Arctic National Wildlife Refuge area and any similar Antarctic Refuge.
*The cap of USD2.4 bn was determined giving consideration to the three-year average exposure up to 30 September 2021 due to COVID impacts. Use of USD for the purposes of this cap is to account for currency movement because the majority of the portfolio is USD denominated. From 2022, oil and gas exposure at default will be reported in USD. For the purposes of this review oil and gas included: oil and gas extraction (upstream); liquefied natural gas (LNG) production (not at refineries – downstream LNG); and LNG production at wellhead (integrated LNG).

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization’s financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Covenants related to compliance with your policies	Project finance	All business/investment for all projects	Customary Asia Pacific Loan Markets Association documentation contains covenants which capture our project finance requirements in relation to Equator Principles. In certain situations, we may negotiate additional covenants if required following due diligence.
Purpose or use of proceeds clause refers to sustainable project Margin or pricing depends on sustainability criteria Minimum level of green assets mandated	Corporate loans Corporate real estate Asset finance Project finance Debt and equity underwriting Other, please specify (Additional products include: fund financing, green securitisation, warehousing and term issuance sustainability-linked derivatives.)	Other, please specify (Selected clients and green use of proceeds or sustainability-linked transactions)	Green use of proceeds transactions include: • specific eligibility criteria and requirements for use and application of the green loan/bond proceeds • external review and verification requirements • annual impact and use of proceeds reporting Sustainability-linked financing include: • annual verification against transaction specific sustainability targets • annual reporting requirements • margin adjustment subject to meeting specific sustainability targets • requirements for external marketing and reporting of transactions. These loans, bonds, securitisations and derivatives are only offered to corporate and institutional banking (CIB) customers. Labelled green products (bonds, loans, securitisations) and labelled sustainability-linked transactions undergo an internal NAB review to ensure the transaction is aligned with market standards, Principles and NAB’s own sustainable finance product requirements. These requirements (as detailed in the APLMA/LMA/LSTA GSSS Loan Principles, the ICMA GSSS Bond Principles and/or the Climate Bond Standards) and tailored to reflect the specific transaction and customer, are then incorporated into the respective financing agreements.

C4. Targets and performance

C4.1

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

Absolute target
Portfolio target

C4.1a

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

Target reference number
Abs 1

Is this a science-based target?
Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition
Well-below 2°C aligned

Year target was set
2016

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)
<Not Applicable>

Base year
2015

Base year Scope 1 emissions covered by target (metric tons CO2e)
16544

Base year Scope 2 emissions covered by target (metric tons CO2e)
134349

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)
<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
150893

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2025

Targeted reduction from base year (%)
51

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
6619

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
32066

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
38685

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Please explain target coverage and identify any exclusions
We are aligned with the Science-Based Target Initiative's more ambitious 'well-below 2°C' warming scenario, rather than the previous '2°C only' scenario. As such, in 2020 we revised the Group's science-based target to align with this and included data centre emissions (both in target and in baseline), which were previously excluded due to methodology constraints. This has increased the Group's current emissions reduction target from 21% to 51% by 30 June 2025 and increased our emissions coverage to >99% of our Scope 1 & 2 emissions.

This target was set using the Science-based Target Initiative's target setting tool and aligns with the target requirements as specified by the Science-based Target Initiative. This target applies the Sectoral Decarbonisation Approach 'Service Buildings' methodology given our emissions largely arise from office building based activities and our bank branches. NAB Group's SBT covers our global Scope 1 and 2 GHG emissions across all GHGs required in the GHG Protocol Corporate Standard.

2022 was our seventh year reporting against a medium-term (10 year) science-based target (SBT) for NAB Group's global operations to decrease Scope 1 & 2 Greenhouse Gas (GHG) emissions for our stationary and transport energy. In 2022, we delivered an 74% reduction in Scope 1 & 2 GHG emissions from our 2015 base year for this target. Some of this progress can be attributed to COVID-19 impacts, so we do not expect to maintain this level of progress in future years.

Plan for achieving target, and progress made to the end of the reporting year
We will achieve this target to reduce Scope 1 & 2 emissions by 51% by 30 June 2025 through: (i) the Group's commitment to procure 100% of electricity from renewable sources (zero emissions) by 30 June 2025; (ii) the reduction in energy use through decommissioning of the tri-generation unit (now complete); and (iii) the consolidation of employees into energy efficient buildings.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

Target reference number
Abs 2

Is this a science-based target?
No, but we are reporting another target that is science-based

Target ambition
<Not Applicable>

Year target was set
2020

Target coverage
Country/area/region

Scope(s)
Scope 3

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)
Category 6: Business travel

Base year
2019

Base year Scope 1 emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 2 emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)
4679

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)
4679

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
4679

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
<Not Applicable>

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)
16

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
7

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
7

Target year
2025

Targeted reduction from base year (%)
70

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)
607

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)
607

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
607

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Please explain target coverage and identify any exclusions
NAB Group's business flights reduction target aims to reduce Scope 3 GHG emissions from business flights by 70% by 30 June 2025 from a 2019 baseline of 4,679 tonnes CO2-e. This target applies to NAB's Bank of New Zealand (BNZ) operations, which represents 15% of NAB's full time employees.

Plan for achieving target, and progress made to the end of the reporting year
Achievement of this target supports NAB's carbon neutral status and helps us reduce our overall GHG emissions. In 2022, 607 tonnes CO2-e were produced from business flights, representing an 87% reduction from the baseline. As much of this reduction in travel was COVID-19 related, we do not expect this level of reduction to be maintained. We do however expect to meet the target due to: (i) travel limits being imposed on all BNZ colleagues; and (ii) use of technology across all Divisions and key subsidiaries that allows colleagues to meet via Zoom and other platforms.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number
Por1

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans
Asset finance
Project finance

Sectors covered by the target
Other, please specify (Power Generation)

Target type
Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Metric tons CO2e

Target denominator
kWh

Base year
2021

Figure in base year
0

Percentage of portfolio emissions covered by the target
13.9

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Other, please specify (Exposure at default of portfolio)

Percentage of portfolio covered by the target, using a monetary metric
0.67

Frequency of target reviews

Every five years

Interim target year
2030

Figure in interim target year
0.14

Target year
2030

Figure in target year
0.14

Figure in reporting year
0.2

% of target achieved relative to base year [auto-calculated]

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
87

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The Target covers all Power Generation lending within NAB save for the following exclusions, this includes on-balance sheet loans and lines of credit, revolving credit and overdraft facilities, business loans secured by real estate, such as commercial real estate secured lines of credit and business loans, short-term debt and lines of credit.

Excludes Bank of New Zealand, Rehabilitation Bonds and AEMO Bonding as well as derivatives. Excludes transmission and distribution.

Target reference number
Por2

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans
Trade finance
Asset finance
Project finance

Sectors covered by the target
Other, please specify (Thermal Coal)

Target type
Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity
Absolute

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Metric tons CO2e

Target denominator
<Not Applicable>

Base year
2021

Figure in base year
5100000

Percentage of portfolio emissions covered by the target
23.6

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Other, please specify (Exposure at Default)

Percentage of portfolio covered by the target, using a monetary metric
0.09

Frequency of target reviews
Every five years

Interim target year
2030

Figure in interim target year
0

Target year
2030

Figure in target year
0

Figure in reporting year
5.1

% of target achieved relative to base year [auto-calculated]

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
27

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The Target covers all thermal coal mining lending within NAB save for the following exclusions, this includes on-balance sheet loans and lines of credit, revolving credit and overdraft facilities, business loans secured by real estate, such as commercial real estate secured lines of credit and business loans, short-term debt and lines of credit.

Excludes Bank of New Zealand, Rehabilitation Bonds and AEMO Bonding as well as derivatives.

Target reference number
Por3

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans
Trade finance
Asset finance
Project finance

Sectors covered by the target
Other, please specify (Oil and Gas)

Target type
Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity
Absolute

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Metric tons CO2e

Target denominator
<Not Applicable>

Base year
2021

Figure in base year
4100000

Percentage of portfolio emissions covered by the target
19

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Other, please specify (Exposure at Default)

Percentage of portfolio covered by the target, using a monetary metric

0.22

Frequency of target reviews
Every five years

Interim target year
2030

Figure in interim target year
3200000

Target year
2030

Figure in target year
3200000

Figure in reporting year
4100000

% of target achieved relative to base year [auto-calculated]

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
24

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The Target covers all Oil and Gas lending within NAB save for the following exclusions, this includes on-balance sheet loans and lines of credit, revolving credit and overdraft facilities, business loans secured by real estate, such as commercial real estate secured lines of credit and business loans, short-term debt and lines of credit.

Excludes Bank of New Zealand, Rehabilitation Bonds and AEMO Bonding as well as derivatives.

Target reference number
Por4

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans
Trade finance
Asset finance
Project finance

Sectors covered by the target
Other, please specify (Cement)

Target type
Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Metric tons CO2e

Target denominator
Ton cement

Base year
2021

Figure in base year
0.6

Percentage of portfolio emissions covered by the target
3.2

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Other, please specify (Exposure at Default)

Percentage of portfolio covered by the target, using a monetary metric
0.09

Frequency of target reviews
Every five years

Interim target year
2030

Figure in interim target year
0.46

Target year
2030

Figure in target year
0.46

Figure in reporting year
0.6

% of target achieved relative to base year [auto-calculated]

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
67

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The Target covers all Cement lending within NAB save for the following exclusions, this includes on-balance sheet loans and lines of credit, revolving credit and overdraft facilities, business loans secured by real estate, such as commercial real estate secured lines of credit and business loans, short-term debt and lines of credit.

Excludes Bank of New Zealand, Rehabilitation Bonds and AEMO Bonding as well as derivatives.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Company-wide

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Base year
2019

Consumption or production of selected energy carrier in base year (MWh)
128882.46

% share of low-carbon or renewable energy in base year
3

Target year
2025

% share of low-carbon or renewable energy in target year
100

% share of low-carbon or renewable energy in reporting year
72.4

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Is this target part of an emissions target?
Yes, achievement of this target contributes towards NAB Group's overarching science-based GHG reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 51% by 30 June 2025, from a 2015 base year.

Is this target part of an overarching initiative?
RE100

Please explain target coverage and identify any exclusions
In 2019, NAB set a commitment to source 100% of our Group-wide electricity from renewable sources by 30 June 2025 with no exclusions. We began voluntarily surrendering renewable energy certificates in 2019, with renewable energy accounting for 3% of NAB's Group-wide electricity consumption in the baseline year. In 2022, renewable energy accounts for 72.4% of Group-wide electricity consumption.

This target replaces NAB's previous renewable energy target of 50% Australian electricity from renewable energy by 30 June 2025.

Plan for achieving target, and progress made to the end of the reporting year
As at 2022, NAB has contributed to this target through the voluntary surrender of Large-scale Generation renewable energy Certificates (LGC's), renewable energy certificates (RECs) and the acquisition of certified renewable electricity (NZ, UK, Japan).

To meet this target, NAB will continue to: (i) create LGCs through on-site solar, (ii) surrender LGC's generated through Power Purchase Agreements (PPAs); and (iii) power our operations by certified renewable electricity whenever possible.

List the actions which contributed most to achieving this target
<Not Applicable>

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2020

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	GJ

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
759096

Target year
2025

Figure or percentage in target year
531367.2

Figure or percentage in reporting year
405541.93

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Is this target part of an emissions target?
Yes, achievement of this target contributes towards NAB Group's ten-year science-based GHG emissions reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 51% by 30 June 2025, from a 2015 base year.

Is this target part of an overarching initiative?
Science Based targets initiative - other

Please explain target coverage and identify any exclusions
NAB's group-wide, medium-term target is to reduce energy use by 30% by 30 June 2025 from a 2019 base year. This target covers 100% of NAB's reported Scope 1 & 2 energy use across all regions.

Plan for achieving target, and progress made to the end of the reporting year
Achievement of this target supports NAB's carbon neutral status and help us reduce our overall greenhouse gas (GHG) emissions. In 2022, NAB was on track to meet this 30 June 2025 target, reducing our energy use by 47% from 2019. We plan to meet this target by: (i) increasing renewable energy consumption through the rollout of rooftop solar; (ii) reducing energy use through decommissioning our tri-generation unit – this occurred in 2021; and (iii) further consolidation of staff into energy efficient buildings.

List the actions which contributed most to achieving this target
<Not Applicable>

Target reference number
Oth 2

Year target was set
2020

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management	metric tons of waste generated

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
1871

Target year
2025

Figure or percentage in target year
1683.9

Figure or percentage in reporting year
626

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Is this target part of an emissions target?
No, NAB Group's waste target does not contribute to our overarching science-based GHG reduction target (SBT). Waste is a Scope 3 inventory item and NAB Group's science-based GHG reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target covers 100% of reported waste to landfill (tonnes) generated across all regions where NAB operates. NAB does not report waste out of its New York, China or India offices, which represent less than 1% of NAB's operations.

Plan for achieving target, and progress made to the end of the reporting year

NAB's group-wide, medium-term waste reduction target is to reduce waste to landfill by 10% by 30 June 2025 from a 2019 baseline of 1,871 metric tonnes. This target supports NAB's carbon neutral status and helps us reduce our overall GHG emissions. In 2022, 626 metric tonnes of general waste was sent to landfill, a 67% reduction from the baseline. Waste to landfill was driven down, in part, because we were able to increase our diversion of waste to recycling streams. The reduced occupation of our buildings, due to the COVID-19 pandemic and new flexible ways of working, also played a significant role in reducing our waste to landfill. Based on these factors, NAB is currently on track to meet the 2025 reduction target.

List the actions which contributed most to achieving this target

<Not Applicable>

Target reference number

Oth 3

Year target was set

2020

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency	metric tons of paper consumed

Target denominator (intensity targets only)

<Not Applicable>

Base year

2019

Figure or percentage in base year

514

Target year

2025

Figure or percentage in target year

411.2

Figure or percentage in reporting year

168

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Underway

Is this target part of an emissions target?

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

Is this target part of an overarching initiative?

No, it’s not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target covers 100% of reported paper consumption (tonnes) across all regions where NAB operates. NAB does not report paper consumption out of its New York or India offices, which represent less than 1% of NAB's operations.

Plan for achieving target, and progress made to the end of the reporting year

NAB's group-wide paper reduction target is to reduce office paper by 20% by 30 June 2025 from a 2019 baseline of 514 metric tonnes. Achievement of this target supports NAB's carbon neutral status and helps us reduce our overall Scope 3 GHG emissions. In 2022, 168 metric tonnes of office paper was used, a 67% reduction from the baseline.

This was mainly driven by an increased number of employees working from home, due to the COVID-19 pandemic, and printing resources not being available. In addition, as a result of the pandemic, significant advances were made in digitisation over the last few years. During the 2022 reporting year, the use of DocuSign and other applications was mainstreamed and printing rates and the need for paper reduced. Based on this, NAB is currently on track to meet the 2025 reduction target.

List the actions which contributed most to achieving this target

<Not Applicable>

Target reference number

Oth 4

Year target was set

2020

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency	Other, please specify (Potable water withdrawal)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
385005

Target year
2025

Figure or percentage in target year
365755

Figure or percentage in reporting year
163659

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Is this target part of an emissions target?
No, NAB Group's water reduction target does not contribute to our overarching science-based GHG reduction target (SBT). Water is a Scope 3 inventory item and NAB Group's science-based GHG reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?
No, it’s not part of an overarching initiative

Please explain target coverage and identify any exclusions
This target covers 100% of reported potable water withdrawal (kL) across the regions where NAB operates. NAB does not report water withdrawal out of its Asian andJB Were New Zealand offices, which represent 1% of NAB's operations.

Plan for achieving target, and progress made to the end of the reporting year
NAB's group-wide water target is to reduce potable water withdrawal by 5% by 30 June 2025 to 365,755 kL from a 2019 base year of 385,005 kL. Achievement of this target supports NAB's carbon neutral status and helps us reduce our overall Scope 3 GHG emissions.

In 2022, NAB's potable water use was 163,659 kL, a 57% reduction from the baseline. The decrease in water use, particularly in our commercial buildings, was driven by an increase in the number of employees working from home globally due to the COVID-19 pandemic and NAB's new flexible ways of working. While this level of water withdrawal reductions may not be maintained as staff move back into our offices, we expect this target to be achieved due to: (i) reducing water use resulting from decommissioning of NAB's tri-generation unit in 2021; and (ii) the consolidation of staff into resource efficient buildings.

List the actions which contributed most to achieving this target
<Not Applicable>

Target reference number
Oth 5

Year target was set
2020

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Green finance	Green finance raised and facilitated (denominated in currency)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2015

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
70000000000

Figure or percentage in reporting year
708000000

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Achieved

Is this target part of an emissions target?
No, our environmental financing target does not contribute to our overarching science-based GHG reduction target (SBT). The finance provided would reduce customer emissions and is therefore a Scope 3 inventory item. NAB Group's science-based GHG reduction target is to reduce Scope 1 and 2 GHG emissions.

Is this target part of an overarching initiative?
No, it’s not part of an overarching initiative

Please explain target coverage and identify any exclusions
This target covers 100% of the identified areas across the regions where NAB operates (refer to 2022 Sustainability data pack – financing tab).

Plan for achieving target, and progress made to the end of the reporting year
<Not Applicable>

List the actions which contributed most to achieving this target
A total of $70.8bn in environmental financing has been provided since 1 October 2015:
• $40.7bn (against target $35bn) to support green infrastructure, capital markets and asset finance.
• $30.1bn (against target $35bn) in new mortgage lending flow for new dwellings and significant renovations for 6-Star residential housing in Australia.

A key action taken is for the Group to build products to provide customers with solutions that assist them in achieving sustainability objectives.
Another key action is the focus on advisory, underwriting and arranging of green and sustainability linked bonds and loans as well as financing for renewable projects . NAB remains the number one Australian bank for global renewables transactions (Rankings based on IJGlobal League Table MLA, Renewables, both cumulative data from 1 January 2010 to 30 September 2022 and for the 12 months ending 30 September 2022).

In relation to the $35bn green infrastructure, capital markets and asset finance target, these actions were instrumental in delivering the following environmental finance:
• $3.2bn lending for green commercial buildings
• $18.9bn specialised lending, corporate and securitisation finance for applicable projects (e.g. finance for low carbon businesses including energy, transport and waste, energy efficiency, adaptation infrastructure)
• $6.3 bn Green bonds
• $11.4bn Advisory, underwriting and arranging activities
• $0.6bn Green term deposits
• $0.3bn Asset finance

Target reference number
Oth 6

Year target was set
2020

Target coverage
Country/area/region

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	Other, please specify (GJ of vehicle fuel consumed)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
120686

Target year
2025

Figure or percentage in target year
60343

Figure or percentage in reporting year
49265

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Is this target part of an emissions target?
Yes, achievement of this target contributes towards NAB's ten-year science-based GHG emissions reduction target (SBT) to reduce Scope 1 and 2 GHG emissions by 51% by 30 June 2025, from a 2015 base year.

Is this target part of an overarching initiative?
Science Based targets initiative - other

Please explain target coverage and identify any exclusions
This target covers 100% of the fleet vehicle fuel (GJ) consumed across NAB's operations.

Plan for achieving target, and progress made to the end of the reporting year
NAB's vehicle fuel reduction target is to reduce vehicle fuel by 50% by 30 June 2025 from a 2019 baseline of 120,686 GJ. Achievement of this target supports NAB's carbon neutral status and helps us reduce our overall GHG emissions.

In 2022, 49,265 GJ of vehicle fuels were consumed, an 59% reduction from the baseline. Based on this, NAB is currently on track to meet the 2025 reduction target. This reduction in vehicle fuels was mainly driven by travel restrictions during the first part of 2022 due to the COVID-19 pandemic. While this reduction in vehicle use may not be maintained as we emerge from the pandemic, it is expected that we will achieve this target through the transition of our fleet away from diesel and petrol cars to more efficient hybrid and electric vehicles.

List the actions which contributed most to achieving this target
<Not Applicable>

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Banking (Bank)

Absolute/intensity emission target(s) linked to this net-zero target
Por1
Por2
Por3
Por4

Target year for achieving net zero
2050

Is this a science-based target?
No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions
NAB's net-zero emissions by 2050 target covers our Scope 3, Category 15 emissions, i.e. our financed emissions. We set our first set of interim 2030 sectoral portfolio emissions reduction targets (for cement, power generation, oil and gas, and thermal coal) linked to this net zero emissions by 2050 target in FY2022. This first round of interim targets was disclosed in November 2022 as part of our 2022 annual report suite in our 2022 Climate Report. As these targets cover our customers' emissions, we are not planning to neutralise any unabated financed emissions with permanent carbon removals at 2050. NAB has been carbon neutral for its operational carbon footprint (Scope 1, 2 and some Scope 3 emissions excluding financed emissions) since 2010. With respect to financed emissions, we will instead focus our efforts on helping customers to decarbonise through conditional and limited purpose financing and shifting our portfolio to lower emissions intensity consistent with our goal to align our lending portfolio to net zero emissions by 2050.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?
No

Planned milestones and/or near-term investments for neutralization at target year
<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)
NAB is committed to supporting our customers through the transition to net-zero emissions. We are working closely with customers to educate and share knowledge about decarbonisation plans and will support customers as they decarbonise their own operations through provision of conditional and limited purpose financing. To assist this process, we are also educating our Bankers on climate change risk and opportunities and new product offerings.

C4.3

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

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	16	
To be implemented*	0	0
Implementation commenced*	4	867
Implemented*	3	1798
Not to be implemented	369	

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
5

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
5925

Investment required (unit currency – as specified in C0.4)
55356

Payback period
4-10 years

Estimated lifetime of the initiative
Ongoing

Comment
Improving energy efficiency through lighting upgrade to LEDs. These improvements are now built into building design standards to ensure future efficiencies.

