National Australia Bank - Climate Change 2022

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.

In the 2020 financial year (FY2020), the Group refreshed its Strategy, which is outlined on pg 14 of our 2021 Annual Review. A key pillar of the refreshed Group Strategy is **a long-term sustainable approach** which is inclusive of our focus on sustainability (see pgs 14 and 22 of our 2021 Annual Review), we are focused on:

· **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 pg 29 of our 2021 Annual Review and the TCFD disclosures in pgs 38-48 of our 2021 Annual Financial Report.

The Group identifies and prioritises current and future business opportunities, including those related to climate change (for example, financing activities like renewable power generation or water security projects which help deliver resilience to drought). This occurs through strategic planning processes both at a Group and business line level.

The Group's climate change strategy includes a goal to align its lending portfolio to net zero emissions by 2050 through:

· Working with customers to decarbonise and build resilience

· Managing climate risk

supported by:

· Actively reducing our own emissions

· Highly capable colleagues

· Research, partnerships and engagement.

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

NAB 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 December 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 FY2021, NAB commenced 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 is 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 FY2020, we progressed work to deliver on the Collective Commitment to Climate Action. This included further work on estimated financed emissions attributable to NAB in Australia as they relate to our lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas) sectors. In FY2021, we estimated attributable financed emissions for an additional three sectors (transport, heavy manufacturing, and small business to medium businesses in the commercial and services sectors) and progressed work on our goal to work with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low-carbon transition plans by 2023.

For more details about our climate change strategy and governance refer to our TCFD disclosures in our 2021 Annual Financial Report (see pgs 40-48). Further information about our climate action is available in our 2021 Annual Review (pgs 29-36) and Sustainability data pack and on our website here.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2020	June 30 2021	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

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

C0.4

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

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your 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(s)	Please explain
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 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 BRCC provides an opportunity for Board members to discuss climate change risks and opportunities. For FY2021, key decisions included review and approval of: (i) NAB Group's FY2021 TCFD disclosures – which are included in the Report of Directors in NAB Group's FY2021 Annual Financial Report; and (ii) the outcomes of NAB's review of the oil and gas sector, including updates to NAB Group's fossil fuel lending policies and credit risk appetite settings. These included a cap on oil and gas exposure at default at USD2.4 bn*. The Group will reduce its 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. The full list of updates to the Group's ESG-related credit policy and risk settings is available on the Group website here: https://news.nab.com.au/news/nab-updates-esg-related-credit-policy-and-risk-settings/ * 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).

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	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	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 (e.g. progress against NAB's target to provide $70bn in environmental finance by 2025) 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 (such as capital expenditure to improve the environmental performance/sustainability of data centres NAB Group operates and buildings we occupy) presented by the Executive for Technology and Enterprise Operations. Climate change-related topics are also been included in the Board's annual development program. In FY21, the Board made the following key decisions: (i) review and approval of NAB Group's FY21 TCFD disclosures – which are included in the Report of Directors in NAB Group's FY21 Annual Financial Report; and (ii) the outcomes of NAB's review of the oil and gas sector, including updates to NAB Group's fossil fuel lending policies and credit risk appetite settings. These included a cap on oil and gas exposure at default at USD2.4 bn*. The Group will reduce its 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. The full list of updates to the Group's ESG-related credit policy and risk settings is available on the Group website. * 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).

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. • The Chair must be an independent non-executive director. 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 2021 Corporate Governance Statement. The Board assessed its combined skills and capabilities from an environmental and social perspective as moderate. In 2021, the Nomination & Governance Committee and Board prioritised increasing the combined capabilities of the Board on ESG risk management (particularly climate change) in its continuing education priorities.	<Not Applicable>	<Not Applicable>

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Risks Officer (CRO) *The Group Chief Risk Officer (GCRO) engaged with the Board and Board Risk and Compliance Committee more frequently than quarterly on climate-related issues in FY2021. This included: (i) an annual paper on the Group's climate-related regulatory performance and disclosures including the Group's TCFD disclosures; (ii) papers updating the Board on climate risk including on climate-related credit policy settings and risk appetite; (iii) climate-related sessions included in the Board's annual development program and (iv) via updates provided in the GCRO's regular reporting to the Board Risk Committee. The GCRO is a member of the Group Credit and Market Risk Committee and Chair of the Executive Risk and Compliance Committee.*	Risk - CRO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	More frequently than quarterly
Other C-Suite Officer, please specify (Group Executive, Corporate & Institutional Banking) *The Group Executive, Corporate & Institutional Banking supported half-yearly papers to Board including an update on the Corporate & Institutional Banking Division's "Bank for Transition" initiatives which was presented as part of a Board climate workshop in FY2021.This included updates on work conducted with some of C&IB's largest greenhouse gas emitting customers, sustainable and renewable finance and Carbonplace – the voluntary carbon credit platform – an alliance between NAB and global partner banks.*	Other, please specify (Divisional reporting line)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking	Half-yearly
Risk committee *Our Group Credit and Market Risk Committee, and where relevant, the Executive Risk and Compliance Committee or Executive Leadership Team, help 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 Board via Risk Committees at more than quarterly in FY2021. This included climate-related matters in papers going through to Board or Board Risk & Compliance Committee as part of Board and BRCC's annual agendas and regular GCRO reporting. For example, consideration of climate-related risk appetite in the Group's risk appetite statement.*	CEO reporting line	Both assessing and managing climate-related risks and opportunities *Papers including climate-related information are submitted to a Risk Committee (Group Credit and Market Risk Committee) on a least a quarterly basis. 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.*	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Quarterly
Other committee, please specify (NAB Group's Sustainability Council) *The Sustainability Council (SC) meets bi-monthly to provide oversight on sustainability-related matters including progress against the Group's climate change strategy and commitments, including the Collective Commitment to Climate Action and Net Zero Banking Alliance.*	Other, please specify (Executive Leadership Team and Risk Committee as applicable)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Annually
Chief Operating Officer (COO) *The Group Chief Operating Officer (GCOO) is Chair of the Sustainability Council, which is responsible for aligning activity across NAB Group and overseeing progress against NAB's sustainability goals and targets. The GCOO takes updates on the Group's sustainability performance to the Board. In FY2020, the Board approved the new Group strategy which includes climate action as a key priority in the long-term pillar. In addition, the Group's climate change strategy was refreshed in FY2021, including a goal to align the Group's lending portfolio to net zero by 2050 and in doing so (i) work with customers to support them as they decarbonise and build resilience; and (ii) manage climate risk. In FY2021, focus areas for the Council included: (i) progress on our goal to align NAB Group's lending portfolio to net zero emissions by 2050; (ii) a review of the Group's oil and gas financing (which was submitted to Board via our Executive Leadership Team).*	Other, please specify (Divisional reporting line)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Quarterly
Other C-Suite Officer, please specify (GE, Technology & Enterprise Operations (GE, T&EO)) *The GE, T&EO is accountable for NAB's property portfolio, technology operations, Financial Crime Operations and supply chain management. This includes managing risks and opportunities arising from 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 NAB's renewable energy targets.*	Other, please specify (Divisional reporting line)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Annually
Other, please specify (Executive Leadership Team) *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 FY2021, they considered and endorsed the outcomes of NAB's review of the Group's oil and gas financing prior to its submission to Board. This results in changes to the Group's ESG-related credit policy and risk settings which can be found here: https://news.nab.com.au/news/nab-updates-esg-related-credit-policy-and-risk-settings.*	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Quarterly