Initiative category & Initiative type

Company policy or behavioral change	Site consolidation/closure

Estimated annual CO2e savings (metric tonnes CO2e)
1582

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 2 (location-based)
Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Scope 3 category 5: Waste generated in operations
Scope 3 category 8: Upstream leased assets
Scope 3: Other (upstream)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
364256

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
Emissions reductions through the consolidation of colleagues into energy efficient corporate offices across Melbourne and Sydney.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
211

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
72598

Investment required (unit currency – as specified in C0.4)
354632

Payback period
4-10 years

Estimated lifetime of the initiative
Ongoing

Comment

Additional solar PV system roll-out across the bank branch network.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

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

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the product(s).

Product type/Asset class/Line of business

Banking	Debt and equity underwriting

Taxonomy or methodology used to classify product
Climate Bonds Taxonomy

Description of product
NAB classifies green (climate) bonds as those whose proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects, and are aligned with the four core components of the Green Bond Principles and the Climate Bonds Standard.

The percentage of total portfolio value (4.70%) provided relates to bond products only. It represents the portfolio value of green (climate) bonds arranged and underwritten for customers during FY2022, as a percentage of the total bond portfolio value arranged and underwritten during FY2022.

Product enables clients to mitigate and/or adapt to climate change
Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)
1927552920

% of total portfolio value
4.7

Type of activity financed/insured or provided
Other, please specify (Investing and Fixed income products)

Product type/Asset class/Line of business

Banking	Project finance

Taxonomy or methodology used to classify product
Low-carbon Investment (LCI) Taxonomy

Description of product
For project finance lending, NAB Group looks primarily to the revenues generated by a project, both as the source of repayment and as security for the exposure. It is contractually based and generally relates to funding assets that have a finite life, either in physical terms or due to the underlying concessions being for a specified time period.

The taxonomy we use is aligned to the Low-Carbon Investment Registry Taxonomy, but also includes desalination plants powered by renewable energy which have been constructed as part of an adaptation response to climate change. The percentage of total portfolio value (16%) provided represents the total share of climate-related project finance as a percentage of the project finance portfolio – expressed as EAD – as at 30 September 2022.

Product enables clients to mitigate and/or adapt to climate change
Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)
3006549579

% of total portfolio value
16

Type of activity financed/insured or provided
Low-emission transport
Renewable energy
Other, please specify (Climate adaptation)

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with
NAB Group acquired Citigroup's Australian consumer business ('Citi consumer business') and expanded its global operations through the opening of a European branch and a Vietnamese Innovation Centre.

Details of structural change(s), including completion dates
The Group's structural changes were: (i) opening an innovation centre in Vietnam in May 2022, (ii) opening a European office in June 2022, and (iii) acquiring Citi consumer business in Australia in June 2022. These operations are now undergoing further setup and integration into existing Group operations, with corresponding impacts on the Group's emissions profile.

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	In 2022, NAB Group increased its emissions boundary to include the additional facilities required for its European, Vietnamese and Citi consumer business operations in Australia.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	No, because we do not have the data yet and plan to recalculate next year	<Not Applicable>	NAB Group's significance threshold is 5%. If a change in the business occurs or an error is discovered and baseline emissions are impacted by more than 5%, the baseline will be recalculated to take account of the business change or error. NAB Group will re-calculate its targets and the associated baseline during the 2023 reporting year.	No

C5.2

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

Scope 1

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
16544

Comment
The base year has been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science Based Target initiative.

This baseline data is comprised of NAB's Group Scope 1 GHG emissions from the 2015 environmental reporting period excluding Great Western Bank (GWB) and the Clydesdale and Yorkshire Banking Group (CYBG) as these entities were divested from the Group after the base year. It has had emissions data from the Wood St office in London added back in, as it still housed NAB staff.

Scope 2 (location-based)

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
134349

Comment
The base year had been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science Based Target initiative.

This baseline data is comprised of NAB's Group Scope 2 GHG emissions from the 2015 environmental reporting period excluding Great Western Bank (GWB) and the Clydesdale and Yorkshire Banking Group (CYBG) as these entities were divested from the Group after the base year. It has had emissions data from the Wood St office in London added back in, as it still housed NAB staff.

Scope 2 (market-based)

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
133680

Comment
NAB Group purchased Certificates of Origin to represent 100% of Scope 2 UK emissions. Because the Certificate of Origin energy generates no emissions, for our market-based figure we have used a zero emissions factor. For our location-based figure we have used the grid sub-region average factor multiplied by our purchased and consumed electricity.

Scope 3 category 1: Purchased goods and services

Base year start
July 1 2018

Base year end
June 30 2019

Base year emissions (metric tons CO2e)
17.36

Comment
NAB Group included this emissions category in our carbon inventory based on the inclusion of A3, A4 and A5 paper purchases only. The baseline for the Group's paper operational performance target was based on the 2019 reporting year. These are the emissions associated with that baseline. All emissions (100%) were calculated using data obtained from our paper supplier.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
July 1 2018

Base year end
June 30 2019

Base year emissions (metric tons CO2e)
10344.26

Comment
NAB Group included this emissions category in our carbon inventory based on the inclusion of (i) transmission and distribution losses from diesel, gas and electricity, and (ii) transmission and distribution losses from fuels used in fleet vehicles. The baseline for the Group's operational performance targets is based on the 2019 reporting year. These are the fuel-and-energy-related emissions associated with that baseline year.

Scope 3 category 4: Upstream transportation and distribution

Base year start
July 1 2018

Base year end
June 30 2019

Base year emissions (metric tons CO2e)
1409.2

Comment
NAB Group measures the emissions generated through couriers, freight and postage for our BNZ operations. Activity data is provided directly by suppliers. Relevant GHG emissions calculations and appropriate NZ emissions factors are applied to the activity data for each source. These are set out in guidance provided by the NZ Government in the New Zealand Guidance for Voluntary, Corporate Greenhouse Reporting and by NZ Post.

Scope 3 category 5: Waste generated in operations

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

2318.58

Comment

This Scope 3 GHG emissions source includes GHG emissions from waste to landfill and waste to incineration. The baseline for NAB Group's waste-related operational performance targets was based on the 2019 reporting year. These are the waste emissions associated with that baseline.

Scope 3 category 6: Business travel

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

27948

Comment

This includes GHG emissions from flights, hotel stays, taxi travel, use of rental cars, rail and employee use of private vehicles for work purposes where relevant for all Group operations. The baseline for NAB Group's operational performance targets was based on the 2019 reporting year. These are the business travel emissions associated with that baseline year.

Scope 3 category 7: Employee commuting

Base year start

July 1 2014

Base year end

June 30 2015

Base year emissions (metric tons CO2e)

41000

Comment

To generate the 2015 baseline, a survey was conducted of Australian staff and their travel modes and distances commuting to and from work. This was extrapolated across the broader population to determine a factor for estimating Employee Commuting GHG per Employee Number. Per person emission factors for various travel modes were determined as follows: (1) Cars: We have applied the factors published by the Australian Bureau of Statistics state average fleet mix, multiplied by the average efficiencies (litres per 100km), multiplied by the appropriate National Greenhouse Gas Accounts factors to arrive at a kgCO2/person.km travelled: (2) Motorcycles and Ferries: We have applied the factors from the Department of Environment, Food and Rural Affairs (DEFRA) as kgCO2/person.km travelled. (3) Regional Train and Bus: Direct emissions (kgCO2/person.km) figures published by the EPA Greenhouse Gas Inventory Management Plan (publication 1562) and indirect factors from the NGA. (4) Metro train (and tram): Direct emissions figures were taken from EPA publication 1562 and were adjusted to represent other States' different electricity grids (and also indirect emissions) by drawing upon the NGA factors.

NAB Group supports its employees in reducing their personal carbon footprint arising from their commute to work through the provision of interest free loans for annual public transport tickets in Australia and the UK. We have also provided an increased number of bicycle facilities (including lockers and showers) to facilitate cycling to work.

This category also includes Working from Home emissions. During COVID, to account for the emissions associated with a workforce operating remotely and recognising a substantial shift in the way individuals and companies will work into the future, we introduced an estimate of GHG emissions generated by our colleagues working from home. For the baseline, average household electricity and gas consumption applied to hours worked from homes was sourced from Australian Energy Regulator: Electricity and gas bill benchmarks for residential customers. Data was extrapolated for other geographies. Base year start 07/01/2019. Base year end 06/30/2020. Base year emissions (metric tons CO2e) : 3,597.

Scope 3 category 8: Upstream leased assets

Base year start

July 1 2018

Base year end

June 30 2019

Base year emissions (metric tons CO2e)

20454

Comment

NAB Group leases the majority of its building portfolio and the majority of the GHG emissions from these buildings are considered to be under our operational control and are already accounted for in our Scope 1 and 2 GHG emissions. Where we utilise shared facilities in our building such as lifts, escalators, HVAC etc. as part of the base building operated and controlled by the landlord or the landlord's facilities manager, we account for our share of the emissions associated with these facilities as fuel and energy related activities.

The baseline for NAB Group's operational performance targets was based on the 2019 reporting year. These are the base building emissions associated with that baseline year.

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start
July 1 2018

Base year end
June 30 2019

Base year emissions (metric tons CO2e)
475

Comment
This Scope 3 GHG emissions baseline includes GHG emissions from water withdrawal for our operations in London, Australia and BNZ. The baseline for NAB Group's water operational performance target was based on the 2019 reporting year. These are the emissions associated with that target baseline.

Scope 3: Other (downstream)

Base year start
July 1 2019

Base year end
June 30 2020

Base year emissions (metric tons CO2e)
196

Comment
This Scope 3 GHG emissions source includes GHG emissions from customer statements from our operations in New Zealand. In 2020, there was a significant increase in the Victorian Environmental Protection Agency emission factor for paper (increased 104%) and therefore 2020 is considered the baseline year for this emissions source for the purpose of responding to CDP.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Australia - National Greenhouse and Energy Reporting Act
Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
French methodology for greenhouse gas emissions assessments by companies V4 (ADEME 2016)
IEA CO2 Emissions from Fuel Combustion
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Climate Registry: General Reporting Protocol
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
US EPA Emissions & Generation Resource Integrated Database (eGRID)
Other, please specify (DBEIS 2022: UK Conversion factors from Company Reporting, Australia - EPA Victoria Greenhouse gas (GHG) inventory and management plan 2020-2021, Japan - National GHG Inventory Report of Japan, 2022, Australia – National Greenhouse Accounts 2021)

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
6619

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
These Scope 1 emissions were generated through activities under NAB Group's operational control.

C6.2

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

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
NAB Group's public reporting uses both location-based and market-based methodologies. For CDP reporting we have determined NAB Group's market-based Scope 2 emissions as per the approach set out in the CDP Technical Note: Accounting of Scope 2 Emissions (2020).

C6.3

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

Reporting year

Scope 2, location-based
68868

Scope 2, market-based (if applicable)
32066

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
NAB Group's public reporting uses a location-based methodology at this time. For our market-based figure we have applied a zero emissions factor for electricity that is renewable. In 2022, the Group voluntarily surrendered Large Generation Certificates (LGCs) within Australia and purchased Renewable Energy Certificates (RECs) for some of its international operations. The Group's UK operations are powered by renewable electricity and our New Zealand and Japanese operations are partially powered by certified renewable electricity.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions
Fugitive gases associated with building-based HVAC and kitchen refrigerators for our Asian, European and New York operations (offices) and our JB Were office in New Zealand.

Scope(s) or Scope 3 category(ies)
Scope 1

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
<Not Applicable>

Relevance of market-based Scope 2 emissions from this source
<Not Applicable>

Relevance of Scope 3 emissions from this source
<Not Applicable>

Date of completion of acquisition or merger
<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents
0

Estimated percentage of total Scope 3 emissions this excluded source represents
<Not Applicable>

Explain why this source is excluded
This emissions source is immaterial in relation to our global operations and would not contribute in a meaningful way to emissions reductions. We have a small number of office locations throughout Asia (Singapore, Japan, India, Vietnam and China), one office in New York, one office in Europe (Paris) and a JB Were office in NZ for which we are unable to source data from our landlords on fugitive emissions of ozone depleting substances in respect of air conditioning and refrigeration.

Based on the very small proportion of FTE (≤1%) and Net Lettable Area (NLA) (≤1 %) that these regions contribute to NAB's portfolio, and given that we understand the volume of HVAC in our operations where this is calculated (less than 1% of total 2022 GHG emissions), the volume of emissions from HVAC in our Asia, New York and JB Were office in New Zealand has been deemed immaterial.

Explain how you estimated the percentage of emissions this excluded source represents
HVAC emissions per FTE (where emissions are recorded) was calculated. The HVAC emissions per FTE ratio was then multiplied by the FTE in the regions where HVAC emissions are not recorded. The estimated percentage of emissions excluded amounted to 0.03% of all Scope 1 and 2 emissions.

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
128

Emissions calculation methodology
Average spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
NAB Group included this emissions category in its carbon inventory based on the inclusion of A3, A4 and A5 paper purchases. All emissions (100%) were calculated using data obtained from our paper supplier.

A4 and A3 paper purchased: Data for the quantity of paper purchased is obtained from our corporate office paper suppliers in reams. This data has a high degree of accuracy and can be reconciled with invoiced data. A conversion factor of 2.5 kg (A4) and 5 kg (A3) per ream is applied to convert the number of reams into tonnes of paper. Paper purchased is segmented into the following categories for calculation of Greenhouse Gas (GHG) emissions: recycled, virgin content, domestic and offshore sources, and certified Carbon Neutral and Carbon Neutral and Recycled (both zero emissions). The methodology and emission factors applied are those published in EPA Victoria Greenhouse gas (GHG) inventory and management plan 2020-2021. Where the paper is certified carbon neutral by the Government, or another independent a body, a net carbon neutral position will be reported.

Due to changes in paper procurement in FY2022, the quantity of certified carbon neutral paper has decreased, leading to a higher GHG emissions from paper.

Capital goods

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
NAB Group as a financial services provider is not a significant purchaser of capital goods that have material climate change impacts compared to other sectors.

NAB Group leases many of the capital goods it uses such as buildings, cars and photocopiers. The GHG emissions arising from the use of these capital goods are generally accounted for in the calculation of other sources of Scope 1, 2 and 3 GHG emissions that NAB Group currently reports. We also note that it is difficult to obtain relevant activity data and factors to undertake accurate calculation of emissions from capital goods and that there are technical and resource constraints to making these calculations. In addition to the above, the following factors helped to determine that this emissions source is not relevant: (i) these GHG emissions are not in NAB Group's operational control; (ii) they are immaterial with respect to NAB Group's risk exposure; (iii) stakeholders do not indicate that these emissions are sufficiently important; and (iv) as a result of the above, this information would not materially contribute to business decision making.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
7496.69

Emissions calculation methodology
Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This set of Scope 3 GHG emissions includes the emissions resulting from: (i) transmission and distribution losses from diesel, gas and electricity; and (ii) transmission and distribution losses from fuels used in fleet vehicles.

(1) Transmission and distribution losses from stationary energy (diesel, gas and propane) and electricity: Activity data for electricity and fuel consumption from Scope 1 and 2 GHG emissions sources was utilised for the calculation of this emission source. The activity data has a high degree of accuracy as it is required for regulatory reporting purposes. Relevant GHG emissions calculation methodologies and appropriate country specific emission factors are applied to the activity data for each emissions source. These are set out in guidance provided by the Australian Government in the NGER Determination and National Greenhouse Accounts Factors, by the UK Government in the Department of Business, Energy & Industrial Strategy (DBEIS) Voluntary Reporting Guidelines, by the NZ Government in the New Zealand Guidance for Voluntary, Corporate Greenhouse Reporting and in the Climate Registry: General Reporting Protocol and emissions factors as updated.

(2) Extraction, production and transportation losses from fuels (diesel, petrol and where relevant, ethanol) associated with our vehicle fleet are also included in our current carbon inventory where a methodology for these losses is provided in the published reporting relevant to a country where we have operations. The methodologies and factors we have applied are outlined in the referenced mentioned above for the calculation of distribution losses.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
453

Emissions calculation methodology
Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
NAB Group measures GHG emissions resulting from supplier travel by measuring the emissions generated through couriers, freight and postage for our BNZ operations.

Activity data is provided directly by suppliers. Relevant GHG emissions calculations and appropriate NZ emissions factors are applied to the activity data for each source. These are set out in guidance provided by the NZ Government in the New Zealand Guidance for Voluntary, Corporate Greenhouse Reporting and by NZ Post.

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
802.4

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
58

Please explain
This Scope 3 GHG emissions source includes GHG emissions from waste to landfill, waste to incineration and waste diverted from landfill. Although we track materials recycled as one of our activity data sets to determine our rate of diversion of waste from landfill, we do not currently include recycled materials in our carbon inventory.

Waste to landfill: Activity data for the calculation of GHG emissions from waste to landfill is collected and provided by NAB Group's corporate waste contractors. Data is not available in all countries where we operate for all office building and branch sites, so we calculate a normalised measure of waste/m2 of property space occupied from the sample of sites where data is available and extrapolate the sample to estimate waste from the total building portfolio. 58% of waste was extrapolated in 2022. The activity data provided by our waste contractors is an estimate based on the number of bins they collect from our offices. Once an estimate of the tonnage of waste to landfill data is available, the GHG emissions calculation methodologies and factors provided by NZ Ministry for Environment's Corporate Reporting Guidelines and the Australian National Greenhouse Accounts (NGA) Factors references are applied to calculate GHG emissions.

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

Materials diverted: Activity data for the calculation of GHG emissions from waste diverted is collected and provided by BNZ and London only. Emissions from waste diverted is not performed in all countries. Once the tonnage of waste to diverted data is available, the GHG emissions calculation methodologies and factors provided by MFE – Guidance for Voluntary, Corporate Greenhouse Gas Reporting and DBEIS: UK Government conversion factors for Company Reporting are applied to calculate GHG emissions.

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
5884.44

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This includes GHG emissions from flights, hotel stays, taxi travel, use of rental cars and employee use of private vehicles for work purposes where relevant for all Group operations.

(1) Air Travel: For air travel in all regions we use the methodologies and factors described in DBEIS 2022: UK Government conversion factors for Company Reporting for the applicable reporting period. Activity data is sourced from corporate travel providers and reconciled to travel expenditure from our finance system.

(2) Employee claims for use of personal vehicles for work purposes: For GHG emissions from use of personal vehicles for work purposes we use the methodologies and factors described for vehicles (cars) in DBEIS for the applicable reporting period. We utilise activity data available from employee claims for reimbursement of expenses for these calculations. The accuracy of the data is reliant on employees filling in claim forms.

(3) Hotel Stays: For Hotel Stays, we use the factors described in NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2022) (MFE). Activity data (no. of nights stayed, segmented by country) is sourced from our corporate travel provider. An uplift is applied to activity data to estimate travel booked outside our corporate travel provider.

(4) Taxi travel: GHG emissions for taxi travel are calculated from either dollar spend or distance travelled (derived from dollar spend). Emission factors are applied to activity data (either $ spend for NZ regions or distance travelled in km or miles for other regions). Emissions factors are sourced for NZ from the MFE or from DBEIS for the applicable reporting period.

(5) Business travel – rental cars: Rental car related emissions are derived from distance travelled provided by the rental car companies. Methodologies and emission factors for vehicles from DBEIS for the applicable reporting period are applied to the activity data to calculate the relevant GHG emissions.

Employee commuting

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
21578.2

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
66

Please explain
Employee commuting is not deemed critical by the broader community and we do not have operational control over this GHG emissions source so it has been excluded from NAB Group's carbon inventory. Our Group Environmental Reporting and Offset Management Standard only commits the Group to influencing indirect sources of GHG emissions from suppliers, employees and customers where we have operational control.

For the purpose of responding to CDP, in 2015, a survey was conducted of Australian staff detailing their work travel modes and distances. This was extrapolated across the broader population to determine a factor for estimating Employee Commuting GHG per Employee Number. This factor has been updated based on 2022 staff numbers at head office locations. For CDP reporting purposes we have calculated emissions for 2022 employee commuting as 7,238.
Per person emissions factors for various travel modes were determined as follows:
(1) Cars: Factors published by the Australian Bureau of Statistics state average fleet mix, multiplied by the average efficiencies (litres per 100km), multiplied by the appropriate National Greenhouse Gas Accounts factors to arrive at a kgCO2/person.km travelled.
(2) Motorcycles and Ferries: Factors from the Department of Environment, Food and Rural Affairs (DEFRA) as kgCO2/person.km travelled.
(3) Regional Train and Bus: Direct emissions (kgCO2/person.km) figures published by the EPA Greenhouse Gas Inventory Management Plan (publication 1562) and these figures were then rationed using NGA factors to derive an indirect emissions factor.
(4) Metro train (and tram): Direct emissions figures are taken from EPA publication 1562, and were adjusted to represent other States' different electricity grids (and also indirect emissions) by drawing upon the NGA factors.

Working from home (WFH) emissions are included in NAB's carbon inventory (2022 emissions 14,340). They have been included in this section as they relate to employee telecommuting. The WFH emissions were calculated using the WFH Calculator generated by Energetics and provided by Climate Active (Department of Industry, Science, Energy and Resources). The calculator contains embedded assumptions and emissions factors relating to employee energy usage for heating and cooling, lighting and equipment use.

Upstream leased assets

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
13538.04

Emissions calculation methodology
Asset-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
NAB Group leases the majority of its building portfolio and the majority of the GHG emissions from these buildings are considered to be under our operational control and are already accounted for in our Scope 1 and 2 GHG emissions. Where we utilise shared facilities in our building such as lifts, escalators, HVAC etc. as part of the base building operated and controlled by the landlord or the landlord's facilities manager, we account for our share of the emissions associated with these facilities as fuel and energy related activities. We have also included GHG emissions associated with the operation of non-network ATM's for the BNZ operations which are managed on BNZ's behalf.

This GHG emission source category includes GHG emissions from:
(i) Base-building energy use (diesel, gas) and electricity not under NAB's operational control (Australia only): Activity data is provided by relevant landlords and based on billed energy consumption. Base-building GHG emissions represent our share of emissions from energy use to operate common facilities such as heating, cooling, ventilation and lifts within buildings we occupy. Base-building GHG are calculated based on the proportion of the landlord's energy consumption for these services based on our share of the building occupancy. The Australian emissions factors and methods set out in the calculation GHG emissions from our Scope 1 and 2 GHG emission sources are as described in the version of the National Greenhouse and Energy Reporting (Measurement) Determination 2008 applicable to the 2021-22 reporting period and the applicable version of the Australian National Greenhouse Accounts (NGA) Factors.
(ii) Associated transmission and distribution losses relating to Base-building energy use
(iii) Energy use emissions from use of Automated Teller Machines (ATM's) for our BNZ business. All remote (not located within BNZ store network) ATM's are held under gross leases so we do not receive electricity charges for operation of these ATM's. For this we do record an estimate of energy usage which is an average provided by NCR who operate the ATM's on our behalf. The methodology applied to calculate emissions associated with energy usage in ATM's was adopted from NZ Guidance for Voluntary Corporate Greenhouse Gas reporting.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Due to the intangible nature of financial products and services we do not require downstream transportation and distribution of a physical product. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Due to the intangible nature of financial products and services we do not sell, process or treat physical products. Accordingly, we have assessed these sources of emissions as being not relevant to our industry sector and business.

Use of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
NAB Group as a financial services provider, is not a significant purchaser of capital goods that have material climate change impacts compared to other sectors. The Group leases some capital goods it uses such as buildings, cars and photocopiers. The GHG emissions arising from the use of these capital goods are accounted for in the calculation of other sources of Scope 1, 2 and 3 GHG emissions that NAB Group currently reports.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
NAB Group as a financial services provider, is not a significant purchaser of capital goods that have material climate change impacts compared to other sectors. The Group leases some capital goods it uses such as buildings, cars and photocopiers. The GHG emissions arising from the use of these capital goods are generally accounted for in the calculation of other sources of Scope 1, 2 and 3 GHG emissions that NAB Group currently reports.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
NAB Group has an immaterial number of downstream leased assets in the form of a small number of buildings that are owned and leased to tenants. The tenancy agreements for these assets give the tenant operational control of the energy use of the asset and the tenant pays the energy bills. Accordingly, for the purposes of our carbon inventory the GHG emissions from these downstream assets are not considered relevant.

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not hold any franchises. Accordingly, we have assessed these sources of emissions as being not relevant to our industry sector and business.

Other (upstream)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
189.02

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
87

Please explain
This Scope 3 GHG emissions source "Other upstream" includes GHG emissions from water and wastewater from our operations in London, Australia, Europe, Vietnam and BNZ.

Water: Activity data for the calculation of GHG emissions from water is collected and provided by our property services finance services team and is based on billed water use. Our Australian operations contributes to 98% of associated water GHG emissions. Where billed information is not available for applicable sites, we extrapolate water use based on kL/m2. The GHG emissions calculation methodologies and factors are taken from NZ Guidance for Voluntary Corporate Greenhouse Gas reporting (MFE) and from Environmental Protection Authority Victoria for the relevant reporting period.

Wastewater: Activity data for the calculation of GHG emissions from wastewater are collected and provided as per potable water and harvested water activity data calculation method. The GHG emissions calculation methodologies and factor are applied to calculate GHG emissions in line guidance and factor as provided by the MFE.

Other (downstream)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
146.8

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This Scope 3 GHG emissions source includes GHG emissions from customer statements from our operations in Australia and BNZ.

Customer Paper Statements: Data for the quantity of customer statements is obtained from our corporate office paper supplier in volume of statements. An average of three (3) sheets per statement has been applied to the data. Customer statements are segmented into the following categories for calculation of GHG emissions: domestic recycled (onshore), virgin paper (offshore) and carbon neutral (zero emissions). The methodology and emissions factors applied is a reverse calculation of the number of paper sheets into statements using the emissions factors applied are those published in the EPA Victoria, Greenhouse gas (GHG) inventory and management plan 2020-21 and Paper Australia, Climate Active, Public Disclosure Statement, 2020. Where the paper is certified carbon neutral by the Government, or another independent a body, a net carbon neutral position will be reported. Where possible, statements are sent to customers electronically. In 2022, 2,049 tCO2e emissions were avoided through the distribution of electronic statements.

C6.10

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

Intensity figure
0.000007532

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
75486.63

Metric denominator
Other, please specify (Underlying profit)

Metric denominator: Unit total
10022000000

Scope 2 figure used
Location-based

% change from previous year
21

Direction of change
Decreased

Reason(s) for change
Other emissions reduction activities

Please explain
Emissions intensity per unit of $AU underlying profit decreased by 21% in 2022 compared to 2021. Our underlying profit figure has increased by 11.5%, while our gross global Scope 1 and 2 GHG emissions have decreased by 12% compared to the prior year. The decrease in our Scope 1 & 2 GHG emissions was primarily influenced by COVID-19 impacts, plus the consolidation of staff in purpose-built energy efficient building, optimising assets within our buildings.

NOTE: We do not use a revenue figure in our financial reporting. On agreement with CDP, NAB Group has been using $AU of underlying profit instead of revenue as the denominator for the purpose of completing this question for a number of years. $AU of underlying profit (AU$10,022m in 2022 and AU$8,183m in 2020). Using underlying profit as the denominator allows for meaningful comparison against prior years' financial intensity measures due to the nature of our underlying business activities.

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?
Yes

C7.7a

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name
Bank of New Zealand

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
LEI number

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
N7LGVZM7X4UQ66T7LT74

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
1487.21

Scope 2, location-based emissions (metric tons CO2e)
1209.5

Scope 2, market-based emissions (metric tons CO2e)
38.65

Comment
The Bank of New Zealand's operations are partially powered by certified renewable electricity, reducing the market-based emissions.

Subsidiary name
JB Were New Zealand

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
LEI number

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
549300LKNMTCNMPT7A11

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
20.59

Scope 2, market-based emissions (metric tons CO2e)
20.59

Comment
In 2022, NAB Group's JB Were New Zealand operations were not powered by renewable energy.

Subsidiary name
NAB China

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
LEI number

ISIN code – bond

<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
300300C1169231000065

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
105.94

Scope 2, market-based emissions (metric tons CO2e)
0

Comment
In 2022, NAB Group voluntarily surrendered Renewable Energy Certificates (RECs) for its Chinese operations so that Scope 2, market-based emissions reduced to zero.

Subsidiary name
NAB Hong Kong

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATAHKHHXXX

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
71.68

Scope 2, market-based emissions (metric tons CO2e)
0

Comment
In 2022, NAB Group voluntarily surrendered Renewable Energy Certificates (RECs) for its Hong Kong operations so that Scope 2, market-based emissions reduced to zero.

Subsidiary name
NAB Japan

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number

<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATAJPJT

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
67.42

Scope 2, market-based emissions (metric tons CO2e)
0

Comment
NAB Group's Japanese operations are partially powered by certified renewable electricity. In 2022, NAB Group also voluntarily surrendered Renewable Energy Certificates (RECs) to reduce the remaining Japanese Scope 2, market-based emissions to zero.

Subsidiary name
NAB United Kingdom

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATAGB2L

Scope 1 emissions (metric tons CO2e)
8.27

Scope 2, location-based emissions (metric tons CO2e)
89.1

Scope 2, market-based emissions (metric tons CO2e)
0

Comment
NAB Group's UK operations are powered by renewable electricity so that the Scope 2, market based emissions amount to zero.

Subsidiary name
NAB Europe (Paris)

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code

<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATAFRPP

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
0.08

Scope 2, market-based emissions (metric tons CO2e)
0.08

Comment
In 2022, NAB Group's European operations were not powered by renewable energy.

Subsidiary name
NAB Singapore

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATASGSG

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
64.53

Scope 2, market-based emissions (metric tons CO2e)
0

Comment
In 2022, NAB Group voluntarily surrendered Renewable Energy Certificates (RECs) for its Singaporean operations to reduce Scope 2, market-based emissions to zero.

Subsidiary name
NAB Innovation Centre Vietnam

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
No unique identifier

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
20.66

Scope 2, market-based emissions (metric tons CO2e)
20.66

Comment
In 2022, NAB Group's Innovation Centre in Vietnam was not powered by renewable energy.

Subsidiary name
NAB New York Office

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
LEI number

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
254900CF468MXKD7PW65

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
88.37

Scope 2, market-based emissions (metric tons CO2e)
88.02

Comment
In 2022, NAB Group voluntarily surrendered Renewable Energy Certificates (RECs) for its New York operations to partially reduce its Scope 2, market-based emissions.

Subsidiary name
NAB India

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Another unique identifier, please specify (Swift Bank Identifier Code (BIC))

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
NATAINBBXXX

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
1.49

Scope 2, market-based emissions (metric tons CO2e)

1.49

Comment
NAB Group's Indian operations were not powered by renewable energy in 2022.

Subsidiary name
National Australia Bank Limited

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
LEI number

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
F8SB4JFBSYQFRQEH3Z21

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
5123.31

Scope 2, location-based emissions (metric tons CO2e)
67128.47

Scope 2, market-based emissions (metric tons CO2e)
31897.91

Comment
In 2022, in Australia NAB created LGCs through on-site solar and by surrendering LGC's generated through Power Purchase Agreements (PPA). This reduced NAB Group's Scope 2, operational emissions.

C7.9

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

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	19149	Increased	22.4	NAB Group's purchase of renewable energy increased significantly, resulting in scope 2 GHG emissions decreasing by 22.4% (19,149 tCO2-e) in 2022 compared with 2021. 2022 was the fourth year where we surrendered Large Scale renewable energy Certificate's (LGC's). The majority of these certificates were created through Power Purchase Agreements (PPAs), which are used to procure renewable energy and in turn, create LGC's. NAB also create and surrender LGC's from the largest of our rooftop solar systems. In the UK, Japan and at NAB Group's Bank of New Zealand offices, GreenPower was purchased to cover a large portion of the electricity consumption. Renewable energy certificates (RECs) were also purchased for our other international offices to cover their electricity consumption. NAB Group's total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The emissions value (%) calculation is therefore: (19,149/85,671)*100 =22.4%.
Other emissions reduction activities	6627	Decreased	7.7	Total Scope 1 and 2 GHG emissions decreased by 7.7% (6,627 tCO2-e) due to a range of emissions reduction activities, including through the consolidation of space. In Australia we saw a decrease in the number of branches occupied and the consolidation of staff into purpose-built energy efficient commercial building. Another commercial building also underwent lighting upgrades. NAB Group's total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The reduction calculation is therefore: -(6,627/85,671)*100 = -7.7%.
Divestment	0	No change	0	There was no divestment in this reporting period that had a material impact on global GHG emissions.
Acquisitions	71.93	Increased	0.1	The acquisition of Citi consumer business in Australia occurred on 1 June 2022. As a result of this acquisition, NAB incorporated four new addresses into its portfolio. This resulted in a small increase in Scope 2 emissions in 2022 of 71.93 tCO2-e (0.1%). NAB Group's total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The reduction calculation is therefore: -(71.93/85,671)*100 = -0.1%.
Mergers	0	No change	0	There were no mergers in this reporting period that had a material impact on global GHG emissions.
Change in output	4547	Decreased	5.3	Due to the impacts of COVID-19, we saw reduced occupancy across our commercial buildings during 2022 with an increase in the workforce working from home. This resulted in a decrease in Group-wide Scope 1 and 2 GHG emissions by 3.7% (3,167 tCO2-e) in 2022 compared with 2021. Subsequent travel bans, meant that staff were unable to partake in business travel or utilise work use vehicles throughout the first part of 2022. This resulted in a decrease in Group-wide Scope 1 GHG emissions by 1.6% (1,380 tCO2-e) in 2022 compared with 2021. Our total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The reduction calculation is therefore: -(4,547/85,671)*100 = -5.3%.
Change in methodology	1450	Decreased	1.7	Across the Group, changes in electricity-related GHG emission factors had an impact of -1.7% (-1,450 tCO2-e) on Group-wide Scope 1 and Scope 2 GHG emissions. This was most significant in South Australia, where the Scope 2 electricity-related GHG emissions factor decreased by 19%. This resulted in a reduction of 162 tCO2-e GHG emissions in South Australia. In contrast, the USA saw a 15% increase in their electricity emissions factors, but total emissions only increased by 11.3 tCO2-e. NAB has a small footprint in the USA. Additionally, the New Zealand electricity-related emissions factor increased by 6%, increasing location-based GHG emissions by 65 tCO2-e. In 2022, the Bank of New Zealand procured renewable electricity for the first time, and if the market-based position is looked at, emissions generation across New Zealand was only 59 tCO2-e. NAB Group's total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The reduction calculation is therefore: -(1,450/85,671)*100 = -1.7%.
Change in boundary	21	Increased	0.02	NAB Group's emissions boundary increased in 2022 through the addition of: - a European office (Paris) on 9 June 2022; and - a Vietnamese Innovation Centre on 13 May 2022. These facilities were only in operation during the last quarter of 2022. Therefore, the increase in Scope 1 and 2 emissions was minimal, resulting in a 0.02% increase (21 tCO2-e). These additional facilities are expected to have a more significant impact in the 2023 reporting year. NAB Group's total Scope 1 and Scope 2 GHG emissions in 2021 were 85,671 tCO2-e. The reduction calculation is therefore: (21/85,671)*100 = 0.02%.
Change in physical operating conditions	0	No change	0	Other than those created by the COVID-19 Pandemic (as discussed above), there were no other changes to the physical operating conditions this reporting period.
Unidentified	0	No change	0	There were no unidentified changes this reporting period.
Other	0	No change	0	There were no other changes this reporting period.

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	22325	22325
Consumption of purchased or acquired electricity	<Not Applicable>	65234	23574	88808
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	2350	<Not Applicable>	2350
Total energy consumption	<Not Applicable>	67583	45900	113483

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Australia

Consumption of purchased electricity (MWh)
75912.06

Consumption of self-generated electricity (MWh)
2349.51

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
New Zealand

Consumption of purchased electricity (MWh)
11494.07

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)
766.56

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
United States of America

Consumption of purchased electricity (MWh)
306.31

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
China

Consumption of purchased electricity (MWh)
182.03

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
Hong Kong SAR, China

Consumption of purchased electricity (MWh)
107.76

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
Japan

Consumption of purchased electricity (MWh)
139.05

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area

Singapore

Consumption of purchased electricity (MWh)
167.51

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
France

Consumption of purchased electricity (MWh)
2.13

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
Viet Nam

Consumption of purchased electricity (MWh)
31.84

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
India

Consumption of purchased electricity (MWh)
2.24

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
No

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

C8.2h

(C8.2h) Provide details of your organization's renewable electricity purchases in the reporting year by country/area.

Country/area of consumption of purchased renewable electricity
Australia

Sourcing method

Direct line to an off-site generator owned by a third party with no grid transfers (direct-line PPA)

Renewable electricity technology type
Renewable electricity mix, please specify (Wind and solar)

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
50000

Tracking instrument used
Australian LGC

Country/area of origin (generation) of purchased renewable electricity
Australia

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2018

Vintage of the renewable energy/attribute (i.e. year of generation)
2022

Supply arrangement start year
2020

Additional, voluntary label associated with purchased renewable electricity
Other, please specify (ENGIE)

Comment
Through a Power Purchase Agreement with ENGIE, NAB Group purchased 50,000 MWh of renewable energy that was generated at the Willogoleche Wind Farm in Hallett, South Australia.

Country/area of consumption of purchased renewable electricity
Australia

Sourcing method
Direct line to an off-site generator owned by a third party with no grid transfers (direct-line PPA)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
6226

Tracking instrument used
Australian LGC

Country/area of origin (generation) of purchased renewable electricity
Australia

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2018

Vintage of the renewable energy/attribute (i.e. year of generation)
2022

Supply arrangement start year
2019

Additional, voluntary label associated with purchased renewable electricity
Other, please specify (Melbourne Renewable Energy Project)

Comment
Through a Power Purchase Agreement with Pacific Hydro, NAB Group purchased 6,226 MWh of renewable energy generated from the Crowlands Windfarm in Victoria.

Country/area of consumption of purchased renewable electricity
Japan

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
27

Tracking instrument used
NFC - Renewable

Country/area of origin (generation) of purchased renewable electricity
Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2004

Vintage of the renewable energy/attribute (i.e. year of generation)
2022

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
In 2022, NAB Group acquired some non-fossil fuel certificates with tracking, through its landlord, for its Japanese operations. The total volume purchased was 27MWh.

Country/area of consumption of purchased renewable electricity
Japan

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Solar

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
112

Tracking instrument used
J-Credit (Renewable)

Country/area of origin (generation) of purchased renewable electricity
Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Vintage of the renewable energy/attribute (i.e. year of generation)
2021

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group purchased an additional 143 MWh of J-credits for its Japanese operations but only used 112 MWh during the 2022 reporting year. Consumption was not as high as originally anticipated. The renewable electricity type is unknown.

Country/area of consumption of purchased renewable electricity
United Kingdom of Great Britain and Northern Ireland

Sourcing method
Retail supply contract with an electricity supplier (retail green electricity)

Renewable electricity technology type
Renewable electricity mix, please specify (The renewable energy comes from a mix of sources including wind and solar)

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
306

Tracking instrument used
Contract

Country/area of origin (generation) of purchased renewable electricity
United Kingdom of Great Britain and Northern Ireland

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Vintage of the renewable energy/attribute (i.e. year of generation)
2022

Supply arrangement start year
2020

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group's buildings in the UK are supplied by 100% renewable electricity from TotalEnergies. The renewable energy is sourced from wind and solar facilities within Great Britain.

Country/area of consumption of purchased renewable electricity
Singapore

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Solar

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
167.5

Tracking instrument used
TIGR

Country/area of origin (generation) of purchased renewable electricity
Singapore

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Vintage of the renewable energy/attribute (i.e. year of generation)
2021

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group purchased 193 MWh of TIGRs for its Singaporean operations in 2022, but only consumed 167.5 MWh. Consumption was not as high as originally anticipated.

Country/area of consumption of purchased renewable electricity
Hong Kong SAR, China

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
107.8

Tracking instrument used
I-REC

Country/area of origin (generation) of purchased renewable electricity
China

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2016

Vintage of the renewable energy/attribute (i.e. year of generation)
2021

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group purchased 172 MWh of IRECs for its Hong Kong operations in 2022, but only consumed 107.8 MWh. Consumption was not as high as originally anticipated.

Country/area of consumption of purchased renewable electricity
China

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
182

Tracking instrument used
I-REC

Country/area of origin (generation) of purchased renewable electricity
China

Are you able to report the commissioning or re-powering year of the energy generation facility?
Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
2016

Vintage of the renewable energy/attribute (i.e. year of generation)
2021

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group purchased 201 MWh of IRECs for its Chinese operations in 2022, but only consumed 182 MWh. Consumption was not as high as originally anticipated.

Country/area of consumption of purchased renewable electricity
United States of America

Sourcing method
Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type
Hydropower (capacity unknown)

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
293

Tracking instrument used
US-REC

Country/area of origin (generation) of purchased renewable electricity
United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Vintage of the renewable energy/attribute (i.e. year of generation)
2021

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
No additional, voluntary label

Comment
NAB Group purchased 293 MWh of RECs for its USA operations in 2022. This volume of RECs did not cover the total electricity consumption in the USA.

Country/area of consumption of purchased renewable electricity
New Zealand

Sourcing method
Retail supply contract with an electricity supplier (retail green electricity)

Renewable electricity technology type
Renewable electricity mix, please specify (NAB's NZ electricity provider, Ecotricity, sources 100% of their electricity from certified renewable energy sources including wind, hydro, and solar.)

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
7812.7

Tracking instrument used
Contract

Country/area of origin (generation) of purchased renewable electricity
New Zealand

Are you able to report the commissioning or re-powering year of the energy generation facility?
No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)
<Not Applicable>

Vintage of the renewable energy/attribute (i.e. year of generation)
2022

Supply arrangement start year
2022

Additional, voluntary label associated with purchased renewable electricity
Other, please specify (Ecotricity)

Comment
In 2022, the Bank of New Zealand (BNZ), a NAB Group subsidiary, appointed Ecotricity as its electricity provider across all of its physical locations. Ecotricity source 100% of their electricity from certified renewable energy sources including wind, hydro, and solar.

C8.2j

(C8.2j) Provide details of your organization's renewable electricity generation by country/area in the reporting year.

Country/area of generation
Australia

Renewable electricity technology type
Solar

Facility capacity (MW)
0.63

Total renewable electricity generated by this facility in the reporting year (MWh)
785

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)
708.56

Energy attribute certificates issued for this generation
Yes

Type of energy attribute certificate
Australian LGC

Comment
NAB consumed 708.56 MWh of renewable energy through the installation of rooftop solar at our main Australian data centre. Through this on-site facility, NAB retired 785 Australian LGCs to make progress towards meeting our 100% renewable energy commitment.

C8.2k

(C8.2k) Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.

As a member of the RE100 initiative, NAB Group is working to source 100% of our electricity from renewable sources by 30 June 2025.

In 2022, NAB Group sourced renewable energy through the following mechanisms which are contributing to bringing new capacity into the grid:

- A three-year deal with Engie to purchase renewable energy certificates – as part of this deal, we bought large-scale generation certificates generated from multiple wind and solar forms within ENGIE's renewable portfolio.
- Involvement in the Melbourne Renewable Energy Project (MREP) – as a member of the MREP buying group, NAB is one of 14 members who combined their purchasing power to support the construction of a 39 turbine, 80MW windfarm at Crowlands, near Ararat. The windfarm supplies energy to a number of NAB's business banking centres and branches across Victoria.
- BNZ contracted Ecotricity to supply electricity across all of its physical locations. Ecotricity source 100% of their electricity from certified renewable energy sources including wind, hydro, and solar. Ecotricity is also a supplier of an electric vehicle rapid charging network, with whom BNZ partners for the charging of its electric vehicles.

C8.2l

(C8.2l) In the reporting year, has your organization faced any challenges to sourcing renewable electricity?