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	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives Other (please specify) (Consideration of progress on climate and sustainable financing. Including: Progress towards 2025 target of $70bn in environmental financing; progress on fulfilling NAB's requirements for the 'Collective Commitment to Climate Action.)	Group Performance, and that of the Group CEO, are assessed on achievement of financial and non-financial measures (Group Performance Indicators (GPI)) linked to the Group's key strategic priorities. The GPI incorporates a qualitative assessment to support any adjustments to the outcome. The GPI also informs a Variable Reward multiplier which directly impacts the level of variable reward paid out to employees on the Group Variable Reward Plan. The qualitative assessment in the GPI is integral to the outcome and may result in the outcome being adjusted upwards or downwards (including to zero), for risk, quality of performance (including consideration of financial, sustainability, environmental and social impact matters, and progress made against strategy) and any other matters as determined by the Board. Page 60 of the 2021 AFR outlines how the annual VR is calculated, informed by the measures in the GPI, together with a qualitative assessment of other factors and individual performance. NAB had formally incorporated ESG risks, including climate change, as a material risk category of 'Sustainability Risk' in the Risk Management Framework in 2021. Consideration of climate risks is included in the Group Risk Appetite Statement (page 42 of the 2021 Annual Financial Report (AFR)). Effective management of these risks form part of the Board's qualitative assessment of the GPI. Please also refer to section 4.9, page 69 of the 2021 AFR for a full list of the GPI including the specific performance goal of "Bolstering our ability to work with customers on climate risk and transition pathways by building a team highly qualified climate bankers"
Other, please specify (ESG Risk Managers & Enterprise Sustainability Managers)	Monetary reward	Other (please specify) (Supporting the Group in its review of climate change risks and opportunities relating to the Paris Agreement.)	All employees will have up to 5 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 3 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 Social Impact 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 NAB's Sustainability Action Plan (see page 41 of 2021 Annual Financial Report) and help deliver on external commitments and targets (e.g. the requirements to meet the Collective Commitment to Climate Action (CCCA) – see page 24 in NAB's 2021 Annual Review); and • completing scenario analysis and climate-related risk assessment activities; and • developing and/or delivering climate-related training to Board, Executive and other colleagues. Where specific individual performance goals are agreed (up to 3), they will contribute significantly to an overall performance rating.
Other, please specify (Bankers in environmental product areas such as Project Finance and Sustainable Finance.)	Monetary reward	Portfolio/fund alignment to climate-related objectives	All employees will have up to 5 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 3 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 and Social Impact) 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 assist the Group to meet its target to provide $70bn of environmental financing by 2025. Where specific individual performance goals are agreed (up to 3), they will contribute significantly to an overall performance rating.
Corporate executive team	Monetary reward	Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives Other (please specify) (Consideration of progress on climate and sustainable financing. Including: Progress towards 2025 target of $70bn in environmental financing; progress on fulfilling NAB's requirements for the 'Collective Commitment to Climate Action.)	Group Performance, and that of the Executive Leadership Team, are assessed on achievement of financial and non-financial measures (Group Performance Indicators (GPI)) linked to the Group's key strategic priorities. The GPI incorporates a qualitative assessment to support any adjustments to the outcome. The GPI also informs a Variable Reward multiplier which directly impacts the level of variable reward paid out to employees on the Group Variable Reward Plan. The qualitative assessment in the GPI is integral to the outcome and may result in the outcome being adjusted upwards or downwards (including to zero), for risk, quality of performance (including consideration of financial, sustainability, environmental and social impact matters, and progress made against strategy), and any other matters as determined by the Board. Page 60 of the 2021 AFR outlines how the annual VR is calculated, informed by the measures in the GPI, together with a qualitative assessment of other factors and individual performance. NAB had formally incorporated ESG risks, including climate change, as a material risk category of 'Sustainability Risk' in the Risks Management Framework in 2021. Consideration of climate risks is included in the Group Risk Appetite Statement (page 42 of the 2021 Annual Financial Report (AFR)). Effective management of these risks form part of the Board's qualitative assessment of the GPI. Please also refer to section 4.9, page 69 of the 2021 AFR for full list of the GPI including the specific performance goal of "Bolstering our ability to work with customers on climate risk and transition pathways by building a team highly qualified climate bankers".

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 relates to the Plum Super National Australia Bank Group Superannuation Fund A, a plan within the MLC Super Fund. Please note, as of 31 May 2021, the NAB Group sold the MLC Wealth business which included the MLC superfund and the MLC asset management business described below. The Trustee of the MLC Super Fund does not take into account labour standards, environmental, social and ethical considerations for the purposes of selecting, retaining or realising investments. Therefore, NAB does not currently have specific ESG investment options available in the staff default superannuation product. However, responsible investing applies to the investment options available to members (staff) as follows: • 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 the investment managers they select to consider material effects any factors may have on investment returns, including ESG and ethical factors. MLC Asset Management and the investment managers also engage with companies, providing an opportunity to enhance and protect the long-term value of investments. • MLC Asset Management don't intend for the investment options to invest in tobacco manufacturing companies. There may, from time to time, be a small level of unintended tobacco-related exposure. • The investment options aren't promoted as socially responsible or ethical. NAB may choose a different trustee in the future for the staff superannuation fund, which may include responsible investing as part of the mandate for investment managers. However, we note that fiduciary considerations for all members will be the Trustee's primary concern, and this will drive the final outcome on investment options over which NAB has no influence. Additionally, it should be noted, all workers in Australia (not just NAB) have superannuation choice, therefore a NAB staff member can select a superannuation provider external to NAB, with ESG options if 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 2021 Annual Review. In FY2021, managing climate change, including "showing leadership and 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 2021 Annual Financial Report (particularly pgs 22 and 27) 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, for example, that parts of Australia are prone to, and have recently experienced, physical climate events such as severe drought conditions and bushfires over the 2019/2020 summer period, followed by record-breaking floods in Eastern Australia in early 2021. The impact of these extreme weather events can be widespread, extending beyond primary producers to customers of the Group who are suppliers to the agricultural sector, and to those who reside in, and operate businesses within, impacted communities. 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.

Further, due to the substantive impact of drought conditions and/or extreme weather events on agri-customers, our2020 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 2021 Annual Financial Report we noted that this provisioning was no longer required. Refer to pg 136: Note 19 states "As at 30 September 2021, the Group holds no forward looking adjustments (FLAs) in its credit impairment provisions reflecting the potential impact of Australian drought conditions (2020: $89 million)."

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, therefore a key approach underpinning our climate change strategy is to learn by doing and lead by example. 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 (>6 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, 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 change 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 change 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 (short to medium-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.

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). NAB's next step is to publish sector-specific trajectories and targets in its 2022 annual reporting suite for selected Australian portfolio sectors.

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 FY2021, 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 $444,000. Additional civil penalties of up to $22,200 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.
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 FY2021.
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 FY2021, 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. In FY2021, 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. An outcome of this review 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. Review of other sectors will follow in subsequent years, as we develop decarbonisation plans for key sectors in our lending portfolio to deliver on the Collective Commitment to Climate Action and our commitment to work with our customers to support their implementation of low-carbon transition plans, which will help us progress against our goal of aligning our lending portfolio to net zero by 2050. *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).

	Relevance & inclusion	Please explain
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 FY21 reaching a total of: (i) $31.7 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) $24.6 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 $56.3 bn towards 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. Our sectoral reviews commenced with coal mining in (FY17), followed by oil and gas (FY18). In FY19, we reviewed market trends related to thermal coal and set appetite for coal-fired power generation and thermal coal mining customers. We capped thermal coal mining exposures at FY19 levels and committed to reduce thermal coal mining financing by 50% by 2028, intended to be effectively zero by 2035. In FY20, we revised this goal 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. The FY20 and FY21 caps excluded 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. Review of other sectors will follow, as we develop decarbonisation plans for key lending portfolio sectors to deliver on the Collective Commitment to Climate Action. *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. We report progress against each Principle annually (see p24 of our 2021 Annual Review). 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 FY2021, as in any other year. We regularly receive, including in FY2021, 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 FY2021). 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 FY2021, 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 FY2021, 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 p3 of our 2021 Annual Review.
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 FY2021. 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. Further, due to the substantive impact of drought conditions and/or extreme weather events on agri-customers, NAB may use a collective provision forward looking adjustment to reflect acute physical risk conditions (this was last used in 2020 where our 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 FY2021, NAB Group commenced work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involves 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 are being 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. 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 FY2021. In FY2021, NAB Group commenced work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involves 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 are being 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
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 seek to understand a client's climate-related strategy (including plans, commitments, investments, targets, and performance), (ii) sector risk assessments and, (iii) scenario analysis. We utilise a combination of 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 consideration of 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. NAB 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 2025 as part of our target to deliver a cumulative total of $70 billion in environmental financing by 2025 (from 1 October 2015) – we had delivered $56.3bn at 30 September 2021. We made no change to this target in FY2021. • In FY2021, we continued our involvement in the UNEP FI TCFD pilot (Phase 3). This work included further examining a range of scenarios and scenario analysis tools continue to build our internal climate risk capability and understand the availability of further data sets to assist with climate-related scenario analysis and risk assessment. • In FY2021, 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) sectors, and we added 3 additional sectors – residential mortgages, small to medium-sized commercial and services businesses and agriculture. In FY2021, the baseline estimate was limited to Australian customers. This will be expanded in FY2022 and as data availability and methodologies allow. 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. Also, in FY2021, NAB commenced work on a Climate Vulnerability Assessment led by the Australian Prudential Regulatory Authority. The key objectives of the CVA are to assess potential financial exposure to climate risk, to understand how banks may adjust business models and implement management actions in response to different scenarios, and to foster improvement in climate risk management capabilities.
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 FY2021, this information has helped us review and agree climate-related KPIs for a number of customers to which we provided sustainability-linked loans.

In 2021, we also developed a Transition Framework Diagnostic ('the Diagnostic') to assist us in forming a view of the transition maturity of our 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. We expect that the Diagnostic will in time be applied beyond 100 of our largest GHG 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.

During 2021, we completed 34 diagnostics across a range of sectors. The climate-related information we collect (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. The analysis suggests that ~73% of clients assessed are relatively transition mature, scoring within Band 3 or Band 4 of the Diagnostic. 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 FY2021 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.

During 2021, we completed 34 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 ~73% of clients assessed are relatively transition mature, scored within Band 3 or Band 4 of the Diagnostic. 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 high winds and floods associated with Cyclone Debbie in Queensland/New South Wales in March/April 2017. In the 2021 Financial Year, there were 17 events related to storms, floods and cyclones affecting our Australian operations which resulted in limited property damage resulting in temporary branch closures and/or repairs. No bushfire related property costs were incurred in FY2021.