	Challenges to sourcing renewable electricity	Challenges faced by your organization which were not country/area-specific
Row 1	No	<Not Applicable>

C9. Additional metrics

C9.1

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

Description
Energy usage

Metric value
397084

Metric numerator
GJ

Metric denominator (intensity metric only)
Not applicable

% change from previous year
19

Direction of change
Decreased

Please explain
Net energy use has decreased by 19% (96,100 GJ) since 2021. In the first part of 2022, many of our commercial buildings were unoccupied due to the COVID-19 pandemic, leading to significant reductions in energy use.

The consolidation of commercial office space also made a significant contribution to the energy use reductions. Overall, consolidation from six tenancies into three tenancies has resulted in a total energy saving of 38,954 GJ since 2019.

Description
Other, please specify (Office Paper)

Metric value
168

Metric numerator
metric tonnes

Metric denominator (intensity metric only)
Not applicable

% change from previous year
28

Direction of change
Decreased

Please explain
In 2022, paper use decreased by 28% (65 tonnes) when compared to the prior year. Office paper use continues to decrease as our workforce continues to utilise digitisation. As a result of the COVID-19 pandemic, significant advances were made in digitisation in 2022. Throughout the 2022 reporting year, as the use of DocuSign and other applications became widespread, printing rates and the need for paper reduced.

Description
Other, please specify (Water)

Metric value
165989

Metric numerator
Water Withdrawal (kL)

Metric denominator (intensity metric only)
Not applicable

% change from previous year
15

Direction of change
Decreased

Please explain
Potable water use significantly reduced in 2022, decreasing by 15% (29,563 kL) compared to the prior year. Water use decreased in office buildings due to a decrease in building occupancy as a result of the COVID-19 pandemic and NAB's new ways of working, where colleagues are working from home on a regular basis.

The consolidation of commercial office space also had a significant impact on water reduction. Overall, consolidation from six tenancies into three tenancies has resulted in a 78% reduction in water usage since 2019.

Description
Waste

Metric value
626

Metric numerator
metric tonnes

Metric denominator (intensity metric only)
Not applicable

% change from previous year
15

Direction of change
Decreased

Please explain
In 2022, waste to landfill decreased by 15% (112 tonnes) compared to the prior year. Australia and New Zealand waste to landfill decreased. Our United Kingdom (UK) Branch has zero waste to landfill, as all waste is recycled or sent to incineration.

Description
Other, please specify (Gross GHG emissions)

Metric value

118465

Metric numerator
metric tonnes CO2-e

Metric denominator (intensity metric only)
Not applicable

% change from previous year
11

Direction of change
Decreased

Please explain
Gross GHG emissions decreased by 11% (14,166 tCO2-e) since 2021. Throughout the first part of 2022, many NAB Group colleagues were continuing to work from home and were restricted from travel due to the COVID-19 pandemic, leading to large reductions in emissions.

In addition to this, consolidation of commercial office from six tenancies into three tenancies has also contributed to the reduction in GHG emissions. Overall, the commercial space consolidation has resulted in a total 13,114 tCO2-e emissions saving since 2019.

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-national-greenhouse-energy-and-reporting.pdf
assurance-carbon-neutral.pdf

Page/ section reference
All Scope 1 emissions have Limited Assurance (see Carbon Neutral Assurance Report: pg. 1 – specified GHG emissions and offset data inc. Scope 2; pg. 2 – Criteria and Standards used; pg 3 – Procedures performed). Australian Scope 2 emissions reported under the NGER Act have Reasonable-level Assurance, see additional National Greenhouse Energy and Reporting Assurance report attached (NGER Assurance Report: pg. 1 – NGER data inc. Scope 2, Criteria and Standards used).

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-national-greenhouse-energy-and-reporting.pdf
assurance-carbon-neutral.pdf

Page/ section reference
All Scope 2 emissions have Limited Assurance (see Carbon Neutral Assurance Report: pg. 1 – specified GHG emissions and offset data inc. Scope 2; pg. 2 – Criteria and Standards used; pg 3 – Procedures performed). Australian Scope 2 emissions reported under the NGER Act have Reasonable-level Assurance, see additional National Greenhouse Energy and Reporting Assurance report attached (NGER Assurance Report: pg. 1 – NGER data inc. Scope 2, Criteria and Standards used).

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-national-greenhouse-energy-and-reporting.pdf
assurance-carbon-neutral.pdf

Page/ section reference
All Scope 2 emissions have Limited Assurance (see Carbon Neutral Assurance Report: pg. 1 – specified GHG emissions and offset data inc. Scope 2; pg. 2 – Criteria and Standards used; pg 3 – Procedures performed). Australian Scope 2 emissions reported under the NGER Act have Reasonable-level Assurance, see additional National Greenhouse Energy and Reporting Assurance report attached (NGER Assurance Report: pg. 1 – NGER data inc. Scope 2, Criteria and Standards used).

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

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

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
The Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for paper, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for waste, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for business travel, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for fuel-and-energy-related activities (not included otherwise in Scope 1 and 2), reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category
Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for couriers, freight and postage for our BNZ operations, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Upstream leased assets

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for base building operated and controlled by the landlord or landlord's facilities manager, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
assurance-carbon-neutral.pdf
2022-sustainability-data-pack.xlsx

Page/section reference
Carbon Neutral Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions, including for Employee Commuting and Working from Home, reported in NAB Group's 2022 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2022 Sustainability Data Pack xlsx file shows the specified Scope 3 emissions that have been covered by KPMG's Limited Assurance Report.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C2. Risks and opportunities	Other, please specify (Other, please specify ((% RE in power generation portfolio) NAB annually reports the % of renewable energy (RE) in its power generation portfolio. This is a strategic opportunity which reduces climate risk))	ASAE 3000	KPMG conducts limited assurance over data points included in NAB's carbon risk and opportunity disclosures. This includes the % of renewable energy generation in our power generation book which is publicly reported in our half and full year investor packs, and our 2022 Climate Report demonstrating how we are helping customers to make the low carbon transition. This data has been used in NAB's CDP responses. Reference: See pages 1-4 of the 2022 Carbon Risk Disclosure Assurance Report. assurance-carbon-risk-disclosure.pdf 2022-climate-report.pdf
C4. Targets and performance	Progress against emissions reduction target	ISAE 3000 AND ISAE 3410	KPMG conducts limited assurance over NAB's progress against its science-based operational emissions reduction target. Reference: See pages 1-4 of the Carbon Neutral Assurance Report assurance-carbon-neutral.pdf
C6. Emissions data	Other, please specify (This refers to the NAB Group total operational emissions data and Scope 3 upstream and downstream emissions)	ISAE 3000 AND ISAE 3410	NAB's 2022 Carbon Neutral Assurance Report is a Limited-level Assurance Report which covers Scope 3 emissions (including water and wastewater related emissions and emissions from customer statements) reported in NAB Group's 2022 Sustainability Data Pack xlsx. References: Carbon Neutral Assurance Report (see pages 1-4), NAB 2022 climate active public disclosure statement (pg. 4-6) and, section 3 Table 3 (pg. 8-9).and "GHG Emissions" tab in the NAB 2022 Sustainability Data Pack. assurance-carbon-neutral.pdf NAB_Climate_Active_Public _Disclosure statement.pdf 2022-sustainability-data-pack.xlsx
C4. Targets and performance	Other, please specify (Environmental finance target)	ISAE 3000 AND ISAE 3410	KPMG conducts limited assurance over data points included in NAB's carbon risk and opportunity disclosures. This includes progress against our target to provide $70bn in environmental finance by 30 September 2025 (as total cumulative flow of new environmental finance provided since 1 October 2015). This is publicly reported in our half and full year investor packs, and our 2022 Climate Report demonstrating how we are helping customers to make the low carbon transition. This data has also been used in NAB's CDP responses. Reference: See pages 1-4 of the 2022 Carbon Risk Disclosure Assurance Report assurance-carbon-risk-disclosure.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Biomass energy

Type of mitigation activity

Emissions reduction

Project description

The National Bio Energy Changtu Biomass Power Plant, in China, uses local surplus biomass residues (mainly from corn straw) for electrical power generation. It is estimated that that Project uses 113,000 tons of biomass residues per year and delivers 81 GWh of electricity to the Northeast China Electricity Grid. The serial number of the offsets cancelled is GS1-1-CN-GS2503-9-2016-6011-77973 to 87440.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

9468

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation
2016

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
Gold Standard

Method(s) the program uses to assess additionality for this project
Investment analysis

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (The project was required to quantify leakages pertaining to the use of biomass residues and assessed the extent to which it may displace current use of biomass as a fuel.)

Provide details of other issues the selected program requires projects to address
All Gold Standard for the Global Goals documentation applicable to this project is publicly available (https://globalgoals.goldstandard.org/). This includes Gold Standard's requirements related to double-counting, safeguarding against negative economic, environmental and social harm, and stakeholder inclusivity, amongst other requirements that projects must comply with.

The project's additionality was assessed using the United Nations Framework Convention on Climate Change's 'The Clean Development Mechanism' (CDM) guidelines on the demonstration of additionality of small-scale project activities (version 09.0) through the application of AMS-I.D. (version 17) methodology, which includes an investment analysis. Further, Gold Standard have affirmed that risk of reversal has been deemed not relevant for the activity type defined by this methodology.

With regards to leakage, in accordance with the CDM methodology, the "Tool to calculate project or leakage CO2 emissions from fossil fuel combustion (Version 2)" (the Tool) and "General guidance on leakage in biomass project activities (Version 3)" (Guidance) has been applied during the project development phase. In applying the Tool and Guidance, the project identified three types of potentially significant emission sources that may be attributable to the project activities. The project leakage assessment of these potential emission sources found that:
1. The implementation of project activity does not lead to shifting of pre-project activities, as the project uses only biomass residue;
2. As the biomass residues being used in the project activity is by-products of agriculture crops and forestry, the biomass residues would have been generated in the absence of the project activity regardless and would otherwise have been dumped or left to decay under mainly aerobic conditions. Also, these by-products do not need application of fertilizer or clearance of land, negating these emission factors; and therefore
3. The only possible source of leakage in the project activity may be competing uses of biomass, taking into account that the biomass could, in the absence of the project activity, be used for other purposes.
However, the project has demonstrated that the quantity of available biomass in the region is greater than 25% than the quantity of utilized by the project activity. As such, the leakage emissions due to implementation of project activity were deemed to be negligible and not considered further.

Comment

Project type
Hydro

Type of mitigation activity
Emissions reduction

Project description
The Sarbari-I small hydro project is a small run-of-the-river power project, where water from the river (Sarbari Khad) is diverted through a power house to generate renewable power. The serial number of the offsets cancelled is 5709-256011044-256041213-VCU-034-APX-IN-1-483-01012017-31122017-0.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
30170

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2017

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project
Investment analysis

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (The CDM approach applied for the project methodology AMS.I.D (version 16.0) states that "since there is no transfer of energy generating equipment involved, leakages are not to be considered".)

Provide details of other issues the selected program requires projects to address
All applicable VCS program rules, requirements, methodologies and supporting documentation is publicly available via VERRA's, as the issuing body, website (https://verra.org/programs/verified-carbon-standard/vcs-program-details/). This includes VCS requirements related to double-counting, safeguarding against negative economic, environmental and social harm, and stakeholder inclusivity, amongst other requirements that projects must comply with. Further, VERRA have affirmed that risk of reversal has been deemed not relevant for the activity type defined by the applied CDM methodology.

Comment

Project type
Geothermal

Type of mitigation activity
Emissions reduction

Project description
The Gunung Salak Geothermal Power Plant is a 375MW geothermal power project located in Indonesia. The serial number of the offsets cancelled is 5734-257294404-257345297-VCU-005-APX-ID-1-144-1057239-1062908.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
5670

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2015

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project
Barrier analysis

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (The CDM approach applied for the project methodology ACM0002 (version 7.0) states the following with respect to leakage: "The leakage of the proposed project is not considered. No leakage is expected".)

Provide details of other issues the selected program requires projects to address
All applicable VCS program rules, requirements, methodologies and supporting documentation is publicly available via VERRA's, as the issuing body, website (https://verra.org/programs/verified-carbon-standard/vcs-program-details/). This includes VCS requirements related to double-counting, safeguarding against negative economic, environmental and social harm, and stakeholder inclusivity, amongst other requirements that projects must comply with. Further, VERRA have affirmed that risk of reversal has been deemed not relevant for the activity type defined by the applied CDM methodology.

Comment

Project type
Wind

Type of mitigation activity
Emissions reduction

Project description
The InfraVest Changbin and Taichung bundled Wind Farms Project involves two wind farms in Taiwan, China. At full capacity, the output of the project is expected to be of 483,864 MWh/year, which is delivered to the state-owned power grid. The serial number of the offsets cancelled is GS1-1-TW-GS472-12-2016-5120-2430 to 28387.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
25958

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2016

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
Gold Standard

Method(s) the program uses to assess additionality for this project
Consideration of legal requirements
Investment analysis
Barrier analysis
Other, please specify (Common practice analysis)

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (The CDM approach applied for the project methodology ACM0002 (version 16.0) states the following with respect to leakage: "No other leakage emissions are considered.")

Provide details of other issues the selected program requires projects to address
All Gold Standard for the Global Goals documentation applicable to this project is publicly available (https://globalgoals.goldstandard.org/). This includes Gold Standard's

requirements related to double-counting, safeguarding against negative economic, environmental and social harm, and stakeholder inclusivity, amongst other requirements that projects must comply with. Regarding project potential sources of leakage, the CDM methodology applied further states that "the emissions potentially arising due to activities such as power plant construction and upstream emissions from fossil fuel use (e.g. extraction, processing, transport etc.) are neglected". Further, Gold Standard have affirmed that risk of reversal has been deemed not relevant for the activity type defined by the applied CDM methodology.

Comment

Project type
Solar

Type of mitigation activity
Carbon removal

Project description
The Bundled Solar Power by Solararise generates renewable electricity through solar energy. The project is a bundled projects which involves the installation of 120 MW across different states of India. The serial number of the offsets cancelled is 6647-329216685-329221886-VCU-034-APX-IN-1-1762-01012017-31122017-0.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
5202

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2017

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project
Consideration of legal requirements
Investment analysis
Other, please specify (Sensitivity analysis)

Approach(es) by which the selected program requires this project to address reversal risk
No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (The CDM approach applied for the project methodology ACM0002 (version 17.0) states the following with respect to leakage: “No other leakage emissions are considered".)

Provide details of other issues the selected program requires projects to address
All applicable VCS program rules, requirements, methodologies and supporting documentation is publicly available via VERRA's, as the issuing body, website (https://verra.org/programs/verified-carbon-standard/vcs-program-details/). This includes VCS requirements related to double-counting, safeguarding against negative economic, environmental and social harm, and stakeholder inclusivity, amongst other requirements that projects must comply with. Regarding project potential sources of leakage, the CDM methodology applied further states that "the emissions potentially arising due to activities such as power plant construction and upstream emissions from fossil fuel use (e.g. extraction, processing, transport etc.) are neglected.” Further, VERRA have affirmed that risk of reversal has been deemed not relevant for this activity type defined by this methodology.

Comment

Project type
Other, please specify (Savanna burning)

Type of mitigation activity
Emissions reduction

Project description
This project involves strategic and planned burning of savanna areas in the high rainfall zones during the early dry season to reduce the risk of late dry season wild fires. The serial number of the offsets cancelled is 3772978789-3,772,983,788.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
5000

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2019

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
Other regulatory carbon crediting program, please specify (Australian carbon credit units (ACCU))

Method(s) the program uses to assess additionality for this project
Consideration of legal requirements

Approach(es) by which the selected program requires this project to address reversal risk

No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed
Other, please specify (Under the ACCU Scheme, leakage is deemed not relevant for this project type.)

Provide details of other issues the selected program requires projects to address
For a project to be eligible for registration with the Clean Energy Regulator (CER) under the ACCU Scheme, formerly the Emissions Reduction Fund, (unless the method covering the project specifies otherwise), it must:
• not have begun to be implemented before it has been registered with the Clean Energy Regulator (the newness requirement),
• not be required to be carried out by or under a Commonwealth, State or Territory law (the regulatory additionality requirement), and
• not be likely to be carried out under another Commonwealth, state or territory government program in the absence of registration under the Emissions Reduction Fund (the government program requirement).

Further information on these requirements is publicly available via the CER website (https://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund).

The project is registered under the Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015. This method sets out the rules for running and earning credits for the project. Division 2 of the method sets out the newness and additionality requirements. For a savanna fire management project under the Determination, the only abatement that is credited is abatement that is additional to what was achieved during the baseline period. That is, if the project proponent had begun early dry season fire management before project commencement, they would only generate credits for abatement over and above the abatement that was achieved in the baseline period.

Regarding reversal risk, CER have affirmed that the project operates under an emissions avoidance only method. As such, there is no permanence period and no reversal risk. The savanna fire management emissions avoidance method credits activities that reduce the emission of greenhouse gases from fire in savannas in northern Australia, through a reduction in the frequency and extent of late dry season fires.

Further, CER have affirmed that leakage is not relevant for this project. Leakage is not of concern for land-based emission avoidance methodologies as the ACCUs generated are directly attributed to permanent reductions of emissions compared to the baseline period inside of a defined project area.

Comment

C11.3

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

C11.3a

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

Type of internal carbon price
Implicit price

How the price is determined
Price/cost of voluntary carbon offset credits
Other, please specify (The cost associated with NAB's Power Purchase Agreements that were entered in order to meet NAB's RE100 commitment.)

Objective(s) for implementing this internal carbon price
Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities
Stakeholder expectations

Scope(s) covered
Scope 1
Scope 2
Scope 3 (upstream)
Scope 3 (downstream)

Pricing approach used – spatial variance
Uniform

Pricing approach used – temporal variance
Evolutionary

Indicate how you expect the price to change over time
Our internal carbon price for the 2022 environmental year reporting period was $12.90 per tonne. This is informed by our purchases of international and domestic, indigenous voluntary carbon offsets and of renewable energy in 2022.

The price of carbon offsets is increasing in general, especially in Australia where the demand for ACCUs is high. The price of energy is also increasing and therefore future Power Purchase Agreements that NAB may wish to enter, are likely to be associated with higher costs. As a result of this, we expect our internal price of carbon to increase over time.

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)
12.9

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)
12.9

Business decision-making processes this internal carbon price is applied to
Operations
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes
No

Explain how this internal carbon price has contributed to the implementation of your organization’s climate commitments and/or climate transition plan
NAB Group has an internal, implicit cost of carbon which is used in our business cases for capital projects related to energy efficiency, greenhouse gas reduction and renewable energy generation. We assess the viability of projects based on the energy savings, maintenance savings and avoided cost of carbon compared with the cost to invest in the asset. Where the business case is clear, we implement the project.

In 2022, our internal carbon price was factored into investment decisions made around lighting upgrades at NAB's large commercial buildings and also around the solar roll-out program for our branch network. The capital investment payback (14 years) was determined based on projected energy cost savings, internal cost of carbon savings and some maintenance cost savings.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers/clients

C12.1a

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

Type of engagement
Innovation & collaboration (changing markets)

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

% of suppliers by number
30.35

% total procurement spend (direct and indirect)
7.65

% of supplier-related Scope 3 emissions as reported in C6.5
99.57

Rationale for the coverage of your engagement
This data refers to our Scope 3 GHG emissions from base-building energy use (diesel, gas, electricity) not under NAB's operational control. Base-building GHG emissions represent our share of emissions from energy use to operate common facilities such as heating, cooling, ventilation and lifts within buildings we occupy.

NAB Group leases the majority of its building portfolio and the majority of the GHG emissions from these buildings are considered by the Group to be under our operational control (as per the definition of operational control in the National Greenhouse and Energy Reporting Act) and are already accounted for in our Scope 1 and 2 GHG emissions.

We have regular engagement with all of our landlords to work together to reduce the energy use and associated generation of Scope 3 GHG emissions for NAB. This includes green lease clauses which require regular engagement between tenant and landlord to focus on reducing the environmental impact of our operations. For our major commercial buildings, we share details on energy efficiency targets (NABERS Ratings) and have monthly meetings to progress environmental initiatives.

Impact of engagement, including measures of success
NAB achieved a 12% (1,878 tCO_2-e) reduction in Scope 3 Base Building emissions across the Group since 2021. This is in part due to the delivery of energy efficiency initiatives undertaken by our landlords in Australia including the installation of LED lighting, and the roll out of solar within our branch network.

The reductions seen in base-building emissions are mainly due to the consolidation of staff into resource efficient buildings. These new buildings were designed and built in consultation with landlords, to achieve the highest standards in sustainability possible.

NAB measures its success through a year-on-year reduction in GHG emissions.

Comment
Due to the impacts of COVID-19, we saw reduced occupancy across our commercial buildings during the first part of 2022, which played a role in reducing Scope 3 Base Building emissions. The impacts of COVID-19 will not be permanent, so we expect to continue our engagement with our landlords to maintain this downward trend in emissions.

Type of engagement
Innovation & collaboration (changing markets)

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

% of suppliers by number
0.08

% total procurement spend (direct and indirect)
0.11

% of supplier-related Scope 3 emissions as reported in C6.5
64

Rationale for the coverage of your engagement
Travel is an important and necessary part of our business and contributes significantly to NAB Group's Scope 3 emissions. Whilst we travel with a range of service providers in airlines and hotel providers, we engage directly with our travel provider for our Australian business in regard to climate change.

Impact of engagement, including measures of success
100% of NAB's Scope 3 emissions generated through our travel provider are offset and in turn, our business is able to remain carbon neutral. As travel is a requirement of our business and the geographical reach of our organisation, we have looked at innovative ways to ensure our staff are mindful of the greenhouse gas emissions impact of their travel.

Following on from the COVID-19 pandemic, we have seen a 38% increase in the emissions from business travel in 2022 across the Group. An increase in emissions was expected given the world-wide travel bans that existed during 2021. While emissions from business travel have not reverted back to pre-pandemic levels, we are conscious that without continued engagement with our travel providers, they could.

NAB Group measures its success through a year-on-year reduction in GHG emissions.

Comment
Due to the impacts of COVID-19, we saw significant reduction in business travel. The impacts of COVID-19 will not be permanent, so we expect to continue our engagement with our travel provider to maintain this downward trend in travel and emissions.

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients
Customers/clients of Banks

Type of engagement
Information collection (understanding client behavior)

Details of engagement
Other, please specify (Included climate change considerations in client management mechanism and Engage with clients on measuring exposure to climate-related risk)

% client-related Scope 3 emissions as reported in C-FS14.1a
61

Portfolio coverage (total or outstanding)
1.8

Rationale for the coverage of your engagement
Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success
Our ESG screening process (excluding residential mortgages for retail customers) is undertaken to determine if a customer's industry or activities are included in our High Risk ESG Sectors and Sensitive Areas list, incorporating carbon intensive, low carbon and climate sensitive industries and activities. Where this criteria is triggered during the screening process, a more detailed ESG risk assessment may be required as part of credit risk assessment and due diligence. Where customers are involved carbon intensive and climate sensitive sectors we engage with them and include review of their climate related strategy, risk assessment, management, and performance in our ESG risk assessment process. This process covered 61% of the attributable financed emissions in the 10 sectors that currently make up the portfolio emissions data reported in C-FS14.1a. Customers in segments covered by this screening process are ~1.8% of total portfolio as measured by exposure at default.

The impact of this engagement is it helps us to assess climate-related risks at a customer level, and when aggregated, at a portfolio level. Portfolio review insights may lead to changes in credit policy settings or risk appetite so we can manage our portfolio-level climate risk exposure and help identify opportunities to assist customers in managing climate risk e.g. in FY19, we reviewed thermal coal mining generation lending portfolios and announced measures to reduce NAB's thermal coal exposure over time. In FY20, we announced we now expect thermal coal mining exposure to reduce by 50% by 2026, and to be effectively zero by 2030 (apart from residual performance guarantees) and we will work closely with 100 of our largest GHG emitting customers to support them in developing or improving their low carbon transition plans by 30 Sept. 2023. For example, in 2022, we had engaged with 86 of these 100 customers.

Measures of success include:
• achieving our portfolio transition measures over time e.g. a decrease in thermal coal exposures of 50% by 2026 and effectively zero by 2030
• building stronger relationships with our customers through understanding their ESG (including climate-related) risks – in particular the 100 high GHG emitting customers; and
• using our understanding of climate-related risks to identify opportunities to help customers with climate-related solutions which are reflected in transactions that formed part of meeting our $70bn environmental financing target in 2022.

Type of clients
Customers/clients of Banks

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Engage with clients on measuring exposure to climate-related risk
Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways
Encourage better climate-related disclosure practices
Encourage clients to set a science-based emissions reduction target

% client-related Scope 3 emissions as reported in C-FS14.1a
31

Portfolio coverage (total or outstanding)
86

Rationale for the coverage of your engagement
Engagement targeted at clients with the highest potential impact on the climate

Impact of engagement, including measures of success
NAB was the first Australian member bank of the United Nations' Environment Programme Finance Initiative's Collective Commitment to Climate Action. Aligned with this membership, NAB has set a target and is working with 100 of our largest greenhouse-gas emitting customers as they develop or improve their low carbon transition plans. In FY2022, we have engaged with 86 of our 100 highest emitting customers so have indicated 86 as the portfolio coverage for this question. These customers represent approximately 31% of the client-related Scope 3 emissions as reported in C-FS14.1a.

In FY2021, we developed a Transition Framework Diagnostic (the "Diagnostic") to assist in this process. The Diagnostic was designed with reference to two global frameworks:
• Transition Pathway Initiative, led by global asset owners to assess companies' preparedness to transition to a low-carbon economy.
• Cambridge Institute for Sustainability Leadership's ClimateWise Transition Risk framework.
The Diagnostic is designed to assist in customer transition discussions and enable a view to be formed on the transition maturity of NAB's customers and can be applied to any sector or jurisdiction.

NAB continues to improve its understanding of the emissions attributable to its lending and investment activities, and sets targets to reduce its attributable financed emissions, prioritising emissions-intensive sectors. For example, in FY2020, we completed an initial estimate of attributable financed emissions, which included five key segments of our Australian lending portfolio. In FY2021, we covered an additional three sectors (transport, heavy manufacturing, and small business to medium businesses in the commercial and services sectors). In 2022, NAB set interim 2030 sectoral decarbonisation targets for its lending portfolio in four of its most emissions-intensive sectors: power generation, oil and gas, thermal coal mining and cement production.

Measures of success include:
• meeting our goal of working with 100 of our largest GHG emitting customers as they develop or improve their low carbon transition plans by 30 September 2023; and
• Setting sector-level targets for the ten 'carbon- intensive' sectors defined by the UNEP FI Guidelines. NAB will set sector-level targets for the remaining six carbon-intensive sectors in its portfolio by May 2024, consistent with requirements of the Net Zero Banking Alliance.

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate
Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

On 18 October 2018, NAB released a media release about NAB's role in the transition to a low carbon economy (https://news.nab.com.au/news/the-role-nab-plays-in-thetransition-to-the-low-carbon-economy/) which includes how "in addition to supporting our customers through the low-carbon transition, we commit to working actively with our stakeholders – including the industry associations of which NAB is a member – to share our knowledge and data, and advocate for policy and actions that will limit global warming to less than two degrees. We are also committed to ensuring that our industry associations advocate for policy aligned with this goal. To this end, we will continue to review the advocacy activities of those industry associations and commit to relevant disclosure to shareholders. Where we identify a material misalignment, we will take this into consideration when deciding whether to renew our membership."
This position is also affirmed on NAB's website (https://www.nab.com.au/about-us/social-impact/shareholders/memberships-and-recognitions) as well as in annual sustainability reporting.

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

NAB Group is committed to engaging responsibly in climate change policy development. This continues our longstanding approach to constructively engage in the policy development process, where it is relevant to our business. NAB has an internal consultative process aimed to ensure that our direct and indirect activities that influence policy are consistent with the climate change area of focus in our Group Strategy and with our climate change strategy, as well as being consistent across business divisions and geographies. Under this process, representatives from relevant business units (such as Personal Banking (Home lending), Specialised Finance, Capital Financing Solutions, Advisory and others) and Group functions such as Chief Climate Office, Risk, Corporate Affairs, Government Affairs and Legal meet together (as appropriate) to review policy changes and determine the relevance and impact of those policy changes, as they relate to NAB Group. Formal approval from relevant internal stakeholders is sought prior to the formal submission on proposed regulatory or policy changes.

NAB also has policy in place requiring approval for participation in external speaking engagements and speaking to media is limited to employees who have approval.

In addition, NAB's Sustainability team regularly reviews the advocacy activities of NAB's industry associations to ensure continued alignment with the Paris Agreement goal and our Net Zero commitment.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers
International Financial Reporting Standards consultation on general sustainability and climate-related standards.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Climate-related reporting
Climate-related targets

Policy, law, or regulation geographic coverage
Global

Country/area/region the policy, law, or regulation applies to
<Not Applicable>

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
NAB engaged directly with representatives of IFRS and the ISSB, and through relevant industry associations (including the Business Council of Australia, Australian Banking Association, Global Compact Network Australia) regarding the IFRS consultation process and establishment of standards to set a global baseline for sustainability reporting. NAB contributed a submission and supported those made by the above associations.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
Improving consistency of company reporting on climate-related matters at an economy-wide level is critical to support the ongoing improvement in data quality, availability and timeliness that NAB Group will rely upon in measuring Scope 3 emissions, attributable to our financing. Greater consistency and transparency also supports risk and opportunity assessment and planning.

Specify the policy, law, or regulation on which your organization is engaging with policy makers
Treasury Department, Australian Government consultation on climate-related financial disclosures.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Climate-related reporting
Climate-related targets
Transparency requirements
Verification and audits

Policy, law, or regulation geographic coverage
National

Country/area/region the policy, law, or regulation applies to
Australia

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
NAB engaged directly with the Treasury, and through relevant industry associations (including the Business Council of Australia, Australian Banking Association, Global Compact Network Australia) regarding their initial consultation on potential approaches to mandating climate-related financial disclosures within Australia.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
As with global efforts, improving consistency of company reporting on climate-related matters at an economy-wide level is critical to support the ongoing improvement in data quality, availability and timeliness that NAB Group will rely upon in measuring Scope 3 emissions, attributable to our financing. Greater consistency and transparency also supports risk and opportunity assessment and planning. At a national level, this consultation provided a valuable opportunity to discuss geographically relevant challenges to climate-related disclosures.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association
Business Council of Australia

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position
The Business Council of Australia supports achieving a net zero emissions economy by 2050. In its 'Achieving a Net Zero Economy' paper it set out a proposed transition pathway and a set of policy recommendations to enhance coordination across governments, regulators, industry and the community to deliver economic dividends for all Australians. This included advocating for the Australian Government to formally commit to a net zero by 2050 target, a more ambitious 2030 emissions reduction target, introducing carbon budgets, enhancing the role of the Safeguard Mechanism, deepening the domestic offsets market, and an ongoing national adaptation process to address escalating physical risks of climate change.

NAB continues to advocate for policy positions which align with the Group's own views by participating in roundtables and supporting drafting of submissions to government reviews and inquiries, and policy positions.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
90000

Describe the aim of your organization’s funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships – including to BCA – provide direct benefit to NAB’s long-term success, including:
- Access to industry research
- Engaging in industry-wide policy discussions across a range of issues
- Opportunity for networking with our industry peers
- Access to key policymakers
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including the BCA, NAB can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (Australian Banking Association)

Is your organization’s position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position
The Australian Banking Association (ABA) supports the goals of the Paris Agreement. It also supports accelerating the reduction of emissions by 2030 and a balanced and orderly transition to a net zero emissions economy by 2050. The ABA also supports its members, including NAB, to support a balanced and orderly transition through the provision of climate-related products and services, whether it be a transition to new lower carbon technologies or helping our customers to build climate resilience into their businesses or homes.

NAB continues to advocate for policy positions which align with the Group's own views by participating in roundtables and supporting drafting of submissions to relevant government reviews and inquiries, and policy positions.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
2288683

Describe the aim of your organization’s funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships – including to ABA – provide direct benefit to NAB’s long-term success, including:
- Access to industry research
- Engaging in industry-wide policy discussions across a range of issues
- Opportunity for networking with our industry peers
- Access to key policymakers
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including the ABA, NAB can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (Business Council of Sustainable Development Australia)

Is your organization’s position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position
Business Council of Sustainable Development Australia (BCSDA). BCSD Australia is a CEO-led organisation of more than 40 Australian businesses and non-governmental bodies working together to accelerate the transition to a sustainable world by aligning with the Sustainable Development Goals (SDGs) and acting on climate change in alignment with the Paris Agreement.

NAB continues to advocate for policy positions which align with the Group 's own views by participating in roundtables and supporting drafting of submissions to government reviews and inquiries, and policy positions.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
29700

Describe the aim of your organization's funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships – including to BCSDA – provide direct benefit to NAB's long-term success, including:
- Access to industry research
- Engaging in industry-wide policy discussions across a range of issues
- Opportunity for networking with our industry peers
- Access to key policymakers
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including the BCSDA, NAB can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (Australian Sustainable Finance Institute)

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
The Australian Sustainable Finance Institute (ASFI) has been established to set out a roadmap for realigning the finance sector to support greater social, environmental and economic outcomes for the country. This is as defined in the Paris Agreement, SDGs and other relevant UN human rights obligations and international conventions.

The Roadmap outlines a plan to transform Australia's financial system in to one that is better prepared to face future risks and shocks such as a changing climate; can meet the current needs of Australians while delivering on long-term needs for a sustainable future; can enhance the financial inclusion and well-being of all Australians, including our most vulnerable; and can direct capital to where it is most needed in delivering a transition to a net zero, resource-efficient and inclusive economy.

The Roadmap's vision for Australia is a financial system:
• that is sustainable, resilient and stable, and can manage systemic risks and other shocks and strains;
• that meets both the present and long-term needs of all Australians, the environment and the economy;
• where financial decisions are informed and consider sustainability risks, impacts and opportunities;
• that enhances financial inclusion and well-being, and informed choice; and
• where capital flows support Australia in delivering on sustainable development goals, including facilitating an orderly transition to a net zero emissions, resource efficient and socially inclusive economy.

NAB is represented on ASFI's Board/Steering Committee and participated in a number of ASFI technical working groups which collaborated to develop recommendations for the Sustainable Finance Roadmap for Australia, to support the objectives of the Paris Agreement, the SDGs and the Sendai Framework for Disaster Risk Reduction Framework.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
55000

Describe the aim of your organization's funding
The Australian Sustainable Finance Institute (ASFI) is bringing members together to help realign the finance sector to create a sustainable and resilient financial system, which supports greater social, environmental and economic outcomes (including through improving financial system resilience and improving risk management and financial performance of the sector through explicit consideration of ESG risks and opportunities in lending, insurance and investment). ASFI also support financial institutions in the exchange of ideas, knowledge and practices; developing guidance; and undertaking special projects to support the transition to a sustainable financial system.

To effectively drive systemic change, structures are needed to embed collaboration across the financial system. There is a need for deep, constructive, and ongoing partnerships between government (federal, state and local), community and other financial system participants.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (New Zealand Bankers' Association (NZ BA))

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
As the voice of NZ's banking industry, NZ BA seeks to shape public policy on non-competitive industry issues. This includes on climate change which is a current regulatory priority for the Association. NZ BA has previously advocated for mandatory disclosure requirements, including the mandatory disclosure of entities' Scope 3 financed emissions. BNZ (NAB Group's major New Zealand subsidiary) contributes to NZ Bankers' Association activities and direction including in relation to environment and climate change.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
640607

Describe the aim of your organization's funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships

– including to NZ BA – provide direct benefit to NAB Group’s long-term success, including:
- Access to industry research.
- Engaging in industry-wide policy discussions across a range of issues.
- Opportunity for networking with our industry peers.
- Access to key policymakers.
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including the NZBA, NAB Group through the BNZ can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (BusinessNZ)

Is your organization’s position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position
BusinessNZ is New Zealand's largest business advocacy body. It advocates for enterprise and promotes the voice of thousands of businesses across New Zealand, working for positive change through new thinking, productivity and innovation, including in sustainable business practices. BNZ (NAB Group’s major New Zealand subsidiary) contributes to BusinessNZ activities and direction including in relation to environment and climate change.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
82000

Describe the aim of your organization’s funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships – including to BusinessNZ – provide direct benefit to NAB Group’s long-term success, including:
- Access to industry research
- Engaging in industry-wide policy discussions across a range of issues
- Opportunity for networking with our industry peers
- Access to key policymakers
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including BusinessNZ, NAB Group through the BNZ can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Trade association
Other, please specify (Global Compact Network Australia)

Is your organization’s position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position
The Global Compact Network Australia (GCNA) is the Australian, business-led network of the UN Global Compact. Environment and climate change is listed as a focus area, and of its Ten Principles. Principles 7, 8 and 9 are related to environmental issues including climate change (https://unglobalcompact.org.au/our-ten-principles/). Priorities include the Science Based Targets Initiative, just transition and climate change and human rights. NAB contributes to GCNA’s activities and direction in relation to environment and climate change.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
34019

Describe the aim of your organization’s funding
Many of the issues that impact our ability to serve customers (such as climate change) cannot be addressed by one company alone. Our industry association memberships – including to GCNA – provide direct benefit to NAB Group’s long-term success, including:
- Access to industry research
- Engaging in industry-wide policy discussions across a range of issues
- Opportunity for networking with our industry peers
- Access to key policymakers
- A further avenue to support the community, particularly memberships of regional business chambers which we hold.

By maintaining membership in our industry associations, including GCNA, NAB Group can share knowledge and data, and encourage policy advocacy and actions broadly aligned with our own views, including on climate change and the environment.

Membership also allows us to advocate within the association for a change in policy and actions to be more aligned with our own views and approach.

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization or individual
Other, please specify (Public and Private Sector Partnership)

State the organization or individual to which you provided funding
The Aotearoa Circle (New Zealand)

Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)
2307070

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
The Aotearoa Circle is a unique partnership of public and private sector leaders, unified and committed to the pursuit of sustainable prosperity and reversing the decline of New Zealand's natural resources. One of the key domains or focus areas of the group is climate change action. The aim of NAB Group funding, through its subsidiary BNZ, is to support other agencies with common goals and initiatives and programmes making a difference.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Type of organization or individual
Other, please specify (Industry initiative)

State the organization or individual to which you provided funding
New Zealand Climate Leaders' Coalition

Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)
5000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
Formed in 2018, the Climate Leaders Coalition has a mission of having New Zealand business CEOs leading the response to climate change through collective, transparent and meaningful action on mitigation and adaptation. The aim of NAB Group funding, through its subsidiary Bank of New Zealand (BNZ), is to support other agencies with common goals and initiatives and programmes making a difference.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
2022-full-year-investor-presentation.pdf

Page/Section reference
NAB 2022 Full Year Investor Presentation, slides as follows: slide 115- climate strategy; slides 116-119 risk and opportunities; slides 120 -121 portfolio exposures to coal mining and renewables, project finance for renewables.

Content elements
Risks & opportunities
Emissions figures
Other metrics
Other, please specify (Climate Finance)

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
2022-annual-report.pdf

Page/Section reference
NAB 2022 Annual Report

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Other metrics

Comment

Climate change governance, strategy, risks and opportunities and metrics and targets pg 38-39; target performance pg 5 and sustainability scorecard pg 22.

Publication

In other regulatory filings

Status

Complete

Attach the document

NAB_Climate_Active_Public _Disclosure statement.pdf

Page/Section reference

NAB 2022 Climate Active Public Disclosure Statement – 2021-2022: See pages 9-22 for emission figures and targets.

Content elements

Emissions figures
Emission targets

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2022-climate-report.pdf

Page/Section reference

NAB 2022 Climate Report refer pages 3-38 for TCFD-related disclosures covering governance, strategy, risk management and metrics and targets.

Content elements

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

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2022-sustainability-data-pack.xlsx

Page/Section reference

NAB 2022 Sustainability Data Pack references: Exposures tab for reporting on NAB's exposures to (i) the resources sector, including coal, and (ii) the energy sector including renewables. Financing tab for project finance metrics and for reporting on NAB's environmental finance target. Position, GHG Emissions, Energy and Other tabs for reporting on greenhouse gas metrics and targets related to operations.

Content elements

Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2022-BNZ-Sustainability-Report.pdf

Page/Section reference

BNZ 2022 sustainability report refer pages 11-14 for climate strategy, risk and opportunities, emission figures and targets.

Content elements

Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (Climate report)

Status
Complete

Attach the document
2022-BNZ-Climate-Report.pdf

Page/Section reference
BNZ 2022 Climate Report refer pages 3-22 for TCFD-related disclosures covering governance, strategy, risk management and metrics and targets.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	CDP Signatory Climate Bonds Initiative Partner Programme Climate Disclosure Standards Board (CDSB) Collective Commitment of Climate Action Equator Principles Natural Capital Finance Alliance Net Zero Banking Alliance Principle for Responsible Investment (PRI) RE100 Task Force on Climate-related Financial Disclosures (TCFD) Task Force on Nature-related Financial Disclosures (TNFD) UN Global Compact UNEP FI UNEP FI Principles for Responsible Banking UNEP FI TCFD Pilot We Mean Business Other, please specify (Aotearoa Circle (BNZ only), AIETI, BCSD, CEC, Climate Active (Australia), CLC (BNZ only), CMSI, GBCA, OECD Guidelines for MNEs, SBC, SBN -NZ)	- CDP Signatory: signatory to climate, forest and water programs, and the carbon initiative, provision of details on how we manage ESG risks and contribution to the evolution of the CDP to improve ongoing disclosure of ESG risk management; - Climate Bonds Initiative Partner Programme: Certified climate bond issuer; - Climate Disclosure Standards Board (CDSB): Member, assist the CDSB to develop a consistent set of climate disclosures for the TCFD; - Collective Commitment to Climate Action: Member to accelerate actions required under the PRB to align business strategy with the temperature goal of the Paris agreement to well below 2C; - Equator Principles Signatory: Commit to sustainable financing of large-scale projects; - Natural Capital Finance Alliance: Signatory to the Natural Capital Declaration to abide by, and assist the NCFD efforts in the development and testing of tools and methodologies to reduce and manage risks of environmental impacts and dependencies for the finance sectors; - Net Zero Banking Alliance: Member - further acceleration of the CCCA commitment to become net zero by 2050; - Principles for Responsible Investment (PRI): New Zealand (NZ) only signatory - up held the six principles for responsible investing to build a more sustainable financial system through the incorporation of ESG considerations into investment decisions, policies, practices and disclosure, as well as the enhancement and promotion of the principles themselves; - RE100: Commitment to use of 100% renewable energy in our operations; - Taskforce on Climate-related Financial Disclosures (TCFD): Framework reporter - commitment to disclose all relevant information for transparency regarding our risks in relation to climate change; - Taskforce on Nature-related Financial Disclosures (TNFD): framework: Contributor/future reporter - assists in the TNFD's work on developing guidelines for disclosure of nature-related risks and to begin reporting according to this framework (in beta); - UN Global Compact: Participant (2010) and local member (2014) of the Australian Network of the Compact to aligns our business with universally accepted principles that covers human rights labour, environment and anti-corruption; - UNEP FI: Partner with the UN for the environment as a finance sector entity. NAB is also a participant in UNEP FI's TCFD program. This helps us to develop best practice climate risk management. - UNEP Principles for Responsible Banking: Inaugural signatory, assisted in the development and practice of integrating sustainability into banking; - We Mean Business Coalition: Member - assist in driving business and policy actions to halve global emissions by 2030 in line with a 1.5C pathway. OTHERS: Aotearoa Circle (BNZ only): Partner - commitment for the pursuit of sustainable prosperity and take shared responsibility in the restoration of NZ natural resources; Australian Industry Energy Transition (Initiative): assist Australian industry move toward net zero emissions in hard to abate sector by 2050; - Australian Sustainable Finance Initiative (ASFI): Member - commitment to deploy capital to support better social, environmental and economic outcomes in Australia and build a sustainable and resilient Australian financial system; - Business Council for Sustainable Development Australia (BCSDA): Member - promotion of commercial solutions to sustainability challenges; - Clean Energy Council (CEC): To work with the organisation on the clean energy transition for Australia; - Climate Active (Australia): Member of Climate Active program and certified carbon neutral Australian business; - Climate Leaders Coalition (BNZ only): Member - aims to assist transition to a low emissions economy within which we operate; - Climate Measurement Standards (Initiative): Supporting TCFD to better understand financial system's exposure to climate-related risks; - Green Building Council of Australia (GBCA): Member - supports sustainable transformation of our major commercial tenancies; OECD Guidelines for Multinational Enterprises (MNEs): commitment to good corporate governance inclusive of management of climate change and UN SDGs; - Sustainable Business Council: NZ only - membership of group with the objective of creating a sustainable future for business, society and the environment in NZ; - Sustainable Business Network NZ: Member - helps business thrive from acting responsibly for the environment and people

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
We do assess our portfolio's carbon assets and some of this is available in our half and full year investor packs, and our 2022 Climate Report and sustainability data pack. However, we have not selected a 'Yes' response for this question because our industry segmentation does not exactly match to the TCFD categories required by CDP. The Group's exposure to key industry segments with high carbon-related assets is included below:
Agriculture: $58.5 bn
Coal (thermal and metallurgical): $0.78 bn
Commercial Property: $84.4 bn
Construction: $12.6 bn
Manufacturing: $22.7 bn
Oil and Gas: $3.6 bn
Power Generation (mixed non-renewable/renewable and non-renewable): $2 bn
Residential mortgages: $445.7 bn (included as a material category due to aggregate weighting of this category as a proportion of the portfolio)
Transport and Storage: $26.7 bn
Metals and Mining (ex Coal & OG): $5.7 bn.