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)

157000

Potential financial impact figure – maximum (currency)

4600000

Explanation of financial impact figure

The potential maximum financial impact is estimated at $4.6m based on combined insurance claims for property damage associated with the Nov 2010-Jan 2011 Queensland floods (~$3.7m) and Jan 2013 Bundaberg floods (~0.9m) – the most significant natural disasters NAB has experienced in recent times. NAB's costs vary depending on the nature and extent of the disaster, but repair/fit-out, management and make good costs per incident are typically in the range of $90-565k based on the most recent significant flood incidents (FY2017) impacting NAB. Multiple incidents can be experienced in a year, for example in FY2021, 12 storm/flood events and 5 cyclone events resulted in damage repair or site closure costs, however, property damage in this year was not significant. Storm/flood events incurred ~$45k and cyclone events incurred ~$112k for a total of ~$157k. 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 $157k based on the FY2021 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 FY2017, Cyclone Debbie caused extensive damage to our Lismore NSW branch resulting in extended closure. In addition to standard alternative banking channels, a mobile branch ('bank in a box') was trucked to Lismore 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. 'Bank in a box' was not required for 2021 due to the nature of the events that occurred and the limited damage to our branch network.

Should this type of response be 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. 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 (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 2021 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)
20000000

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 FY2021, no provisioning was required due to an improved sector outlook with favourable weather conditions. In addition, financial assistance to customers is made available – this includes interest holidays, concessional rate loans, grants, and donations. This assistance is typically less than \$20m annually for large scale natural disasters based on individual events since 2011. 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 2021 HY Investor Pack also noted the following payments related to Disaster Resilience:

• >1,700 grants worth over >$3m provided to support customers and colleagues whose homes and business' are affected by NSW floods and WA Cyclone Sero
• $100,000 committed to each of NSW SES and GIVIT's Severe Storms and Flooding relief package
• Launched $1.2m NAB Foundation Community Grants program to help customers prepare for and recover from natural disasters, as well as building resilience against future disasters
• Committed $10m over the next ten years as part of NAB's Environmental Resilience Fund for regional projects that improve resilience to natural disasters
Total impact is therefore estimated as $20m (no collective provisions for FY2021 year and financial assistance of $20m).

Cost of response to risk
375000

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 early 2021, Australia experienced multiple floods in south east Queensland and the Northern Rivers region of 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.

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 2021 were separately costed at approximately $375K, 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 Phase 3 pilot project) and modelling (e.g. ClimateWorks partnership to develop a Natural Capital Roadmap).

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 2021, net Exposure at Default (EAD) for NAB for these sectors was around $5.48bn (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)
610000000

Potential financial impact figure – maximum (currency)
5480000000

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 2021, net Exposure at Default (EAD) for these sectors was around $5.48bn (max exposure), made up of:

~$2.06bn EAD for fossil fuel-related power generation and

~$3.42bn of Resources EAD related to Oil & Gas extraction and thermal coal mining (Thermal coal mining exposure is ~$610m – 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

375000

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 with existing and potentially new coal mining customers. A FY2019 coal mining sector review considered a range of factors including: (i) various 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; (iv) external expert briefings and (v) trends in Group exposures to these sectors.

As a result of this review, NAB announced in its 2019 Sustainability Report, restrictions on financing of coal-fired power generation facilities, and thermal coal mining exposures will be capped and be reduced to effectively zero by 2035 (refer comment on Risk 3). This effectively implements a cap and time-based reduction of this sectoral risk. In FY2021, NAB's coal-related credit risk setting has been updated to be capped at 30 September 2019 levels and 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 current and future 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. External costs in 2021 were separately costed at approximately $375K, 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 Phase 3 pilot project) and modelling (e.g. ClimateWorks partnership to develop a Natural Capital Roadmap).

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 and 20% of our PF portfolio as at 30 Sept 2021 was for renewable energy. In addition, renewables now represent 71.4% 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 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 current environmental financing target of $70bn by 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.

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)
13800000000

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 2025* to $70bn by 2025* to help address climate change and assist the transition to a low carbon economy (potential financial impact).

Progress against this target for FY2021 was $13.8bn (subject to rounding). This is comprised of:
(i) Approx. $1.3bn lending for Green Star certified commercial buildings
(ii) Approx. $3.6bn 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) $0bn green bond issuance
(v) Approximately $3.6bn asset finance, advisory activities, and underwriting and arranging (lending and green/sustainability linked bonds)
(vi) Approximately $5.2bn lending to support development of 6 Star residential properties.

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

Cost to realize opportunity
9225000

Strategy to realize opportunity and explanation of cost calculation
NAB's Sustainability Council, which involves management representatives from across the business, oversees and aligns activity behind our strategic sustainability focus areas and monitors 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. For example, this involved monitoring progress on uBank's Green Term Deposit product – the world's first consumer Green Term Deposit certified by the Climate Bonds Initiative, which was launched in March 2019.

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 $9.23m 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 old and not very energy efficient. 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 0.3% ($19.3m) 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)
364962

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

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

Explanation of financial impact figure
In FY2021 NAB moved into two new energy efficient buildings, one in Wynyard Place, Sydney (estimated energy savings of $315,996) and one in Bourke Place, Melbourne (estimated energy savings of $48,966). Therefore, total estimated energy savings are $364,962 in FY2021.

Cost to realize opportunity
0

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 key new office developments in Sydney and Melbourne due for completion in 2020 and 2021.

In Australia buildings over 1000 sq.m are required to be NABERS certified which enables consideration of the buildings' energy efficiency credentials. 76% of NAB's key office buildings in Australia are operating at a 4 Star (or better) NABERS Energy rating and 89% of our key Australian offices are Green Star rated. 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 2025 and joined RE100. NAB has a strategy to:
• maintain onsite solar generation (solar panels installed on 74 of NAB's branches, business centres and one data centre with a total system size of 1,998 kW and an installed capacity of 2,337,398kWh. The actual annual generation as at June 2021 was 2,392,225 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 25,000 MWh of renewable energy in 2021 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)
410795

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 0.3% ($19.33m) of total operating expenses ($7,863m) in FY2021.

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 $410,795 of energy costs in FY2021 representing approximately 2% 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
1319000

Strategy to realize opportunity and explanation of cost calculation
In 2019, NAB expanded our renewable electricity sourcing commitment from 50% to 100% by 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 FY2021 cost to realise the opportunity is calculated as $1.319m:
• $329k for the cost of sourcing renewable energy certificates generated at the Crowlands Wind Farm from Pacific Hydro and $990K for the cost of sourcing renewable energy certificates generated at the Willogoleche Wind Farm in Hallett from Engie.
• $0 for installed solar panels.
As of June 2021, we have solar panels installed on 74 of NAB's branches, business centres and one data centre with a total system size of 1,998 kW and a installed capacity of 2,337,398kWh. No new panels were installed in 2021 (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 2021.

Comment

C3. Business Strategy

C3.1

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

Row 1

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

Publicly available transition plan
Yes

Mechanism by which feedback is collected from shareholders on your 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. However, shareholders can provide feedback on the contents and progress of our climate transition plan during Q&A at our AGMs. Please refer to the attached 2021 AGM Notice of Meeting in which NAB responded to a shareholder requisitioned resolution related to climate change.

Frequency of feedback collection
Annually

Attach any relevant documents which detail your transition plan (optional)
Please refer to NAB Group's TCFD disclosures in the Report of the Directors in our 2021 Annual Financial Report pgs 40-48 and our 2021 Annual Review pgs 29-36. Also refer to NAB's 2021 Notice of Meeting, particularly pages 28-38.
2021-notice-of-agm_NAB.pdf
NAB_2021_annual_financial_report.pdf
NAB_2021_annual_review.pdf

Explain why your organization does not have a 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 FY2021, NAB commenced participation in 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. Results were not completed before the end of the financial year. Early indications of this work were that the introduction of a carbon price could have a significant impact on credit quality of NAB’s high emitting customers without mitigation action.
Transition scenarios IEA NZE 2050	Portfolio	<Not Applicable>	NAB selected the IEA’s Net Zero Emissions 2050 Roadmap scenario (NZE2050) for its oil and gas sector review in order to model a 1.5°C decarbonisation to 2050 so we could understand key actions that might be taken in order to decarbonise our lending portfolio in line with the Group’s goal to align its lending portfolio to net emissions by 2050. This modelling included consideration of variables such as carbon price, GHG emissions, supply and demand for oil and gas commodities among others. The scenario analysis considered a 30-year time period from around 2020 to 2050 in line with NAB’s goal to align to a net zero emissions portfolio by 2050. The scenario analysis was quantitative and qualitative and led to NAB deciding to change its ESG -related credit policy and risk settings related to the oil and gas sector as follows: • We capped oil and gas exposure at default at USD2.4 bn* and 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. *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).
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. Results were not completed before the end of the financial year. Early indications of 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. When the CVA exercise is completed in FY22 NAB will consider how the outcomes may influence decisions around ESG-credit policy and risk settings among other things.
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. Results were not completed before the end of the financial year. Early indications of 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. When the CVA exercise is completed in FY22 NAB will consider how the outcomes may influence decisions around ESG-credit policy and risk settings among other things.