Details of calculation
<Not Applicable>

Lending to coal

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
1375749468

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
0.12

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
This calculation includes the following:
Lending to thermal and metallurgical coal mining (referenced from 2022 Sustainability Data pack (SDP)) 'Exposure tab'): $780,000,000 as Exposure at Default (EAD) at 30 Sept. 2022.
Lending to coal proportion of mixed-fuel power generation (refer 2022 SDP 'Exposure tab'; the amount in the SDP is an aggregated amount of lending to power generation businesses with a mix of fuel sources including renewables, we have disaggregated it to show the coal proportion here), as apportioned by nameplate capacity: $595,749,468 as EAD at 30 Sept. 2022.
Total lending to Coal as a percentage of all loans: AUD1.38bn/AUD1,107.6bn (0.12%) as EAD at 30 Sept. 2022

Lending to oil and gas

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
4631825062

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
0.42

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
This calculation includes the following:
Lending to Oil & Gas ("O&G", refer 2022 SDP, Exposure tab): $3,600,000,000 as Exposure at Default (EAD) at 30 Sept. 2022
Lending to gas-fired generation (refer 2022 SDP, Exposure tab): $700,000,000 as EAD at 30 Sept. 2022
Lending to gas-fired proportion of mixed-fuel power generation (refer 2022 SDP, Exposure tab; note this amount comprises of all fuel sources including renewables, we have disaggregated it to show the gas-fired generation proportion here), as apportioned by nameplate capacity: $331,825,062 as EAD at 30 Sept. 20222
Total lending to O&G as a percentage of all loans: AUD4.63bn/AUD1,107.6bn (0.42%) as EAD at 30 Sept. 2022

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	Yes	Portfolio emissions	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO2e) in the reporting year
21580000

Portfolio coverage
48.79

Percentage calculated using data obtained from clients/investees
3.5

Emissions calculation methodology
Other, please specify (Partnership of Carbon Accounting for Financials)

Please explain the details and assumptions used in your calculation
To calculate portfolio coverage we have taken NAB's total EAD exposure across its entire loan book as the denominator and then used NAB's total EAD exposure for all sectors with emissions calculated as the numerator.

To estimate our percentage calculated using data obtained from clients/investees we have taken the EAD from our assured estimations that has received a PCAF score of 1 or 2 and used this as the numerator against our total EAD that we have calculated emissions for.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	Yes, by industry Yes, by scope	<Not Applicable>

C-FS14.2b

(C-FS14.2b) Break down your organization's portfolio impact by industry.

Portfolio	Industry	Portolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Other, please specify (Power generation)	Absolute portfolio emissions (tCO2e)	3000000
Banking (Bank)	Other, please specify (Thermal Coal)	Absolute portfolio emissions (tCO2e)	5100000
Banking (Bank)	Other, please specify (Oil and Gas)	Absolute portfolio emissions (tCO2e)	4100000
Banking (Bank)	Other, please specify (Cement)	Absolute portfolio emissions (tCO2e)	700000
Banking (Bank)	Other, please specify (Commercial Real Estate)	Absolute portfolio emissions (tCO2e)	30000
Banking (Bank)	Other, please specify (Residential Real Estate)	Absolute portfolio emissions (tCO2e)	1800000
Banking (Bank)	Other, please specify (Iron and Steel)	Absolute portfolio emissions (tCO2e)	80000
Banking (Bank)	Other, please specify (Aluminium)	Absolute portfolio emissions (tCO2e)	70000
Banking (Bank)	Other, please specify (Transport)	Absolute portfolio emissions (tCO2e)	3400000
Banking (Bank)	Other, please specify (Agriculture)	Absolute portfolio emissions (tCO2e)	3300000

C-FS14.2d

(C-FS14.2d) Break down your organization's portfolio impact by scope.

Portfolio	Clients'/investees' scope	Portfolio emissions (metric tons CO2e)
Bank lending (Bank)	Scope 3	8300000

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	In FY2022, the Group updated its climate strategy. The strategy has been designed to designed to maximise the climate transition's economic benefits for customers and NAB, and help to achieve emissions reduction targets consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Group is acting now for the long-term, with the strategy requiring immediate actions to support achieving targets well into the future. The Group's focus remains unchanged, taking a relationship-led approach that prioritises supporting customers to decarbonise and build resilience. However, the refreshed climate strategy aims to further embed consideration of climate change into the Group's businesses, and deliver a whole-of-bank response to climate change. In FY2022, a new Chief Climate Officer (CCO) role was created and advertised. Since then, the CCO has been appointed and reports to the Group Executive, Strategy and Innovation. The CCO will drive execution of the climate strategy. The Group's climate strategy has four key priorities: • Grow by supporting our customers to decarbonise and to build resilience; • Investing in climate capabilities; • Reducing financed emissions; and • Reducing operational emissions. Additionally, in FY2022, NAB continued to build upon work undertaken to understand, calculate and manage financed emissions. This work is contributing to NAB's portfolio alignment to achieve net zero emissions by 2050 and reduce our business impact on the climate. In accordance with our Net Zero Banking Alliance commitment, the Group identified and set sectoral decarbonization targets as follow: • Absolute GHG financed emissions reduction targets for gas and thermal coal; and • GHG intensity reduction targets for power generation and cement. The above four sectors were prioritised as they represent the majority of financed emissions attributable to NAB's lending portfolio and are among the most emissions-intensive sectors in NAB's lending portfolio (based on Australian emissions: Scope 1 and 2 tCO2-e / $m EAD).	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for some	NAB conducts ESG risk assessment, as part of the credit risk assessment and due diligence process. Where relevant, this includes assessing client's climate change strategies, goals, and transition plans. NAB has regularly reviewed its exposure to carbon intensive, climate sensitive and low-carbon sectors (since 2017) so we can understand potential climate risk in our lending portfolio, make decisions regarding portfolio decarbonisation pathways, and make relevant changes to risk appetite and policy. In FY2022, NAB continued to build upon the work undertaken to understand, calculate and manage our financed emissions. This work is contributing to NAB's portfolio alignment to achieve net zero emissions by 2050 and reduce our business impact on the climate. In accordance with our Net Zero Banking Alliance commitment, the Group identified and set sectoral decarbonization targets as follow: • Absolute GHG financed emissions reduction targets for gas and thermal coal; and • GHG intensity reduction targets for power generation and cement. The above four sectors were prioritised as they represent the majority of financed emissions attributable to NAB's lending portfolio and are among the most emissions-intensive sectors in NAB's lending portfolio (based on Australian emissions: Scope 1 and 2 tCO2-e / $m EAD). NAB is considering targets for additional carbon intensive sectors, consistent with NZBA requirements. These may include: (i) commercial and (ii) residential real estate, (iii) iron and steel, (iv) aluminium, (v) agriculture and (vi) transport. This work is expected to be completed by May 2024, where data and methodologies allow and exposure to the sectors is material. For targets set to date, NAB has used the International Energy Agency's Net Zero Emissions (IEA NZE 2050) scenario to inform the Group's decisions regarding portfolio sectoral decarbonisation pathways. The scenario has international credibility due to: • Its science-based, credible and well recognized sources, and consistency with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. • Reasonableness in its assumptions on negative emissions technologies and carbon sequestration achieved through nature-based solutions and land use change, and aligned to "no overshoot" or "low-overshoot" scenarios. • Its design to maximise alignment with other Sustainable Development Goals, where possible.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	NAB Group first integrated natural capital into its strategy in 2011, which was followed by NAB becoming a signatory to the Natural Capital Declaration in 2012. Since then, consideration of biodiversity and other elements of natural capital has been incorporated into our sustainability-related and business strategy. This can be seen in our annual report suite since 2012. NAB Group has had a particular focus on biodiversity and natural capital considerations associated with agribusiness. Biodiversity impacts are also considered as part of the Group's ESG risk assessment as part of the credit risk assessment and due diligence process. Key aspects of natural capital-related strategy have been reviewed and approved by the Board since 2011, however, no material biodiversity related decisions were made by the Board in FY2022. The NAB Board retains ultimate oversight for ESG-related matters, including strategy and risk management, supported by the Board Risk & Compliance Committee (BRCC). This includes considering issues associated with climate change, and a range of other environmental topics as relevant, such as biodiversity, water, and forests. BRCC has accountability for oversight of NAB Group's risk profile and risk management, which includes Sustainability or ESG-related risk, within the context of Board determined risk appetite (although ultimate responsibility for risk oversight, risk appetite and risk management rests with the Board). The BRCC refers all matters of significant importance to the Board, making recommendations to the Board concerning the Group's current and future risk appetite, risk management strategy and particular risks or risk management practices, including those related to ESG matters like climate change, biodiversity, water and forests, where relevant and material. The Board and/or BRCC receive reports on a range of ESG-related issues, strategy and commitments, risks and opportunities and related regulatory change and reporting returns.	Risks and opportunities to our own operations Risks and opportunities to our bank lending activities

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have endorsed initiatives only	<Not Applicable>	Other, please specify (NAB is an official signatory to the Natural Capital Declaration (NCD), a finance-sector initiative, endorsed by 43 financial institutions.)

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Direct operations
Upstream

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
ENCORE tool
SBTN materiality tool
TNFD – Taskforce on Nature-related Financial Disclosures

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
NAB is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, having previously participated as an observer to the informal working group that established the TNFD. NAB will be undertaking a high level assessment of material nature-related risks across its portfolio as part of its response to TNFD. We will be drawing on the SBTN materiality tool, ENCORE tool and TNFD framework to complete the assessment. From this, priority areas of our portfolio will be identified for more detailed consideration.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Direct operations
Upstream

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
ENCORE tool
SBTN materiality tool
TNFD – Taskforce on Nature-related Financial Disclosures

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
NAB is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, having previously participated as an observer to the informal working group that established the TNFD. NAB will be undertaking a high-level assessment of material nature-related risks across its portfolio as part of its response to TNFD. We will be drawing on the SBTN materiality tool, ENCORE tool and TNFD framework to complete the assessment. From this, priority areas of our portfolio will be identified for more detailed consideration.

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify (Participating in TNFD forum awareness-raising activities; participating in UNEP FI TNFD pilot program; completing high-level assessment of material nature related risks.)

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In mainstream financial reports	Biodiversity strategy	Pg 41, section "Biodiversity & natural capital" outlines our intention to develop a roadmap that will help us to respond to TNFD. It also highlights that biodiversity risk is considered within our Risk Management Strategy and Framework.

C16. Signoff

C-FI

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

Refer to 0.1 Introduction

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Managing Director and Chief Executive Officer	Chief Executive Officer (CEO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Please refer to question C0.1.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	22922000000

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member
Telstra Corporation

Scope of emissions
Scope 1

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)
<Not Applicable>

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e

0.45

Uncertainty (±%)
5

Major sources of emissions
Building-based refrigerants - HVAC, refrigerators
Business travel - vehicle fleet and status-use vehicles
Stationary energy - combustion of fuel: diesel, gas, propane
Vehicle air conditioning refrigerant

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Telstra and Telstra's JVs. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
971700000

Unit for market value or quantity of goods/services supplied
Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 1 inventory.

The uncertainty figure provided above applies to NAB Group's Scope 1 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

Requesting member
Telstra Corporation

Scope of emissions
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)
<Not Applicable>

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
2.18

Uncertainty (±%)
5

Major sources of emissions
Stationary energy - electricity

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Telstra and Telstra's JVs. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
971700000

Unit for market value or quantity of goods/services supplied
Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 2 inventory. In calculating emissions allocated to Telstra, our emissions calculation uses a market-based approach for Scope 2 as NAB purchases renewable energy (currently at 72.4% progressing towards a target of 100% by 30 June 2025). The emissions estimate calculated is therefore net emissions after RE purchase, but before NAB has offset remaining emissions to become carbon neutral.

The uncertainty figure provided above applies to NAB Group's Scope 2 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

Requesting member
Telstra Corporation

Scope of emissions
Scope 3

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)

Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 4: Upstream transportation and distribution
Category 5: Waste generated in operations
Category 6: Business travel
Category 7: Employee commuting
Category 8: Upstream leased assets

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
2.63

Uncertainty (±%)
5

Major sources of emissions
A3, A4 and A5 paper purchased
Base-building energy - combustion of fuel: diesel, gas (AUS only)
Base-building & 3rd party data centre energy - electricity (AUS, NZ & UK) Business travel - Air travel
Business travel – Hotel stays Other business travel
Offsite energy - electricity
Transmission losses - base-building energy: diesel, gas, electricity (AUS, NZ & UK) Transmission losses - stationary energy: diesel, gas, propane, electricity Transmission Losses - Offsite Electricity
Working From Home energy
Waste to landfill
Waste to incineration
Materials Recycled/Diverted from landfill Water use
Waste water
Paper Statements (Non Carbon Neutral) (New Zealand only)

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Visa. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
971700000

Unit for market value or quantity of goods/services supplied
Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 3 inventory.

The uncertainty figure provided above applies to NAB Group's Scope 3 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

Requesting member
Visa

Scope of emissions
Scope 1

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)
<Not Applicable>

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
0.22

Uncertainty (±%)
5

Major sources of emissions
Building-based refrigerants - HVAC, refrigerators
Business travel - vehicle fleet and status-use vehicles
Stationary energy - combustion of fuel: diesel, gas, propane
Vehicle air conditioning refrigerant

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Visa. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
260679

Unit for market value or quantity of goods/services supplied
Other, please specify (Volume of payments processed)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 1 inventory.

The uncertainty figure provided above applies to NAB Group's Scope 1 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

Requesting member
Visa

Scope of emissions
Scope 2

Scope 2 accounting method
Market-based

Scope 3 category(ies)
<Not Applicable>

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
1.08

Uncertainty (±%)
5

Major sources of emissions
Stationary energy - electricity

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Visa. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
260679

Unit for market value or quantity of goods/services supplied
Other, please specify (Volume of payments processed.)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 2 inventory. In calculating emissions allocated to Visa, our emissions calculation uses a market-based approach for Scope 2 as NAB purchases renewable energy (currently at 72.4% progressing towards a target of 100% by 30 June 2025). The emissions estimate calculated is therefore net emissions after RE purchase, but before NAB has offset remaining emissions to become carbon neutral.

The uncertainty figure provided above applies to NAB Group's Scope 2 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

Requesting member
Visa

Scope of emissions
Scope 3

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)
Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 4: Upstream transportation and distribution
Category 5: Waste generated in operations
Category 6: Business travel
Category 7: Employee commuting
Category 8: Upstream leased assets

Allocation level
Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e
1.3

Uncertainty (±%)
5

Major sources of emissions
A3, A4 and A5 paper purchased
Base-building energy - combustion of fuel: diesel, gas (AUS only)
Base-building & 3rd party data centre energy - electricity (AUS, NZ & UK) Business travel - Air travel
Business travel – Hotel stays Other business travel
Offsite energy - electricity
Transmission losses - base-building energy: diesel, gas, electricity (AUS, NZ & UK) Transmission losses - stationary energy: diesel, gas, propane, electricity Transmission Losses - Offsite Electricity
Working From Home energy
Waste to landfill
Waste to incineration
Materials Recycled/Diverted from landfill Water use
Waste water
Paper Statements (Non Carbon Neutral) (New Zealand only)

Verified
No

Allocation method
Other, please specify (Allocation based on amount of income earned by NAB from Visa. The denominator used is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2022 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
260679

Unit for market value or quantity of goods/services supplied
Other, please specify (Volume of payments processed)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
NAB uses an operational control approach consistent with guidance in the GHG Protocol to identify the emissions sources that are included in our Scope 3 inventory.

The uncertainty figure provided above applies to NAB Group's Scope 1 emissions, this uncertainty would be higher following application of the allocation methodology, however this has not been calculated.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

Allocation is based on amount of income/revenue earned by NAB from each customer as a percentage of Group's total income for FY22 (NAB Group's income is reported in the 2022 Annual report pg , 160-161, Notes 3 & 4). This percentage is then used to apportion GHG emissions based on NAB Group's total market based emissions for the financial year (after renewable energy purchase and before offsets are used to achieve the Group's carbon neutral status). The Group's market-based emissions numbers are reported in our FY22 Sustainability Data Pack in the GHG 'Emissions tab'. Links to both references can be found on NAB Group's website where we provide links to our annual reporting suite.

Annual reporting suite | Financial disclosures and reporting - NAB

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Improved automation

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?
No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

The GHG emissions associated with NAB's lending to customers (i.e. our financed emissions) are significantly higher than our operational emissions. As such, NAB does not consider it appropriate to allocate our operational GHG emissions to our customers, as we can have a more substantial impact on emissions reductions in the real economy by focusing on reducing our financed emissions, and specifically, aligning our lending to net zero emissions by 2050. This is effectively the opposite of allocating NAB's emissions to customers, and instead involves attributing a portion of our customers' emissions to NAB based on accounting rules specific to the relevant asset class, enabling NAB to understand and reduce the climate impact of our lending, and support our customers' decarbonisation goals.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

Requesting member
Visa

Group type of project
Other, please specify (Approaches for reducing supply chain emissions.)

Type of project
Other, please specify (Knowledge sharing.)

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
Other, please specify (Cost saving/neutral)

Estimated lifetime CO2e savings

Estimated payback
Cost/saving neutral

Details of proposal
As discussed with Visa, NAB would be interested in understanding how Visa is planning to use the information collected through CDP to reduce supply chain emissions and the actions Visa is taking to decarbonise its value chain. NAB would also be happy to share its own thinking and climate strategy including how we are working to decarbonise our lending portfolio with Visa in return.

Requesting member
Telstra Corporation

Group type of project
Other, please specify (Approaches for reducing supply chain emissions.)

Type of project
Other, please specify (Knowledge sharing.)

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
Other, please specify (Cost/saving neutral)

Estimated lifetime CO2e savings

Estimated payback
Cost/saving neutral

Details of proposal
As discussed with Telstra, NAB would be interested in understanding how Telstra is planning to use the information collected through CDP to reduce supply chain emissions and the actions Telstra is taking to decarbonise its value chain. NAB would also be happy to share its own thinking and climate strategy including how we are working to decarbonise our lending portfolio with Telstra in return.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?
No

SC4.1

(SC4.1) Are you providing product level data for your organization’s goods or services?
No, I am not providing data

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s) or committee(s)	Responsibilities for forests- and/or water-related issues
Forests Water	Board-level committee	The NAB Board retains ultimate oversight for ESG-related matters, including strategy and risk management, supported by the Board Risk & Compliance Committee (BRCC). This includes considering issues associated with climate change, biodiversity, water, forests and a range of other topics as relevant. BRCC has accountability for oversight of NAB Group's risk profile and risk management, which includes Sustainability or ESG-related risk, within the context of Board determined risk appetite (although ultimate responsibility for risk oversight, risk appetite and risk management rests with the Board). The BRCC refers all matters of significant importance to the Board, making recommendations to the Board concerning the Group's current and future risk appetite, risk management strategy and particular risks or risk management practices, including those related to ESG matters like climate change, and a range of other environmental topics as relevant, such as biodiversity, water and forests. For example, information on the impacts of drought on credit risk. The Board and/or BRCC receive reports on a range of ESG-related issues, strategy and commitments, risks and opportunities and related regulatory change and reporting returns. For example, the Board receive regular updates on the following operational environmental performance targets associated with mitigating water and forest-related risks. These targets include reducing office paper purchased, increasing customer uptake of electronic statements and reducing office-based water consumption. These targets also ensure NAB Group reduces GHG emissions associated with paper purchased, customer e-statement uptake and water use. Reduction in paper consumption reduces the residual impact of our paper use that may arise as a result of virgin paper consumption. In order to minimise the potential biodiversity impact of virgin paper use, NAB buys recycled, carbon neutral paper.

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board’s oversight of forests- and/or water-related issues.