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 FY2021, NAB commenced participation in a regulator-led Climate Vulnerability Assessment. Results were not completed before the end of the financial year. When the CVA exercise is completed in FY2022 NAB will 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: In FY2019, NAB reviewed our 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. As a result, and as part of NAB's new Group Strategy, we increased our environmental finance target from $55 billion to $70 billion by 2025, and by increasing our target to provide financing for green infrastructure, capital markets and asset finance from $20 billion to $35 billion. We are pursuing these opportunities across our portfolio, from institutional and corporate financing to retail deposits. During FY2021, NAB continued its market-leading role, ranked #1 Australian bank for global renewables transactions (based on IJGlobal League Table), completing our first ESG-linked derivative with an ASX50 listed company and launching Carbonplace (a voluntary Carbon Marketplace pilot with NatWest Group, Canadian Imperial Bank of Commerce and Brazil's Itaú Unibanco). Since 2015, we have provided $56.3 billion in environmental financing against our target to help our customers address climate change and support the transition to a low-carbon economy. 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.
Supply chain and/or value chain	Yes	From a supply chain perspective (upstream in the value chain) in FY2019, NAB revaluated 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 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 7% in 2020, to 31% in 2021 as part of our commitment to the RE100 initiative. From a customer perspective (downstream in the value chain), in FY2019, following review of our 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 2025, by increasing our target to provide financing for green infrastructure, capital markets and asset finance from $20 billion to $35 billion (cumulative flow since 1 October 2015). Since 2015, we have provided $56.3 billion (as at 30 Sept. 2021) in environmental financing to help our customers address climate change and support the transition to a low-carbon economy. 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	NAB is a signatory to the Collective Commitment to Climate Action (CCCA). The CCCA requires the NAB Group to align its lending portfolio to net zero carbon emissions by 2050. In 2020, NAB expanded our disclosure on the steps taken to map decarbonisation pathways for our lending portfolio. We estimated the Scope 3 GHG emissions attributable to NAB in Australia as they relate to our lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas) sectors. In 2021 NAB further extended disclosure from five to eight sectors (to now include transport, heavy manufacturing, and small business to medium businesses in the commercial and services sectors). Case study – decarbonisation pathways: To extend this work, NAB commissioned ClimateWorks Australia to apply two modelled scenarios from their 'Decarbonisation Futures' report (see Innovation & decarbonisation | solutions project | ClimateWorks Aus (climateworksaustralia.org) to the five selected segments of NAB's Australian lending portfolio. They provide two decarbonisation pathways ('1.5°C All-in' and '2°C Innovate') to achieve a net zero emissions 2050 lending portfolio, in alignment with the Paris Agreement. The two low carbon pathways illustrated by these scenarios represent aggregated emissions trajectories for the five segments included in the financed emissions estimate. Summarising the results, in the 2°C scenario some sectors are expected to decarbonise faster than others. Scenarios show that a net zero economy following the 1.5°C scenario achieves net zero emissions 15 years faster than a trajectory which follows the 2°C pathway. These sectoral pathways are now critical as we work closely with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low carbon transition plans by 2023.
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 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 FY21, the program of work to improve energy efficiency across all NAB occupied buildings continued, this included (with estimated annual CO2-e savings in metric tonnes in brackets): - move to purpose built energy efficient buildings (4,199) - lighting upgrades (72) The above initiatives have contributed to an 23% reduction in energy use since 2020.

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 a least at half and full year). In FY2021 no provisioning was required due to an improved agricultural sector outlook with favourable weather conditions. 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 2021 this capital budget was allocated toward lighting energy efficiency upgrades of $17K. Direct costs: Costs for meeting our commitment to purchasing 100% renewable energy by 2025 were considered in our decision process to make this commitment through to 2025. Large Generation Certificate price forecasting is included in our FY2022 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 transition to a 1.5°C world?
No, but we plan to in the next two years

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?
Yes, our framework includes both policies with client/investee requirements and exclusion policies

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.
The-Equator-Principles-July-2020-v2.pdf

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 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/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/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 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 extraction or within or impacting the Arctic National Wildlife Refuge area and any similar Antarctic Refuge.
*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	Please explain
Covenants related to compliance with your policies	Project finance	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.

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

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

Target reference number
Abs 1

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 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 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]
73937.57

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
10821

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
57287

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)
68108

% of target achieved relative to base year [auto-calculated]
107.575254923532

Target status in reporting year
Underway

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

Please explain target coverage and identify any exclusions
We are aligned with the Science-Based Target Initiative 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 2025 and increased our emissions coverage to >99% of our Scope 1 & 2 emissions.

This target was informally reviewed by the Science-based Target Initiative (SBTI), who confirmed it is considered science-based. This target applies the Sectoral Decarbonisation Approach 'Service Buildings' methodology given our emissions largely arise from office building based activities and our bank branches. NAB Group's SBT covers our global Scope 1 and 2 GHG emissions across all GHGs required in the GHG Protocol Corporate Standard.

Plan for achieving target, and progress made to the end of the reporting year
2021 was our sixth-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 2021, we delivered a 55% 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.

We are on track to achieve this target. We plan to do this by: (i) the Group's commitment to procure 100% of electricity from renewable sources (zero emissions) by 2025, (ii) the reduction in energy use through the decommissioning of the tri-generation unit and (iii) the consolidation of staff into energy efficient buildings.

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

Target reference number
Abs 2

Year target was set
2020

Target coverage
Country/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 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 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]
1403.7

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 emissions in reporting year covered by target (metric tons CO2e)
550

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
550

% of target achieved relative to base year [auto-calculated]
126.064787958355

Target status in reporting year
Underway

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

Target ambition
<Not Applicable>

Please explain target coverage and identify any exclusions
NAB's business flights reduction target aims to reduce Scope 3 GHG emissions from business flights by 70% by 2025 from a 2019 baseline of 4,679 tonnes CO2-e. This target applies to New Zealand operations only, so it covers 13.9% of the regions where NAB operates.

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 2021, 550 tonnes CO2-e were produced from business flights, a 88% 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 the implementation of the Bank of New Zealand Travel Policy. The Policy allows for business flight travel by exception. Employees must challenge whether business flights are the best method of achieving a desired outcome and travel should only be considered where existing alternatives (Video conferencing etc.) have been deemed unsuitable. Guidance is provided in the Policy to clarify whether travel is justifiable. In addition to this, domestic flight travel requires formal pre-approval from the relevant Leadership Team member and international travel requires formal pre-approval from the relevant executive or general manager.

In FY2023, we will consider implementing flight budgets depending upon post-pandemic increases in business travel.

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

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
31

% of target achieved relative to base year [auto-calculated]
28.8659793814433

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 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 target to source 100% of our Group-wide electricity from renewable sources by 2025.

Plan for achieving target, and progress made to the end of the reporting year
As at 2021, NAB has contributed to this target through the voluntary surrender of Large-Scale renewable energy Certificates (LGC's) in Australia and acquisition of renewable electricity in the UK. 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 2021, renewable energy accounts for 31% of Group-wide electricity consumption.

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

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
519490.3

% of target achieved relative to base year [auto-calculated]
105.215370212288

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 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 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 2021, NAB was on track to meet this 2025 target, reducing our energy use by 32% from 2019. We plan to meet this target by (i) the increase of renewable energy consumption through the rollout of rooftop solar, (ii) the reduction in energy use through decommissioning of the tri-generation unit and (iii) the 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
735

% of target achieved relative to base year [auto-calculated]
607.161945483699

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.

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 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 2021, 735 metric tonnes of general waste was sent to landfill, a 61% 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, 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
233

% of target achieved relative to base year [auto-calculated]
273.346303501946

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 Office paper A3, A4 and A5 usage (t) across regions where NAB operates.

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 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 2021, 233 metric tonnes of office paper was used, a 55% 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 in 2021. Towards the end of the 2021 reporting year, as the use of DocuSign and other applications became mainstream, 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
192129

% of target achieved relative to base year [auto-calculated]
1001.95324675325

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.

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 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 2021, NAB's potable water use was 192,129 kL, a 55% 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. 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) the reduction in water use through decommissioning of the tri-generation unit 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
56000000000

% of target achieved relative to base year [auto-calculated]
80

Target status in reporting year
Underway

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 2020 Sustainability data pack – financing tab).

Plan for achieving target, and progress made to the end of the reporting year
NAB Group's environmental financing target is to provide $70* billion in environmental financing over 10 years (from 2015-2025) to assist the low carbon transition. This includes:
• $35 billion to support green infrastructure, capital markets and asset finance.
• $35 billion in in new mortgage lending flow for 6-Star residential housing in Australia (new dwellings and significant renovations).
•Lending for green commercial buildings: These buildings rate within the top 15% NABERS energy efficiency rating and contribute towards an overall reduction in energy demand.
• Specialised lending, corporate and securitisation finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses: This lending includes large-scale renewable energy generation projects, finance for adaptation projects and low emissions transport infrastructure.
• Asset finance: customer leased assets that improve energy efficiency or generate renewable energy.
• Green term deposits: Customer UBank Green term deposits
• Green bonds: The proceeds of green bonds issued and arranged by NAB are used for investments in renewable energy, low-carbon public transport, low-carbon buildings, energy efficiency and nature-based assets which are eligible under the Climate Bonds Taxonomy and contribute to the sustainable development goals.
• Advisory activities, underwriting and arranging: These activities are included when they are related to activities such as renewable energy, low-carbon public transport (e.g. electrified rail), energy efficiency, sustainable agriculture, sustainable water infrastructure and adaptation infrastructure.
• Lending to support development of 6-Star Residential properties: This is cumulative lending flow (since 1 October 2015) for construction and significant renovations of homes that meet a minimum NatHERS 6-Star (or equivalent) standard. This supports the low carbon transition in a key segment of Australia's economy and assists in reducing residential energy demand and greenhouse emissions.

Currently, $56.3 bn has been provided meaning that 80% of this target has been achieved to date.

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

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

Target reference number
Oth 6

Year target was set
2020

Target coverage
Country/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
83348

% of target achieved relative to base year [auto-calculated]
61.8762739671544

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 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 vehicle fuel reduction target is to reduce vehicle fuel by 50% by 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 2021, 60,343 GJ of vehicle fuels were consumed, an 31% 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 bans during 2021 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.

Plan for achieving target, and progress made to the end of the reporting year
This target covers 97.9% of the regions where NAB operates as it only applies to Australian and New Zealand operations.

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
Not applicable

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 are in the process of setting interim 2030 sectoral emissions reduction targets linked to this net zero emissions by 2050 target, with our first round of interim targets to be disclosed in November 2022. As these targets will 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, and we will instead focus our efforts on helping our 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.

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	19	
To be implemented*	0	0
Implementation commenced*	13	300312
Implemented*	1	72
Not to be implemented	361	

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)
72

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)
5962

Investment required (unit currency – as specified in C0.4)
16747

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
Improving energy efficiency through lighting upgrade to LEDs in one major commercial building.

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 (ie 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. Emission 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 products(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 (4.20%) provided relates to bond products only. It represents the portfolio value of green (climate) bonds arranged and underwritten for customers during FY2021, as a percentage of the total bond portfolio value arranged and underwritten during FY2021.

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

Portfolio value (unit currency – as specified in C0.4)
1915230620

% of total portfolio value
4.2

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 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 (23%) 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 2021.

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

Portfolio value (unit currency – as specified in C0.4)
4672477040

% of total portfolio value
23

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
Yes, a divestment

Name of organization(s) acquired, divested from, or merged with

NAB divested from its MLC Wealth business in May 2021. NAB acquired 86 400 in May 2021.

Details of structural change(s), including completion dates

NAB divested from its MLC Wealth business 4th May 2021. NAB acquired 86 400 on 19th May 2021.

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 methodology	Annually, we update all of our emissions factors so that they are the most current available. In 2021, we also restated our historical business flight emissions due to the addition of radiative forcing at our BNZ operations.

C5.1c

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

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	No, because the impact does not meet our significance threshold	NAB'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. The divestment of the MLC Wealth business would have reduced NAB's Scope 1 and 2 emissions by 3%. As this change was immaterial, a decision was made to maintain the current 2015 baseline.

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 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 included this emissions category in our carbon inventory based on the inclusion of A3, A4 and A5 paper purchases only. The baseline for NAB'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 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 NAB's operational performance targets are 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

Base year end

Base year emissions (metric tons CO2e)

Comment

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

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'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 category 15: Investments

Base year start
July 1 2020

Base year end
June 30 2021

Base year emissions (metric tons CO2e)
10885840

Comment
In FY2020, we completed an initial estimate of attributable financed emissions, which included five key segments of our Australian lending portfolio. In FY2021, we expanded this work to cover an additional three sectors and incorporated a change in methodology resulting in a new baseline of 10,855,840 tCO2-e.

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 source includes GHG emissions from water from our operations in London, Australia and BNZ. The baseline for NAB'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
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 2020: UK Conversion factors from Company Reporting, Australia - EPA Victoria Greenhouse gas (GHG) inventory and management plan 2019-2020, Japan - National GHG Inventory Report of Japan, 2017, Australia – National Greenhouse Accounts 2020)

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)
10821

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
These Scope 1 emissions were generated through activities under NAB'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
74850

Scope 2, market-based (if applicable)
57287

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Our public reporting uses both location-based and market-based methodologies at this time. For our market-based figure, we have applied the relevant negative emission factors to our renewable electricity purchases that generate Large scale generation certificates in Australia and to our Renewable Energy Certificates generated through the Renewable Energy Guarantees of Origin (REGO) scheme in the UK.

C6.4

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

Yes

C6.4a

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

Source

Fugitive gases associated with building-based HVAC for our Asian and New York operations and a JBWere office in New Zealand.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions excluded

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

No emissions excluded

Explain why 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, Indonesia and China), one office in New York and a JB Were office in NZ for which we are unable to source data from our landlords on fugitive emissions of ozone depleting substances in respect of air conditioning and refrigeration.

Based on the very small proportion of FTE (≤1.5%) and NLA (≤2%) that these regions contribute to NAB's portfolio, and given that we understand the volume of HVAC in our operations where this is calculated (2% of total Scope 1 and 2 GHG emissions), the volume of emissions from HVAC in our Asia, New York and JB Were office in New Zealand has been deemed immaterial (0.025% of Scope 1 and 2 GHG emissions).

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

0

Explain how you estimated the percentage of emissions this excluded source represents

HVAC emissions per FTE (where emissions are recoded) 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 0.025% 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)

5

Emissions calculation methodology

Average spend-based method

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

100

Please explain

NAB included this emissions category in our 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 2019-2020. A zero emissions factor is applied where paper is certified as carbon neutral by the Government, or another independent and reputable standards body.

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

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

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
9185.1

Emissions calculation methodology
Supplier-specific method
Other, please specify (WFH emissions calculated using a calculator developed by Energetics and provided by Climate Active (Department of Industry, Science, Energy and Resources))

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 emission source. These are set out in guidance provided by the Australian Government in the NGER Determination and National Greenhouse Accounts Factors, by the UK Government in the 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 emission factors as updated.

(2) Extraction, production and transportation losses from fuels (diesel, petrol and where relevant, ethanol) associated with our vehicle fleet are also included in our current carbon inventory where a methodology for 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
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
As a result of the demerger of Clydesdale and Yorkshire Banking Group (CYBG) (February 2016), we no longer have any GHG emissions resulting from supplier travel. Previously this source was only applicable to the NAB UK operations for a small number of key contractors.

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
923

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
64

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 include recycled materials in our current 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. 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)
4276

Emissions calculation methodology
Spend-based method
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 2021: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. Where this is a difference, an uplift is applied to activity data to estimate travel booked outside our corporate travel provider.
(2) Employee claims for use of personal vehicles for work purposes: For GHG emissions from use of personal vehicles for work purposes we use the methodologies and factors described for vehicles (cars) in DBEIS 2021 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 (2020). Activity data (no. of nights stayed, segmented by country) is sourced from 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). Emission factors are sourced for NZ from the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2020) or from DBEIS 2021 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 2021 for the applicable reporting period are applied to the activity data to calculate the relevant GHG emissions.

Employee commuting

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
19555.5

Emissions calculation methodology
Supplier-specific method
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

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's carbon inventory. Our Group Environmental Reporting and Offset Management Standard only commits NAB to influencing indirect sources of GHG emissions from suppliers, employees and customers where we have operational control.

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 business to determine a factor for estimating Employee Commuting GHG per Employee Number. This factor has been updated based on 2021 staff at head office locations. Per person emission 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 (NGA) 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 indirect factors from the NGA. (4) Metro train (and tram): Direct emissions figures taken from EPA publication 1562, were adjusted to represent other States' electricity grids (and indirect emissions) by drawing upon NGA factors.

Working from home (WFH) emissions are included in NAB's carbon inventory in 2021 due to a large number of staff working from home in light of the COVID-19 pandemic and avoiding commuting. 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 emission factors relating to employee energy usage for heating, cooling, lighting and equipment use.

Upstream leased assets

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
15414

Emissions calculation methodology
Asset-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

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 represents 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 2020-21 reporting period and the applicable version of the Australian National Greenhouse Accounts (NGA) Factors, (ii) associated transmission and distribution losses relating to Base-building energy use; and (iii) energy use emissions from use of Automated Teller Machines (ATM's) for our BNZ business. All remote (not located within BNZ store network) ATM's are held under gross leases so we do not receive electricity charges for operation of these ATM's. For this we do record an estimate of energy usage which is an average provided by NCR who operate the ATM's on our behalf. The methodology applied to calculate emissions associated with energy usage in ATM's was adopted from NZ Guidance for Voluntary Corporate Greenhouse Gas reporting.