Issue area(s)
Water

Frequency with which the issue area(s) is a scheduled agenda item
Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated
Reviewing and guiding the risk management process
Other, please specify (Setting performance objectives; monitoring implementation and performance of objectives; opportunities)

Scope of board-level oversight
Risks and opportunities to our banking activities

Please explain
The NAB Board retains ultimate oversight for ESG-related matters, including strategy and risk management, supported by the Board Risk & Compliance Committee (BRCC). This includes considering issues associated with climate change, biodiversity, water, forests and a range of other topics as relevant. BRCC has accountability for oversight of NAB Group’s risk profile and risk management, which includes Sustainability or ESG-related risk, within the context of Board determined risk appetite (although ultimate responsibility for risk oversight, risk appetite and risk management rests with the Board). The BRCC refers all matters of significant importance to the Board, making recommendations to the Board concerning the Group’s current and future risk appetite, risk management strategy and particular risks or risk management practices, including those related to ESG matters like climate change, and a range of other environmental topics as relevant, such as biodiversity, water and forests. For example, information on the impacts of drought on credit risk.

The Board and/or BRCC receive reports on a range of ESG-related issues, strategy and commitments, risks and opportunities and related regulatory change and reporting returns. For example, the Board receive regular updates on operational environmental performance targets associated with mitigating water-related operational risk, this includes a target for office-based water consumption. This, and other operational environmental targets also ensure NAB Group reduces GHG emissions associated with water use.

Issue area(s)
Forests

Frequency with which the issue area(s) is a scheduled agenda item
Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated
Reviewing and guiding the risk management process
Other, please specify (Setting performance objectives; monitoring implementation and performance of objectives; opportunities)

Scope of board-level oversight
Risks and opportunities to our banking activities

Please explain
The NAB Board retains ultimate oversight for ESG-related matters, including strategy and risk management, supported by the Board Risk & Compliance Committee (BRCC). This includes considering issues associated with climate change, biodiversity, water, forests and a range of other topics as relevant. BRCC has accountability for oversight of NAB Group’s risk profile and risk management, which includes Sustainability or ESG-related risk, within the context of Board determined risk appetite (although ultimate responsibility for risk oversight, risk appetite and risk management rests with the Board). The BRCC refers all matters of significant importance to the Board, making recommendations to the Board concerning the Group’s current and future risk appetite, risk management strategy and particular risks or risk management practices, including those related to ESG matters like climate change, and a range of other environmental topics as relevant, such as biodiversity, water and forests.

The Board and/or BRCC receive reports on a range of ESG-related issues, strategy and commitments, risks and opportunities and related regulatory change and reporting returns. For example, the Board receive regular updates on operational environmental performance targets associated with forest-related risks including reducing officer paper purchased and increasing customer uptake of electronic statements. These targets also ensure NAB Group reduces GHG emissions associated with paper purchased and customer e-statement uptake. Reduction in paper consumption also reduces the residual impact of our paper use that may arise as a result of virgin paper consumption. In order to minimise the potential biodiversity impact of virgin paper use on forests, NAB buys recycled, carbon neutral paper.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area
Yes

Criteria used to assess competence of board member(s) on this issue area
Each year the Board assesses the skills and experience of each director and the combined capabilities of the Board. The insights from this assessment are documented in a skills matrix that is:
• Considered in the context of NAB Group's business and its strategic needs.
• Incorporated into Board succession planning and the selection of new directors.
• Used to inform areas of focus for the Board's continuing education and use of external expertise.

To prepare the skills matrix, each director rates their skills, expertise and experience against several competency areas that are then mapped to the skills matrix. The self-assessment ratings and skills matrix are reviewed and calibrated by the Nomination & Governance Committee on behalf of the Board. The current skills matrix is provided in NAB's 2022 Corporate Governance Statement. The Board assessed its combined skills and capabilities from an environmental and social perspective as strong. Where relevant to key decisions at Board-level, the Board will ensure it prioritises ESG-related information such as information on forests and forest-related issues in its briefings and development program.

Primary reason for no board-level competence on this issue area
<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future
<Not Applicable>

Water

Board member(s) have competence on this issue area
Yes

Criteria used to assess competence of board member(s) on this issue area
Each year the Board assesses the skills and experience of each director and the combined capabilities of the Board. The insights from this assessment are documented in a skills matrix that is:
• Considered in the context of NAB Group's business and its strategic needs.
• Incorporated into Board succession planning and the selection of new directors.
• Used to inform areas of focus for the Board's continuing education and use of external expertise.

To prepare the skills matrix, each director rates their skills, expertise and experience against several competency areas that are then mapped to the skills matrix. The self-assessment ratings and skills matrix are reviewed and calibrated by the Nomination & Governance Committee on behalf of the Board. The current skills matrix is provided in NAB's 2022 Corporate Governance Statement. The Board assessed its combined skills and capabilities from an environmental and social perspective as strong. Where relevant to key decisions at Board-level, the Board will ensure it prioritises ESG-related information such as information on water and water-related issues in its briefings and development program.

Primary reason for no board-level competence on this issue area
<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future
<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Position or committee
Chief Risks Officer (CRO)

Issue area(s)
Forests
Water

Forests- and/or water-related responsibilities of this position
Integrating forests- and/or water-related issues into the strategy
Conducting forests- and/or water-related scenario analysis
Monitoring progress against forests- and/or water-related corporate targets
Assessing forests- and/or water-related risks and opportunities
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking portfolio

Reporting line
Risk – CRO reporting line

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line
As important matters arise

Please explain
Similar to climate-related risks and issues, the Group Chief Risk Officer (GCRO) engages with the Board and/or Board Risk & Compliance Committee (BRCC)in relation to forests- and/or water related risks and issues, but from a frequency perspective it is where matters arise, rather than according to a regular frequency. Reporting may be provided in the GCRO's regular reporting to the BRCC. The GCRO is also a member of the Group Credit & Market Risk Committee and Chair of the Executive Risk & Compliance Committee. Other C-suite executives may also be responsible for specific forests- and/or water-related opportunities and for monitoring progress against specific corporate targets.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking – Forests exposure	Yes	<Not Applicable>
Banking – Water exposure	Yes	<Not Applicable>
Investing (Asset manager) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Banking – Forests exposure

Type of risk management process
Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process
100

Type of assessment
Qualitative and quantitative

Time horizon(s) covered
Short-term
Medium-term

Tools and methods used
External consultants
Internal tools/methods
Other, please specify (NAB's ESG Risk Assessment process)

% of clients/investees (by number) exposed to substantive risk
0

% of clients/investees (by portfolio exposure) exposed to substantive risk
0

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities
Where relevant for particular customers and/or sectors, NAB Group considers forests-related risks in day to day ESG risk assessments, this includes:
• seeking relevant forest related performance data in relation to certifications, voluntary commitments or regulatory compliance
• understanding relevant forest-related risks in their supply chain e.g. illegal land clearing or biodiversity loss
• understanding the risks related to extreme weather events, including those events related to forest-related bushfires.
This type of customer assessment helps us understand the likelihood that they suffer damage or loss in relation to these risks and how it may impact on their credit risk profile and ability to repay loans the Group provides. The assessments are integrated into the overall company-wide risk management process.

100% of the portfolio is considered covered by this risk management process as the initial screening process is applied Groupwide to all prospective and current customers. Risk assessments, including those related to forest-related risks are then conducted on particular customers or sectors, where relevant.

These risk assessments are predominantly qualitative, but can include quantitative analysis based upon customer and external consultant inputs.

Time horizon is considered as short-term to medium-term as the risk assessment is normally performed based upon the length tenor of the loan, usually less than 6 years.

Number of clients and portfolio exposure has been set to zero based upon no forest-related ESG risk provisions being included in our 2022 Annual Report.

Banking – Water exposure

Type of risk management process
Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process
100

Type of assessment
Qualitative and quantitative

Time horizon(s) covered
Short-term
Medium-term
Long-term

Tools and methods used
External consultants
Internal tools/methods
Scenario analysis
Other, please specify (NAB's ESG Risk Assessment process and Australian Prudential RegulationAuthority (APRA) Climate Vulnerability Assessment)

% of clients/investees (by number) exposed to substantive risk

% of clients/investees (by portfolio exposure) exposed to substantive risk
1

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities
1) Where relevant for particular customers and/or sectors, NAB Group considers water-related risks in day to day ESG risk assessments, this includes:
• seeking relevant water related performance data in relation to certifications (e.g. quality of water), voluntary commitments or regulatory compliance (e.g. water discharge or pollution standards)
• understanding relevant water-related availability risk in their supply chain e.g. participation in the water market or contracted water supply
• understanding the risks related to extreme weather events, including those events related to severe rainfall, flooding from changing sea levels and increased risk of sea surge or drought.
This type of customer assessment helps us understand the likelihood that they suffer damage or loss in relation to these risks and how it may impact on their credit risk profile and ability to repay loans the Group provides. The assessments are integrated into the overall company-wide risk management process.

2) In addition in FY2022, NAB Group completed work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involved two key activities – (i) counterparty assessment for a small group of 25 current and material non-finance sector customers; and (ii) climate stress testing at a portfolio level for mortgages and business lending. Two climate scenarios were used to examine climate-related physical (including acute physical water-related risk) and transition (including chronic physical water-related risk) impacts over a 30- year period from 2020 through to 2050 at 5-year intervals. Climate risks have the potential to cause immediate financial risks to both financial and non-financial entities: as a result, a system-wide approach is best placed to address the potential impacts associated with this risk. Achieving the objectives of the CVA will strengthen the understanding and management of climate risk in the banking sector.

3) In addition, in FY2019, following the onset of the 2018/19 Australian drought, NAB performed risk analysis on its Australian Agriculture portfolio exposure for drought impacted areas. External geo-location data for bushfire impacted areas published by Australian states was used together with NAB exposure at default by state.

100% of the portfolio is considered as covered by this risk management process as the initial ESG screening process is applied Groupwide to all prospective and current customers. Risk assessments, including those related to water-related risks are then conducted on particular customers or sectors, where relevant.

NAB's ESG risk assessments are predominantly qualitative, but can include quantitative analysis based upon customer and external consultant inputs. The CVA and FY2019 drought analysis exercises used both a qualitative and quantitative assessment approach.

The time horizon is considered to be short-term through to long-term as:
1) the NAB ESG risk assessment is normally performed based upon the length tenor of the loan, usually (but not always) up to but less than 6 years (i.e. short to medium term); and
2) the CVA uses a long-term scenario analysis up to 2050 (long term); and
3) the FY2019 drought analysis exercise was short term.

In our 2022 Annual Report provisions of $14m was made for the potential impact of flooding. Refer to page 192, which states "Group holds FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14m (2021: $nil) for the potential impact of the Lismore floods". The % of portfolio exposure for clients exposed to this substantive risk is assessed as 1% (rounded) based upon on overlay of Australian mortgage exposure plus non-retail exposure to the floods, as a proportion of our total mortgage and non-retail exposure. This is 0.8% rounded to 1% for submission.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	<Not Applicable>
Banking – Water-related information	Yes	<Not Applicable>
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Forests-related information	Scope and content of forests policy Commitment to eliminate deforestation/conversion of other natural ecosystems Certification of forests risk commodities Traceability of forest risk commodities Origin of forest risk commodities	Directly from the client/investee Public data sources Other, please specify (A media scan is also performed to understand any reputational issues or to confirm information from the client.)	Materials Retailing Food, Beverage & Tobacco Real Estate Other, please specify (Forestry and Logging, Agriculture, Mining and Property Development.)	Where relevant for particular customers and/or sectors, NAB Group considers forest-related risks in day-to-day ESG risk assessments as part of our credit risk and due diligence processes. This type of customer assessment helps us understand the likelihood that they suffer damage and loss because of extreme weather events, including those events related to forest-related bushfires, and in turn how they reduce the likelihood that these events will impact on their credit risk profile and ability to repay loans the Group provides. The assessment also includes a review of relevant performance data in relation to any forest-related voluntary or regulatory compliance requirements (e.g. responsible sourcing commitments or compliance with land-clearing laws). The results of the assessment are used in the credit decision-making process and may influence the decision to lend. Where relevant these assessments are conducted annually.
Banking – Water-related information	Water withdrawal and/or consumption volumes Water discharge treatment data Breaches to local water regulations	Directly from the client/investee Public data sources Other, please specify (A media scan is also performed to understand any reputational issues or to confirm information from the client.)	Energy Transportation Food, Beverage & Tobacco Pharmaceuticals, Biotechnology & Life Sciences Utilities Other, please specify (Agriculture, Mining including Coal, Oil & Gas.)	Where relevant for particular customers and/or sectors, NAB Group considers water-related risks in day-to-day ESG risk assessments as part of our credit risk and due diligence processes. This type of customer assessment helps us understand the likelihood that they suffer damage and loss because of extreme weather events, including those events related to severe rainfall, flooding from changing sea levels and increased risk of sea surge, and drought, and in turn how they reduce the likelihood that these events will impact on their credit risk profile and ability to repay loans the Group provides. The assessment also includes a review of relevant performance data in relation to water discharge and any water-related regulatory compliance requirements. The results of the assessment are used in the credit decision-making process and may influence the decision to lend. Where relevant these assessments are conducted annually.
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	Yes	<Not Applicable>	<Not Applicable>
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk1

Portfolio where risk driver occurs
Banking (Bank) portfolio

Issue area risk relates to
Water

Risk type & Primary risk driver

Chronic physical	Changing precipitation patterns and types (rain, hail, snow/ice)

Primary potential financial impact
Increased credit risk

Risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Parts of Australia are prone to, and have experienced, acute physical climate events such as severe drought conditions and bushfires over the 2019/2020 summer period, followed by severe floods in Eastern Australia in early 2021 and again in 2022. The impact of these extreme weather events can be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on NAB may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default.

The 2022 Climate Report (particularly pgs 16 – 17) describes the climate-related scenario analysis that NAB has undertaken to assess the climate vulnerability of its lending portfolio. Portfolio level climate stress testing was undertaken to segment the portfolio by relative risk levels and estimate financial impacts in terms of future losses.

Physical risk modelling covered a range of perils (e.g. flood, drought, heat, fire, rainfall) and used postcode level projections of the potential change in climate risks, which were translated into estimated financial impacts. Portfolio level analysis was applied to both mortgage and business lending. For customer-level analysis, the focus was on analysing climate-related risk for a sample of customers in a range of high emitting sectors including: coal mining, oil & gas extraction, electricity supply, manufacturing, construction and transport.

Under the climate scenarios used, only a small proportion (approximately 2%) of NAB exposures face a high level of climate risk exposure, which moderates the overall impact. The overall portfolio impact was rated as moderate. For agricultural lending analysed, regions with the greatest projected physical risk impacts aligned to 2017-2019 drought experience. NAB did not see material credit losses through this drought, but the compounding impacts of more frequent and severe and multi-hazard events is highly likely to increase this risk level in the future.

In our 2022 Annual Report provisions of $14m was made for the potential impact of flooding. Refer to page 192, which states "Group holds FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14m (2021: $nil) for the potential impact of the Lismore floods".

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
18870000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The main financial impact to NAB as a bank is an increase in customer hardship related concerns, any financial assistance measures provided and defaults. Material costs are reported in our financial reporting e.g. in FY2020 results, collective provision forward looking adjustments of $89m were made to address the impact of extreme weather conditions on our Agri customers due to Australian drought considerations. For FY2022, provision was made of $14m to account for the potential impacts of floods in Lismore.

When natural disasters (including bushfires and floods) hit, NAB and the NAB Foundation provide support to customers and communities. In 2022, floods in Qld and NSW affected many NAB customers, colleagues and their communities. Through NAB Ready Together, NAB and NAB Foundation provided $4.87 million in support, including:
• $3.53 million in emergency relief grants from NAB to customers and colleagues.
• $847,000 in grant funding from NAB Foundation to emergency services and community organisations in flood areas.
• $250,000 donation from a nabtrade Charity Trading Day to GIVIT's storm and flood appeal.
• $243,000 in public and colleague donations to GIVIT to provide goods, services and funding directly to communities in need.

Refer to https://www.nab.com.au/about-us/sustainability/natural-disaster-relief-support for information about disaster relief support offered by NAB and the NAB Foundation.

Total impact is therefore estimated as $18.87m (financial assistance of $4.87m and provision of $14m for FY2022 year).

Cost of response to risk
2600000

Description of response and explanation of cost calculation
NAB uses a number of methods to reduce likelihood and magnitude of these risks negatively impacting credit risk. NAB (i) assesses industry sectors to understand

customer vulnerability with increasing focus on climate impact on natural capital (NAB is a large agribusiness bank); (ii) assists customers to manage, adapt and improve resilience to physical climate risks (e.g. providing finance to support sustainable farming practices); and (iii) NAB's Natural Disaster Relief package is available to customers facing hardship due to natural disasters.

As a bank, considering current and future risks, reassessing credit risk and assisting customers in times of hardship (including natural disasters) is part of business- as-usual risk and relationship management. Consideration of climate risk is part of this process and not separately costed. However, NAB is working with a range of external research initiatives in relation to climate modelling to assess future risk for our customer portfolio. External costs in 2022 were separately costed at approximately $2.6m, this total being made up of research projects (e.g. supporting the Climate Measurement Standards Initiative & CSIRO natural capital research), memberships (e.g. CDP, CCCA, UNEP FI) and modelling (e.g. ClimateWorks partnership to develop a Natural Capital Roadmap and Natural Capital Measurement Catalogue).

Comment

Identifier
Risk2

Portfolio where risk driver occurs
Banking (Bank) portfolio

Issue area risk relates to
Forests

Risk type & Primary risk driver

Reputation	Negative media coverage related to financing/insuring of projects or activities with negative impacts on forests

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
NAB is a bank with a large agricultural customer base in Australia and New Zealand (for example, almost 1 in 3 dollars lent to the Australian agricultural sector is lent by NAB and around 5% of Group Exposure at Default (EAD) was related to Agribusiness in the 2022 Financial Year). A number of these customers will own property that is subject to state-based land-clearing laws or related emissions requirements from operations that may impact forests, if an emissions-breach event occurs. NAB can be reputationally impacted where customers are found to be in breach of applicable laws and regulations.

Time horizon
Short-term

Likelihood
Unlikely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Financial impact figure is not applicable in assessing the reputational impact caused by negative reputational impacts from customers breaching forest-related laws. Reputational impact is assessed using an internal qualitative rating methodology that considers impacts as they relate to the investment community, media and general public.

Cost of response to risk
0

Description of response and explanation of cost calculation
Internal staff costs associated with assessing and managing current and future credit-related risks as they pertain for forest-related risks are part of business-as-usual activities and not separately costed.

Comment

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	Yes	<Not Applicable>	<Not Applicable>
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.4a

(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Portfolio where opportunity occurs
Banking (Bank) portfolio

Issue area opportunity relates to
Forests

Opportunity type & Primary opportunity driver

Products and services	Development and/or expansion of financing products and solutions supporting sustainable forest risk commodity supply chains

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company- specific description
NAB is pursuing a number of opportunities that are related to sustainable forest risk commodity supply chains:
1) NAB has developed capabilities to improve access, efficiency and security for carbon markets. Carbonplace, a carbon credit settlement platform jointly developed by NAB and some of the world's largest financial institutions, completed a successful pilot transfer of Verra-certified carbon credits in 2022. The transfer was facilitated by NAB, on behalf of Visa, and Itaú Unibanco, on behalf of Sustainable Carbon. One of several pilot trades completed in 2022, this trade underscores how the institutions behind Carbonplace can collaboratively use infrastructure to develop an efficient market for the trading of carbon credits.

2) In 2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Projects funded may:
• Reduce business costs such as energy, fertiliser and water.
• Address key risks from climatic events, including bushfires and floods.
• Enhance business productivity.
• Support sustainable farming claims that may strengthen engagement with customers.
Financial impacts will be included in next year's CDP return.

3) NAB is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, having previously participated as an observer to the informal working group that established the TNFD. NAB is currently undertaking an assessment of material nature-related risks across its portfolio as part of its response to TNFD. It includes consideration of water use and terrestrial ecosystem change.

4) We are focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital, including forests. This includes supporting research, such as:
• ClimateWorks Australia – development of a natural capital measurement catalogue that defines metrics that be measured across Australian farms.
• CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially while these initiatives are still in a development phase. Future potential impact figures may be commercially sensitive once known.

Cost to realize opportunity
33000

Strategy to realize opportunity and explanation of cost calculation
Costs to develop these initiatives are considered business-as-usual and are not separately costed.

For our CSIRO opportunity, the research findings have increased our understanding of the nature-related risks and opportunities associated with the Australian forestry sector and has created the foundation for collecting the information and describing the key risks against which scenarios can be modelled in the future. The contract was $33,000, excluding in-kind contributions in the form of time from our staff and customers.

Comment

Identifier

Opp2

Portfolio where opportunity occurs
Banking (Bank) portfolio

Issue area opportunity relates to
Water

Opportunity type & Primary opportunity driver

Products and services	Development and/or expansion of financing products and solutions supporting water security

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company- specific description
NAB provides project finance to water-related initiatives that address water security. In FY2022, NAB provided finance to six water-related projects that included desalination plants, irrigation schemes and wastewater treatment plants. These were located in Australia, New Zealand and South America.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
249387398

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In 2022, NAB achieved its target to provide $70bn* in environmental financing ahead of the 2025 target date. NAB's environmental finance target includes specialised lending, corporate and securitisation financing to help address climate change, sustainability and assist the transition to a low carbon economy. It includes the provision of water-related activities such as investments to deal with rainfall volatility and water treatment and recycling.

The potential financial impact figure represents the total project finance for six water-related projects in the project finance portfolio – expressed as EAD – as at 30 September 2022. The timescale for financing these projects is greater than six years (therefore long-term).

*Represents total cumulative new flow environmental financing from 1 Oct 2015.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
NAB formed a Climate Change Working Group (CCWG) in late 2016, involving management representatives from across the business. In FY21 this was replaced with a Sustainability Council to further formalise how we work across the enterprise, align activity behind our key sustainability focus areas and track and report progress in relation to sustainability matters, including those addressing water-related risk. NAB has embedded sustainability in its long-term strategy, supported by a sustainability scorecard which has targets and key measures to show progress in meeting goals aligned to the strategy. This includes those related to the environmental financing target - and addressing any road blocks to realising opportunities.

The costs related to project finance for six water-related projects in the project finance portfolio in FY2022 are not separately costed out and are considered BAU.