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. NAB 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.

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. NAB 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 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
Due to the intangible nature of financial products and services 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)
195

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
86

Please explain
This Scope 3 GHG emissions source includes GHG emissions from water from our operations in London, Australia 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. 14% of total water use within Australia during the reported year was extrapolated data. The GHG emissions calculation methodologies and factors are taken from NZ Guidance for Voluntary Corporate Greenhouse Gas reporting 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 NZ Guidance for Voluntary Corporate Greenhouse Gas reporting.

Other (downstream)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
174

Emissions calculation methodology
Average data method
Other, please specify (Volume consumption 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 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 average number of paper sheets in a statement are multiplied by the emission factors published in the EPA Victoria, Greenhouse Gas (GHG) Inventory and Management Plan 2019-20. A zero emissions factor is applied where paper is certified as carbon neutral by the Government, or another independent and reputable standards body. This resulted is an estimated 2,545 tCO2-e that we have avoided through the purchase of carbon neutral customer statements in Australia and New Zealand.

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
0.000009531

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
85670.94

Metric denominator
Other, please specify (Underlying profit)

Metric denominator: Unit total
8989000000

Scope 2 figure used
Location-based

% change from previous year
19.01

Direction of change
Decreased

Reason for change
Emissions intensity per unit of $AU underlying profit decreased by 19.01% in 2021 compared to 2020. Our underlying profit figure has increased by 9.85%, while our gross global Scope 1 and 2 GHG emissions have decreased by 11% compared to the prior year. The decrease in our Scope 1 & 2 GHG emissions was primarily influenced by COVID-19 impacts. A number of emission reduction activities also took place, including the consolidation of staff in purpose-built energy efficient building, optimising assets within our buildings and a decrease in vehicle fuel consumption through a decrease in the size of the vehicle fleet.

NOTE: We do not use a revenue figure in our financial reporting. On agreement with CDP, NAB has been using $AU of underlying profit instead of revenue as the denominator for the purpose of completing this question for a number of years. $AU of underlying profit (AU$8,989m in 2021 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.

NAB's 2020 Scope 2 emissions were restated in 2021. They increased from 79,685 tCO2-e to 79,711 tCO2-e.

Intensity figure
2.44

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
85670.94

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
35157

Scope 2 figure used
Location-based

% change from previous year
11.73

Direction of change
Decreased

Reason for change
Our global gross Scope 1 and 2 GHG emissions per FTE decreased by approximately 11.73% in 2021 compared to 2020. The decrease in metric tonnes CO2-e per FTE was largely driven by the gross Scope 1 and 2 GHG emissions figures which have decreased by 11%. This was despite a small (0.80%) increase in our FTE across the portfolio. Our Scope 1 & 2 GHG emissions was primarily influenced by COVID-19 impacts. A number of emission reduction activities also took place, including the consolidation of staff in purpose-built energy efficient building, optimising assets within our buildings and a decrease in vehicle fuel consumption through a decreased in the size of the vehicle fleet.

NOTE: NAB's 2020 Scope 2 emissions were restated in 2021. They increased from 79,685 tCO2-e to 79,711 tCO2-e.

Intensity figure
0.1223

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
85670.94

Metric denominator
square meter

Metric denominator: Unit total
700702.22

Scope 2 figure used
Location-based

% change from previous year
11.58

Direction of change
Decreased

Reason for change
Our global gross Scope 1 and 2 GHG emissions per metre squared of property occupied decreased by 11.58% in 2021 compared to 2020. This was driven by the 11% decrease in Scope 1 and Scope 2 emissions across our global operations coupled with a small (0.62%) increase in Net Lettable Area. Our Scope 1 & 2 GHG emissions was primarily influenced by COVID-19 impacts. A number of emission reduction activities also took place, including the consolidation of staff in purpose-built energy efficient building, optimising assets within our buildings and a decrease in vehicle fuel consumption through a decrease in the size of the vehicle fleet.

NOTE: NAB's 2020 Scope 2 emissions were restated in 2021. They increased from 79,685 tCO2-e to 79,711 tCO2-e.

C7. Emissions breakdowns

C7.9

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

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	9879	Decreased	10.3	NAB Group's purchase of renewable energy increased significantly, resulting in a decrease in Scope 2 emissions of 9879 tCO2-e in 2021 compared with 2020. 2021 was the third 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, GreenPower was purchased to cover the UK branch electricity consumption, which had reduced since 2020. Of total renewable energy purchased across the Group in 2021, Greenpower purchased in the UK covers only 1%. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.6 tCO2-e. The emissions value (%) calculation is therefore: (9,879/96,266)*100 =10.3%
Other emissions reduction activities	4199	Decreased	4.4	Gross Scope 1 and 2 GHG emissions decreased by 4.4% due to a range of emissions reduction activities including through the consolidation of space in some regions (Indonesian and UK). 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. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.6 tCO2-e. The reduction calculation is therefore: -(4,199/96,266)*100 = -4.4%
Divestment	207	Decreased	0.2	The divestment of MLC Wealth was completed in May 2021. This sale resulted in building closures. For the month of June, we saw a 207 tCO2-e reduction in Scope 1 and 2 GHG emissions. We expect to see the full extent of this divestment and the emissions savings in the 2022 reporting year. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.6 tCO2-e. The reduction calculation is therefore: -(207/96,266)*100 = -0.2%.
Acquisitions		<Not Applicable>		There was no acquisition in this reporting period that have a material impact on global GHG emissions.
Mergers		<Not Applicable>		There were no mergers in this reporting period that have a material impact on global GHG emissions.
Change in output	8677	Decreased	9	Due to the impacts of COVID-19, we saw reduced occupancy across our commercial buildings during 2021 with an increase in the workforce working from home. This resulted in a decrease in Group-wide Scope 1 and 2 GHG emissions by 7.9% in 2021 compared with 2020. Subsequent travel bans, meant that staff were unable to partake in business travel or utilise work use vehicles throughout 2021. This resulted in a decrease in Group-wide Scope 1 GHG emissions by 1.1% in 2021 compared with 2020. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.6 tCO2-e. The reduction calculation is therefore: -((7,577.64+1,099)/96,266)*100 = -9%
Change in methodology	2036	Decreased	2.1	Across the Group, changes in electricity-related GHG emission factors had an impact of -2.1% on Group-wide Scope 1 and Scope 2 GHG emissions. This was most significant in Victoria, where the Scope 2 electricity-related GHG emission factor decreased by 4%. This resulted in a reduction of 2,027 tCO2-e GHG emissions in Victoria. The USA and UK also saw 7% and 9% reductions in their electricity emission factors respectively, but total emissions from these regions have a lower impact on our portfolio, reducing emissions by only 13.1 tCO2-e in total. In contrast, there was a 13% increase in the electricity emission factor for Tasmania and a 4% increase in the electricity emission factor for New Zealand, but total emissions from these regions have a lower impact on our portfolio therefore the overall contribution in emissions was 59.48 tCO2-e. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.6 tCO2-e. The reduction calculation is therefore: (-2,036/96,266)*100=-2.1%.
Change in boundary		<Not Applicable>		No changes to the boundary this reporting period.
Change in physical operating conditions		<Not Applicable>		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		<Not Applicable>		There were no unidentified changes this reporting period
Other	1869.17	Increased	2	NAB's tri-generation system was decommissioned in November 2020. This resulted in a significant increase in grid drawn electricity during the 2021 reporting year and an associated increase in scope 2 emissions. Overall, there was an impact of 2% on gross Group-wide Scope 1 and Scope 2 GHG emissions. Our total Scope 1 and Scope 2 GHG emissions in 2020 were 96,265.612 tCO2-e. The increase calculation is therefore: (1,869.17/96,266)*100 = 2%

C7.9b

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

Location-based

C8. Energy

C8.1

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

More than 20% but less than or equal to 25%

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	45270	45270
Consumption of purchased or acquired electricity	<Not Applicable>	32034	64955	96989
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>	2410	<Not Applicable>	2410
Total energy consumption	<Not Applicable>	34444	110225	144669

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area
Australia

Consumption of electricity (MWh)
88857.17

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
88857.17

Is this consumption excluded from your RE100 commitment?
No

Country/area
New Zealand

Consumption of electricity (MWh)
13974.53

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
13974.53

Is this consumption excluded from your RE100 commitment?
No

Country/area
United Kingdom of Great Britain and Northern Ireland

Consumption of electricity (MWh)
773.06

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
773.06

Is this consumption excluded from your RE100 commitment?
No

Country/area
United States of America

Consumption of electricity (MWh)
292.73

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
292.73

Is this consumption excluded from your RE100 commitment?
No

Country/area
China

Consumption of electricity (MWh)
200.93

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
200.93

Is this consumption excluded from your RE100 commitment?
No

Country/area
Hong Kong SAR, China

Consumption of electricity (MWh)
172.06

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
172.06

Is this consumption excluded from your RE100 commitment?
No

Country/area
Japan

Consumption of electricity (MWh)
143.5

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
143.5

Is this consumption excluded from your RE100 commitment?
No

Country/area
Singapore

Consumption of electricity (MWh)
192.57

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

Total non-fuel energy consumption (MWh) [Auto-calculated]
192.57

Is this consumption excluded from your RE100 commitment?
No

C8.2h

(C8.2h) Provide details of your organization’s renewable electricity purchases in the reporting year by country

Country/area of renewable electricity consumption
Australia

Sourcing method
Direct procurement from an offsite grid-connected generator e.g. Power Purchase Agreement (PPA)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
25000

Tracking instrument used
Australian LGC

Total attribute instruments retained for consumption by your organization (MWh)
25000

Country/area of origin (generation) of the renewable electricity/attribute consumed
Australia

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)
2021

Brand, label, or certification of the renewable electricity purchase
No brand, label, or certification

Comment
Through a Power Purchase Agreement with ENGIE, NAB procured and consumed 25,000 MWh of renewable energy that was generated at the Willogoleche Wind Farm in Hallett, South Australia. The claimed generation is audited by the Clean Energy Regulator before certificates are created and transferred to us.

Country/area of renewable electricity consumption
Australia

Sourcing method
Direct procurement from an offsite grid-connected generator e.g. Power Purchase Agreement (PPA)

Renewable electricity technology type
Wind

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)
6261

Tracking instrument used
Australian LGC

Total attribute instruments retained for consumption by your organization (MWh)
6261

Country/area of origin (generation) of the renewable electricity/attribute consumed
Australia

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)
2021

Brand, label, or certification of the renewable electricity purchase
No brand, label, or certification

Comment
Through a Power Purchase Agreement with Pacific Hydro, NAB procured and consumed 6,261 MWh of renewable energy generated from the Crowlands Windfarm In Victoria. The claimed generation is audited by the Clean Energy Regulator before certificates are created and transferred to us.

Country/area of renewable electricity consumption
United Kingdom of Great Britain and Northern Ireland

Sourcing method
Green electricity products from an energy supplier (e.g. Green Tariffs)

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)
773

Tracking instrument used
Contract

Total attribute instruments retained for consumption by your organization (MWh)
773

Country/area of origin (generation) of the renewable electricity/attribute consumed
United Kingdom of Great Britain and Northern Ireland

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)
Please select

Brand, label, or certification of the renewable electricity purchase
No brand, label, or certification

Comment
Our 4 buildings in the UK are supplied by 100% renewable electricity from E.on, Total Energies and Électricité de France. The renewable energy comes from a mix of sources including wind and solar. Total Energies electricity is sourced from wind and solar facilities within Great Britain. E.on provides electricity sourced from wind that meets the requirements of the World Resource Institute GHG Protocol Scope 2 Guidance Quality Criteria. Électricité de France cannot provide details of the technology type or country of origin as customers receive electricity through the National Grid, not directly from the generators but all electricity meets the requirements of the World

Resource Institute GHG Protocol Scope 2 Guidance Quality Criteria.

Vintage and commissioning year have not been provided.

C8.2j

(C8.2j) Provide details of your organization's renewable electricity generation by country 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)
686.82

Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were not issued (MWh)
72.82

Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were issued and retired (MWh)
614

Renewable electricity sold to the grid in the reporting year (MWh)
0

Certificates issued for the renewable electricity that was sold to the grid (MWh)
0

Certificates issued and retired for self-consumption for the renewable electricity that was sold to the grid (MWh)
0

Type of energy attribute certificate
Australian LGC

Total self-generation counted towards RE100 target (MWh) [Auto-calculated]
686.82

Comment
In 2021, NAB generated and consumed 686.82 MWh of renewable energy through the rooftop solar installation at our Knox data centre. Through this on-site facility, NAB produced and retired 614 Australian LGCs with the purpose of 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 is working to source 100% of our electricity from renewable sources by 30 June 2025. In 2021, we sourced renewable energy through the following mechanisms which are contributing to bringing new capacity into the grid in Australia:

- Our 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.
- Our 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.

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-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
493184

Metric numerator
GJ

Metric denominator (intensity metric only)
Not applicable

% change from previous year
20

Direction of change
Decreased

Please explain
Net energy use decreased by 20% (123,295 GJ) since 2020. During 2021, 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 and a decrease in the number of branches occupied in Australia also contributed to the energy use reductions.

Description
Other, please specify (Office Paper)

Metric value
233

Metric numerator
metric tonnes

Metric denominator (intensity metric only)
Not applicable

% change from previous year
41

Direction of change
Decreased

Please explain
In 2021, paper use decreased by 41% (164 tonnes) when compared to the prior year. Office paper use continues to decrease as our workforce continues to move towards digitisation. As a result of the COVID-19 pandemic, significant advances were made in digitisation during 2020 and 2021. Throughout the 2021 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
195552

Metric numerator
Water Withdrawal (kL)

Metric denominator (intensity metric only)
Not applicable

% change from previous year
36.7

Direction of change
Decreased

Please explain
Potable water use significantly reduced in 2021, decreasing by 37% (113,360kL) 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. We also saw some reductions in water use at our data centre because of the decommissioning of the tri-generation system.

Description
Waste

Metric value
735

Metric numerator
metric tonnes

Metric denominator (intensity metric only)
Not applicable

% change from previous year
49

Direction of change
Decreased

Please explain
In 2021, waste to landfill decreased by 49% (716 tonnes) compared to the prior year. Australian waste to landfill decreased, due largely to a decrease in the number of bins

collected from our sites as a result of the COVID-19 pandemic. Our United Kingdom (UK) Branch has zero waste to landfill, as all waste is recycled or sent to incineration. All waste in Asia is recycled or diverted from landfill.

Description
Other, please specify (Gross GHG emissions)

Metric value
131586

Metric numerator
metric tonnes CO2-e

Metric denominator (intensity metric only)
Not applicable

% change from previous year
17

Direction of change
Decreased

Please explain
Gross GHG emissions decreased by 17% (26,329 tCO2-e). Throughout 2021, many of our NAB employees were working from home and were restricted from travel due to the COVID-19 pandemic, leading to large reductions in emissions. The consolidation or our commercial office space and a decrease in the number of branches occupied in Australia also contributed to the reduction in GHG emissions.

C10. Verification

C10.1

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

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

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 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
NAB_2021_NGER_GHG data_assurance report.pdf
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/ section reference
All Scope 1 emissions have Limited Assurance (see NAB 2021 GHG and Offset Data SBTI Performance Assurance Report: pg. 1– specified GHG emissions and offset data inc. Scope 1; pg. 2 – Criteria and Standards used; pg 3 – Procedures performed). Australian Scope 1 emissions reported under the NGER Act have Reasonable-level Assurance, see additional NGER Assurance report attached (NGER Assurance Report: pg. 1 – NGER data inc. Scope 1, 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
NAB_2021_NGER_GHG data_assurance report.pdf
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/ section reference
All Scope 2 emissions have Limited Assurance (see NAB 2021 GHG and Offset Data SBTI Performance 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 NGER 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
NAB_2021_NGER_GHG data_assurance report.pdf
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/ section reference
All Scope 2 emissions have Limited-level Assurance (see NAB 2021 GHG and Offset Data SBTI Performance 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 NGER 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
NAB_2021_sustainability_data-pack_xlsx.xlsx
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/section reference
The NAB 2021 GHG and Offset Data SBTI Performance Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions reported in NAB Group's 2020 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2021 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
NAB_2021_sustainability_data-pack_xlsx.xlsx
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/section reference
The NAB 2021 GHG and Offset Data SBTI Performance Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions reported in NAB Group's 2021 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2021 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
NAB_2021_sustainability_data-pack_xlsx.xlsx
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

Page/section reference
The NAB 2021 GHG and Offset Data SBTI Performance Assurance Report is a Limited Assurance Report which covers the set of NAB Group's Scope 3 emissions reported in NAB Group's 2021 Sustainability Data Pack xlsx. Refer pages 1, 2 and 3 of the Assurance Report.