Comment

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

NAB has a Natural Value strategy that is built on understanding the linkages and dependencies of natural capital upon customers, operations and supply chains, including forest-related natural capital. It is founded upon integrating this understanding into our products, services and building capability within our networks. Initially, we have focused upon our agribusiness customers. However, our commitment to Natural Value extends across our entire business.

An example of how forest-related risks and opportunities have influenced decision-making – NAB is the only Australian bank to sign the Natural Capital Declaration (NCD) – an initiative of the Natural Capital Finance Alliance (NCFA) – it is a global statement that recognises that natural capital poses significant potential risks and opportunities to the finance sector. In December 2011, NAB was one of two inaugural signatories to the NCD globally. Participating in the NCFA and endorsing the NCD has been part of our journey towards understanding natural capital risks and opportunities, building the tools and methodologies to integrate natural capital considerations into our day-to-day decision-making processes and risk assessment, and supporting our collaboration with others as we work to help our business (and our sector) adapt for a sustainable future. The NCD is convened by the United Nations Environment Programme Finance Initiative and the Global Canopy Programme.

Time horizon for the Natural Value strategy is open-ended and is regularly reviewed and updated. NAB is currently developing its response to the Taskforce for Nature-related Financial Disclosures framework. The framework includes consideration of nature-related risks such as deforestation and biodiversity loss.

Financial planning elements that have been influenced

Capital allocation

Description of influence on financial planning

Capital allocation (time horizon is annually) – Full time FTE and budget are directed to research and collaboration initiatives as part of the Natural Value strategy.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

NAB has a Natural Value strategy that is built on understanding the linkages and dependencies on natural capital by our customers, operations and supply chains, including water-related natural capital. It is founded upon integrating this understanding into our products, services and building capability within our networks. Initially, we have focused upon our agribusiness customers. However, our commitment to Natural Value extends across our entire business.

An example of how forest-related risks and opportunities have influenced decision-making – NAB is the only Australian bank to sign the Natural Capital Declaration (NCD) – an initiative of the Natural Capital Finance Alliance (NCFA) – it is a global statement that recognises that natural capital poses significant potential risks and opportunities to the finance sector. In December 2011, NAB was one of two inaugural signatories to the NCD globally. Participating in the NCFA and endorsing the NCD has been part of our journey towards understanding natural capital risks and opportunities, building the tools and methodologies to integrate natural capital considerations into our day-to-day decision-making processes and risk assessment, and supporting our collaboration with others as we work to help our business (and our sector) adapt for a sustainable future. The NCD is convened by the United Nations Environment Programme Finance Initiative and the Global Canopy Programme.

Time horizon for the Natural Value strategy is open-ended and is regularly reviewed and updated. NAB is currently developing its response to the Taskforce for Nature-related Financial Disclosures framework. The framework includes consideration of nature-related risks such as water.

Financial planning elements that have been influenced

Capital allocation
Provisions or general reserves

Description of influence on financial planning

Capital allocation (time horizon is annually)– Full time FTE and budget are directed to research and collaboration initiatives as part of the Natural Value strategy, for example our 2022 Climate Report highlights that >300 agribusiness colleagues have been supported with climate training.

Provisions (time horizon is annually) – Due to the substantive impact of drought conditions and/or extreme weather events on agri-customers, our 2020 Full Year Investor Presentation (Slide 84) noted that NAB's collective provision forward looking adjustment reduced by $91m to $89m at 30 September 2020, reflecting easing of drought conditions for the bulk of exposures. In our 2022 Annual Report we noted that this provisioning was no longer required. However, provisions of $14m was made for the potential impact of flooding. Refer to page 192, which states "Group holds FLAs in its credit impairment provisions reflecting the potential impact of emerging ESG risks. This includes $14 million (2021: $nil) for the potential impact of the Lismore floods".

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area
No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don’t plan to in the next two years

Type of scenario analysis used
<Not Applicable>

Parameters, assumptions, analytical choices
<Not Applicable>

Description of outcomes for this issue area
<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy
<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future
Our recent focus has been on using scenario analysis in the context of using climate scenarios for a regulator-led Climate Vulnerability Assessment exercise conducted by major Australian banks, including NAB, in FY2021 and FY2022. There are also limitations around the availability of appropriate data and tools for scenario analysis, including the lack of relevant scenarios that are specific to forest-related risk. The use of scenarios to identify forest-related outcomes will be assessed as further guidance and requirements emerge from the Taskforce on Nature-related Financial Disclosures (TNFD). NAB is a member of the TNFD Forum. NAB's partnership with CSIRO (a government research organisation) to develop a natural capital risk framework for the forestry sector has created the foundation for collecting the information and describing the key risks against which scenarios can be modelled into the future.

Water

Scenario analysis conducted to identify outcomes for this issue area
No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

Type of scenario analysis used
<Not Applicable>

Parameters, assumptions, analytical choices
<Not Applicable>

Description of outcomes for this issue area
<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy
<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future
Our recent focus has been on using scenario analysis in the context of using climate scenarios for a regulator-led Climate Vulnerability Assessment exercise conducted by major Australian banks, including NAB, in FY2021 and FY2022. There are also limitations around the availability of appropriate data and tools for scenario analysis, including the lack of relevant scenarios that are specific to water-related risk. The use of scenarios to identify water-related outcomes will be assessed as further guidance and requirements emerge from the Taskforce on Nature-related Financial Disclosures (TNFD). NAB is a member of the TNFD Forum. NAB is currently developing its response to the TNFD framework, which includes undertaking an assessment to identify material nature-related risks across our portfolio.

In addition, in FY2019, following the onset of the 2018/19 Australian drought, NAB performed risk analysis on its Australian Agriculture portfolio exposure for drought impacted areas. External geo-location data for bushfire impacted areas published by Australian states was used together with NAB exposure at default by state. This analysis is conducted on an as needs basis.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	No, and we do not plan to set targets in the next two years	NAB is a member of the TNFD Forum. NAB has been participating in the Australian Government’s TNFD education and awareness raising activities. This has included providing detailed feedback on the TNFD recommendations and implementation challenges through the Australian Banking Association and government consultation processes. NAB is developing a roadmap that will allow us to respond to the TNFD when it is launched at the end of 2023. Any future forest-related targets will be considered as this work progresses.
Water Security	No, and we do not plan to set targets in the next two years	NAB is a member of the TNFD Forum. NAB has been participating in the Australian Government’s TNFD education and awareness raising activities. This has included providing detailed feedback on the TNFD recommendations and implementation challenges through the Australian Banking Association and government consultation processes. NAB is developing a roadmap that will allow us to respond to the TNFD when it is launched at the end of 2023. Any future water-related targets will be considered as this work progresses.

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.4a

(FW-FS3.4a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type
Project finance

Taxonomy or methodology used to classify product(s)
Internally classified

Product enables clients to mitigate
Water insecurity

Description of product(s)
NAB provides project finance to water-related initiatives that address water security. In FY2022, NAB provided finance to six water-related projects that included desalination plants, irrigation schemes and wastewater treatment plants. These were located in Australia, New Zealand and South America.

% of total portfolio value is given as a proportion of the total project finance portfolio for NAB as reported for Equator Principles as at 30 September 2022.

Type of activity financed, invested in or insured
Sustainable agriculture
Water supply and sewer networks infrastructure
Wastewater treatment infrastructure

Portfolio value (unit currency – as specified in C0.4)
249387398

% of total portfolio value
1.3

Product type
Corporate loans

Taxonomy or methodology used to classify product(s)
LMA Sustainability Link Loans Principles

Product enables clients to mitigate
Deforestation
Water insecurity

Description of product(s)
NAB provides Sustainability Linked Loans (SLLs) which incentivise relevant client's achievements of ambitious, predetermined sustainability performance objectives. SLLs that have key performance indicators relating to mitigation of forest or water-related risks have been identified.

% of total portfolio value is given as a proportion of the total SLLs written in FY2022.

Type of activity financed, invested in or insured
Water resources and ecosystem protection

Portfolio value (unit currency – as specified in C0.4)
540000000

% of total portfolio value
18

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	No, and we do not plan to include this issue area in the next two years	NAB has integrated Sustainability Risk as a material risk category in its Risk Management Framework. This brings ESG risk considerations into NAB's day-to-day decision-making. NAB considers exposure to ESG risk at both a lending portfolio and an individual client level. At the client 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. NAB considers customers' forest-related risk, impacts and dependencies, regulatory requirements and voluntary commitments, including forest stewardship commitments. Performance against relevant criteria is reviewed periodically as part of ongoing credit reviews.
Water	No, and we do not plan to include this issue area in the next two years	NAB has integrated Sustainability Risk as a material risk category in its Risk Management Framework. This brings ESG risk considerations into NAB's day-to-day decision-making. NAB considers exposure to ESG risk at both a lending portfolio and an individual client level. At the client 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 and sensitive activities. NAB considers customers' water-related risk, impacts and dependencies, regulatory requirements (including water entitlements) and voluntary commitments, water recycling and efficiency initiatives. Performance against relevant criteria is reviewed periodically as part of ongoing credit reviews.

FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	<Not Applicable>	NAB has integrated Sustainability Risk as a material risk category in its Risk Management Framework. This brings ESG risk considerations into NAB's day-to-day decision-making. NAB considers exposure to ESG risk at both a lending portfolio and an individual client level. At the client 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. NAB considers customers' forest-related risk, impacts and dependencies, regulatory requirements and voluntary commitments, including forest stewardship certification. Performance against relevant criteria is reviewed periodically as part of ongoing credit reviews.
Water	No, and we do not plan to in the next two years	<Not Applicable>	NAB has integrated Sustainability Risk as a material risk category in its Risk Management Framework. This brings ESG risk considerations into NAB's day-to-day decision-making. NAB considers exposure to ESG risk at both a lending portfolio and an individual client level. At the client 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 and sensitive activities. NAB considers customers' water-related risk, impacts and dependencies, regulatory requirements (including water entitlements) and voluntary commitments, water recycling and efficiency initiatives. Performance against relevant criteria is reviewed periodically as part of ongoing credit reviews.

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	Yes	<Not Applicable>
Clients – Water	Yes	<Not Applicable>
Investees – Forests	<Not Applicable>	<Not Applicable>
Investees – Water	<Not Applicable>	<Not Applicable>

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients
Clients of Banks

Issue area this engagement relates to
Forests

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Offer financial incentives for clients managing forests-related issues
Offer financial incentives to clients for demonstrable progress against forests-related targets
Encourage clients to obtain third-party certifications to verify positive impacts on forests
Encourage clients to engage with suppliers to improve their capacity to comply with the company's forests-related polices

Portfolio coverage of engagement
1

Rationale for the coverage of your engagement
Engagement targeted at clients with increased forests-related opportunities

Impact of engagement, including measures of success
NAB engages customers in relation to Sustainability Linked Loans (SLLs) to agree predetermined sustainability performance objectives, including those that manage forest-related risks.
Measures of success are achievement of the pre-agreed key performance indicators by the client.

In FY2022, NAB helped North Queensland Airports arrange Australia's first SLL that addresses climate change, helps protect its natural biodiversity and increases the employment of Australia's First peoples. The biodiversity performance indicator relates to the enhancement of three threatened species and their coastal habitats.

Type of clients
Clients of Banks

Issue area this engagement relates to
Forests

Type of engagement
Education/information sharing

Details of engagement
Engage with clients on measuring exposure to forests-related risk

Portfolio coverage of engagement
1

Rationale for the coverage of your engagement
Engagement targeted at clients with increased forests-related opportunities

Impact of engagement, including measures of success
Engagement on the findings from CSIRO research funded by NAB has resulted in forestry customers considering natural capital within their decision-making processes; e.g. integration of natural capital reporting within financial reporting to elevate the importance of natural capital to financial outcomes.

Type of clients
Clients of Banks

Issue area this engagement relates to
Water

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Offer financial incentives for clients managing water-related issues
Offer financial incentives to clients for demonstrable progress against water-related targets

Portfolio coverage of engagement
1

Rationale for the coverage of your engagement
Engagement targeted at clients with increased water-related opportunities

Impact of engagement, including measures of success
NAB engages customers in relation to Sustainability Linked Loans (SLLs) to agree predetermined sustainability performance objectives, including those that manage water-related risks .
Measures of success are achievement of the pre-agreed key performance indicators by the client.

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Yes	Timber products Soy Coffee Sugar Cattle products	<Not Applicable>	<Not Applicable>

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Timber products

Financial service provided
Banking

Smallholder financing/insurance approach
Financial incentives for sustainable practices
Long term financing/insurance contracts

Other smallholder engagement approaches
Support for smallholders in high-risk water stress regions
Other, please specify (Interest holidays for natural disasters, including bushfire, drought, floods.)

Number of smallholders supported
762

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity
As Australia's largest agribusiness bank, we're focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital. Examples include:
• In FY2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Eligible projects include: those that address key risks from climatic events, including bushfires and floods; and those that support sustainable farming claims that may strengthen engagement with customers. The Agri Green Loan was formally launched in FY2023 and financial impacts will be included in next year's CDP return.
• ClimateWorks Australia: With strong participation from industry, academia, government and NGOs, ClimateWorks Australia completed the development of a natural capital catalogue. The catalogue defines what natural capital metrics can be measured across Australian farms and how they can be measured. The next phase of this work in 2022 will involve piloting the metrics on participating farms.
• We have provided research funding to CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

NAB also provides financial support for natural disasters, including bushfires, drought and floods. For example, providing interest 'holidays'.

Soy

Financial service provided
Banking

Smallholder financing/insurance approach
Financial incentives for sustainable practices
Long term financing/insurance contracts

Other smallholder engagement approaches
Support for smallholders in high-risk water stress regions
Other, please specify (Interest holidays for natural disasters, including bushfire, drought, floods.)

Number of smallholders supported
9

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity
As Australia's largest agribusiness bank, we're focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital. Examples include:
• In FY2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Eligible projects include: those that address key risks from climatic events, including bushfires and floods; and those that support sustainable farming claims that may strengthen engagement with customers. The Agri Green Loan was formally launched in FY23 and financial impacts will be included in next year's CDP return.
• ClimateWorks Australia: With strong participation from industry, academia, government and NGOs, ClimateWorks Australia completed the development of a natural capital catalogue. The catalogue defines what natural capital metrics can be measured across Australian farms and how they can be measured. The next phase of this work in 2022 will involve piloting the metrics on participating farms.
• We have provided research funding to CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

NAB also provides financial support for natural disasters, including bushfires, drought and floods. For example, providing interest 'holidays'.

Coffee

Financial service provided
Banking

Smallholder financing/insurance approach
Financial incentives for sustainable practices
Long term financing/insurance contracts

Other smallholder engagement approaches
Support for smallholders in high-risk water stress regions
Other, please specify (Interest holidays for natural disasters, including bushfire, drought, floods.)

Number of smallholders supported
3

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity
As Australia's largest agribusiness bank, we're focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital. Examples include:
• In FY2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Eligible projects include: those that address key risks from climatic events, including bushfires and floods; and those that support sustainable farming claims that may strengthen engagement with customers. The Agri Green Loan was formally launched in FY23 and financial impacts will be included in next year's CDP return.
• ClimateWorks Australia: With strong participation from industry, academia, government and NGOs, ClimateWorks Australia completed the development of a natural capital catalogue. The catalogue defines what natural capital metrics can be measured across Australian farms and how they can be measured. The next phase of this work in 2022 will involve piloting the metrics on participating farms.
• We have provided research funding to CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

NAB also provides financial support for natural disasters, including bushfires, drought and floods. For example, providing interest 'holidays'.

Sugar

Financial service provided
Banking

Smallholder financing/insurance approach
Financial incentives for sustainable practices
Long term financing/insurance contracts

Other smallholder engagement approaches
Support for smallholders in high-risk water stress regions
Other, please specify (Interest holidays for natural disasters, including bushfire, drought, floods.)

Number of smallholders supported
596

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity
As Australia's largest agribusiness bank, we're focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital. Examples include:
• In FY2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Eligible projects include: those that address key risks from climatic events, including bushfires and floods; and those that support sustainable farming claims that may strengthen engagement with customers. The Agri Green Loan was formally launched in FY23 and financial impacts will be included in next year's CDP return.
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• We have provided research funding to CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

NAB also provides financial support for natural disasters, including bushfires, drought and floods. For example, providing interest holidays.

Cattle products

Financial service provided
Banking

Smallholder financing/insurance approach
Financial incentives for sustainable practices
Long term financing/insurance contracts

Other smallholder engagement approaches
Support for smallholders in high-risk water stress regions
Other, please specify (Interest holidays for natural disasters, including bushfire, drought, floods.)

Number of smallholders supported
9217

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity
As Australia's largest agribusiness bank, we're focused on helping farmers with tailored products and services to reduce their emissions, manage physical climate risk and support their use of natural capital. Examples include:
• In FY2022, NAB piloted its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk. The NAB Agri Green Loan is a tailored business loan to finance specific activities aligned to the independent framework and categories set out under the Climate Bonds Standard Agriculture Criteria. Eligible projects include: those that address key risks from climatic events, including bushfires and floods; and those that support sustainable farming claims that may strengthen engagement with customers. The Agri Green Loan was formally launched in FY23 and financial impacts will be included in next year's CDP return.
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• We have provided research funding to CSIRO (a government research organisation) to deliver a natural capital risk assessment of Australian Forestry.

NAB also provides financial support for natural disasters, including bushfires, drought and floods. For example, providing interest holidays.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, we engage directly with policy makers Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact this issue area	<Not Applicable>	<Not Applicable>
Water	Yes, we engage directly with policy makers Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact this issue area	<Not Applicable>	<Not Applicable>

FW-FS4.4a

(FW-FS4.4a) On what policy, law, or regulation that may impact forests and/or water security have you been engaging directly with policy makers in the reporting year?

Issue area(s)
Forests

Focus of policy, law or regulation that may impact this issue area
Other, please specify (Creation of a Nature Repair Market)

Specify the policy, law or regulation on which your organization is engaging with policymaker
A Market for Biodiversity (precursor consultation on the Draft Nature Repair Market Bill).

Policy, law or regulation coverage
National

Country/area/region the policy, law or regulation applies to
Australia

Your organization's position on the policy, law or regulation
Support with minor exceptions

Description of engagement with policymakers
Direct engagement with the Australian government about the proposed market for biodiversity. Indirect feedback via the Australian Banking Association.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
Clarifications that were identified are contained in the Australian Banking Association submission. They spanned: the purpose of the market; need for standardisation; supply and demand considerations; market integrity considerations; and learning from other schemes.

Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?
No, we have not evaluated

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, but we plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	We started with an operational focus (for example changing paper purchasing to reduce impacts on forests). Through our Natural Capital program, we are leveraging the outcomes from our research to develop metrics that support our customers in their management of forest related risks and assets. We will be guided by the developments of the TNFD to measure portfolio impacts.
Banking – Impact on Water	No, but we plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	We started with an operational focus (changed water use and set reduction targets). Through our Natural Capital program, we are leveraging the outcomes from our research to develop metrics that support our customers in their management of water related risks and assets. We will be guided by the developments of the TNFD to measure portfolio impacts.
Investing (Asset manager) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Yes	Yes	<Not Applicable>
Lending to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Yes	Yes	<Not Applicable>
Lending to companies operating in the soy supply chain	Yes	Yes	<Not Applicable>
Lending to companies operating in the rubber supply chain	Yes	Yes	<Not Applicable>
Lending to companies operating in the cocoa supply chain	Yes	Yes	<Not Applicable>
Lending to companies operating in the coffee supply chain	Yes	Yes	<Not Applicable>
Investing (asset manager) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.2a

(FW-FS5.2a) For each portfolio activity, state the value of your financing and/or insurance of companies operating in forests risk commodity supply chains in the reporting year.

Lending to companies operating in the timber products supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
2589389499

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
4.43

Lending to companies operating in the cattle products supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
16587625833

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
28.35

Lending to companies operating in the soy supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
37081303

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
0.06

Lending to companies operating in the rubber supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
33097649

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
0.06

Lending to companies operating in the cocoa supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
254095

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
0.0004

Lending to companies operating in the coffee supply chain

Forest risk commodity supply chain stage coverage
Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
180430188

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage portfolio value
0.31

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Focus of the Publication
Forests

Publication
In mainstream reports

Status
Complete

Attach the document
NAB_2022_Annual_Report.pdf https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-annual-report.pdf

Page/Section reference
Pg 16, section "Maintaining resilient & sustainable business practices" describes how the "Long-term" strategic pillar of the NAB strategy has a focus on ESG risk management.
Pg 48, section "ESG risk management" describes governance and assessment processes that apply to forests- and water-related risks and opportunities.
Pg 41, section "Biodiversity & natural capital" describes responses to forests- and water-related risks and opportunities and our natural capital related research investments.

Content elements
Governance
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Focus of the Publication
Water Security

Publication
In mainstream reports

Status
Please select

Attach the document
NAB_2022_Annual_Report.pdf https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-annual-report.pdf

Page/Section reference
Pg 16, section "Maintaining resilient & sustainable business practices" describes how the "Long-term" strategic pillar of the NAB strategy has a focus on ESG risk

management.
Pg 48, section "ESG risk management" describes governance and assessment processes that apply to forests- and water-related risks and opportunities.
Pg 41, section "Biodiversity & natural capital" describes responses to forests- and water-related risks and opportunities and our natural capital related research investments.

Content elements
Governance
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Focus of the Publication
Forests

Publication
In voluntary communications

Status
Underway – previous year attached

Attach the document

Page/Section reference
See NAB's Natural Capital strategy (https://www.nab.com.au/about-us/sustainability/environment/natural-capacity-resource-management).

Content elements
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Focus of the Publication
Water Security

Publication
In voluntary communications

Status
Underway – previous year attached

Attach the document

Page/Section reference
See NAB's Natural Capital strategy (https://www.nab.com.au/about-us/sustainability/environment/natural-capacity-resource-management).

Content elements
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below
I have read and accept the applicable Terms