The "GHG Emissions" tab in the NAB Group's 2021 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 ((Environmental finance target) NAB's environmental financing target is to provide $70bn in environmental finance by 2025 (between 1 October 2015 -30 September 2025) to assist the low carbon transition.)	ASAE 3000	KPMG conducts limited assurance over data points included in NAB's carbon risk and opportunity disclosures. This includes the environmental financing data which is aggregated so NAB can publicly report on its environmental financing target, including financing to assist our customers in making the low carbon transition. This data has been used in NAB's CDP responses. References: NAB 2021 Carbon Risk Disclosures Assurance Report, and "Environmental Finance by lending category table" in the "Financing" tab in the NAB Group's 2021 Sustainability Data Pack xlsx. NAB_2021_sustainability_data-pack_xlsx.xlsx NAB_carbon risk disclosures_assurance report.pdf
C2. Risks and opportunities	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 Annual Review Report demonstrating how we are helping customers to make the low carbon transition. This data has been used in NAB's CDP responses. NAB_2021_annual_review.pdf NAB_carbon risk disclosures_assurance 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 emissions reduction target. Reference: See pages 1-4 of the NAB 2021 GHG and Offset Data SBTI Performance Assurance Report NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf
C6. Emissions data	Other, please specify (This refers to the NAB Group total emissions data and scope 3 upstream and downstream emissions.)	ISAE 3000 and ISAE 3410	KPMG conducts limited assurance over NAB's greenhouse gas emissions and offset data. NAB's 2021 GHG and Offset Data SBTI Performance 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 2021 Sustainability Data Pack xlsx. References: NAB 2021 GHG and Offset Data SBTI Performance Assurance Report (see pages 1-4), NAB 2021 climate active public disclosure statement (pg. 4-6) and, section 3 Table 3 (pg. 8-9).and "GHG Emissions" tab in the NAB 2021 Sustainability Data Pack. NAB_2021_sustainability_data-pack_xlsx.xlsx NAB_climate active_public disclosure statement_2020-2021.pdf NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf
C14. Portfolio impact	Other, please specify (Calculation of estimated attributable Scope 3 financed emissions.)	ISAE 3000 and ISAE 3410	KPMG conducts limited-level assurance over NAB's greenhouse gas emissions and offset data. Reference: NAB Group Financed Emissions Assurance Report (2021) pages 1-3. NAB_2021_assurance-financed-emissions.pdf

NAB_2021_sustainability_data-pack_xlsx.xlsx
NAB_carbon risk disclosures_assurance report.pdf
NAB_2021_assurance-streamlined-energy-and-carbon-reporting.pdf
NAB_2021_GHG & offset data_SBTI Performance_assurance Report.pdf

C11. Carbon pricing

C11.2

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

Yes

C11.2a

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

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Savanna burning)

Project identification
An Australian savanna burning project. The serial number for this project is 3,799,445,010 - 3,799,454,009.

Verified to which standard
Emissions Reduction Fund of the Australian Government

Number of credits (metric tonnes CO2e)
9000

Number of credits (metric tonnes CO2e): Risk adjusted volume
9000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Hydro

Project identification
Sarbari-I small hydro project in India. The serial number is 5706-255982354-256004975-VCU-034-APX-IN-1-483-01012016-31122016-0.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
22622

Number of credits (metric tonnes CO2e): Risk adjusted volume
22622

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Geothermal

Project identification
Gunung Salak geothermal project in Indonesia. The serial number is 5734-257275298-257345297-VCU-005-APX-ID-1-144-01012015-31122015-0.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
43099

Number of credits (metric tonnes CO2e): Risk adjusted volume
43099

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Biomass energy

Project identification
National Bio Energy Changtu Biomass Power Plant in China. The serial number for this project is GS1-1-CN-GS2503-9-2016-6011-41759 to 87440

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
36214

Number of credits (metric tonnes CO2e): Risk adjusted volume
36214

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

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

Yes

C11.3a

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

Objective for implementing an internal carbon price

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

GHG Scope

Scope 1
Scope 2
Scope 3

Application

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

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

18.58

Variance of price(s) used

Average market price as informed through our purchasing processes and the cost of committing NAB to RE100.

Type of internal carbon price

Implicit price
Offsets

Impact & implication

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. Our internal carbon price is calculated based upon the average price we pay for carbon offsets to maintain our carbon neutral status and also upon the cost of committing NAB to RE100, through which we have committed to increasing our internal renewable energy consumption to 100% by 2025.

In 2021, our internal carbon price was factored into investment decisions made around lighting upgrades at NAB's large commercial building. The capital investment payback (2.2 years) was determined based on projected energy cost savings, internal cost of carbon savings and some maintenance cost savings.

Our internal carbon price for the 2021 environmental year reporting period was $18.58 per tonne. This is informed by our purchases of international and domestic, indigenous voluntary carbon offsets and of renewable energy in 2021.

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

41.89

% total procurement spend (direct and indirect)

8.85

% of supplier-related Scope 3 emissions as reported in C6.5

99.64

Rationale for the coverage of your engagement

This data refers to our Scope 3 GHG emissions from base-building energy use (diesel, gas) and electricity not under NAB's operational control. Base-building GHG emissions represent our share of emissions from energy use to operate common facilities such as heating, cooling, ventilation and lifts within buildings we occupy.

NAB Group leases the majority of its building portfolio and the majority of the GHG emissions from these buildings are considered by NAB 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).

Impact of engagement, including measures of success
NAB achieved a 21% (781,87 tCO2-e) reduction in Scope 3 Base Building emissions across the Group since 2020. This is in part due to the delivery of energy efficiency initiatives in Australia including the installation of LED lighting, undertaken by our landlords, in areas of buildings shared with NAB.

Comment
Due to the impacts of COVID-19, we saw reduced occupancy across our commercial buildings during 2021, which played a significant 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
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
1.29

% total procurement spend (direct and indirect)
0.02

% of supplier-related Scope 3 emissions as reported in C6.5
93

Rationale for the coverage of your engagement
NAB engages with all of our waste providers to reduce our waste to landfill and to improve our diversion to recycling streams.

In 2021, NAB's Australian total waste generation decreased by 44% from 2,900 tonnes in 2020 to 1,267 tonnes. We also saw that 59% of Australian waste generation in 2021 was diverted from landfill to recycling streams. This is a result of our engagement with our waste providers to implement additional recycling streams across the business and to provide advice to employees on best practices waste management.

Impact of engagement, including measures of success
NAB has reduced its carbon emissions from Australian landfill waste by 48% since 2021. Waste continues to be a passionate topic among our staff with this being one of the most popular topics for feedback to the Environment team. Some of this feedback is acted upon in conjunction with our waste and recycling suppliers e.g. introduction of the container deposit scheme in some commercial buildings in NSW and a reduction in the associated Scope 3 GHG emissions.

Comment
Due to the impacts of COVID-19, we saw reduced occupancy across our commercial buildings during 2021, which played a significant role in reducing our waste and associated Scope 3 emissions. The impacts of COVID-19 will not be permanent, so we expect to continue our engagement with our waste providers to maintain this downward trend in waste and emissions.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
0.08

% total procurement spend (direct and indirect)
0.09

% of supplier-related Scope 3 emissions as reported in C6.5
53

Rationale for the coverage of your engagement
Travel is an important and necessary part of our business and contributes significantly to NAB's Scope 3 emissions. Whilst we travel with a range of service providers in airlines and hotel providers, we engage directly with our travel provider for our Australian business in 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. Working in conjunction with our travel supplier, we carefully account for our annual travel emissions and report this to the business. Through raising awareness, and because of COVID-19 related travel bans, Group business flight emissions fell by 89% and hotel stays fell by 83% in 2021 since 2020.

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
Included climate change considerations in client management mechanism
Engage with clients on measuring exposure to climate-related risk

% client-related Scope 3 emissions as reported in C-FS14.1a
27

Portfolio coverage (total or outstanding)

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. This list incorporates carbon intensive, low carbon and climate sensitive industries and activities. Where sensitive sector and activity criteria are triggered during the screening process, a more detailed ESG risk assessment may be required to be undertaken as part of credit risk assessment and due diligence. Where customers are involved in carbon intensive, low carbon and climate sensitive sectors, we engage with customers and include review of their climate-related strategy, risk assessment, management, and performance in our ESG risk assessment process. This process covered 27% of the attributable financed emissions in the 8 sectors that currently make up the portfolio emissions data reported in C-FS14.1a.

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 FY2019, we reviewed thermal coal mining generation lending portfolios and announced measures to reduce NAB's thermal coal exposure over time. In FY2020, 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 2023.

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 of our high GHG emitting customers; and
• using our understanding of climate-related risks to identify opportunities to help customers with climate-related solutions which will be reflected in transactions that form part of meeting our $70bn environmental financing target.

Type of clients
Customers/clients of Banks

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Run an engagement campaign to educate clients about your climate change performance and strategy
Included climate change considerations in client management mechanism
Collect climate change and carbon information at least annually from long-term clients
Engage with clients on measuring exposure to climate-related risk
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

Portfolio coverage (total or outstanding)
34

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 by 2023. In FY2021, we have engaged with 34 of our 100 highest emitting customers so have indicated 34 as the portfolio coverage for this question. These customers represent approximately 22% 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.

We are also undertaking work to understand our financed emissions. 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). The portfolio and sectoral level estimated attributable emissions baselines will be used to develop decarbonisation pathways and targets against which we can monitor: (i) alignment of our portfolio over time to achieve our net zero emissions by 2050 goal and (ii) at a sectoral level – to assist monitoring sectoral decarbonisation in line with CCCA requirements.

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 2023; and
•alignment of portfolio over time to achieve our net zero emissions by 2050 goal and sectorial decarbonisation in line with CCCA requirements.

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

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly 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-the-transition-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.

NAB_2021_Position_Statement.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

NAB is committed to engaging responsibly in climate change policy development. This continues our longstanding approach to constructively engage in the policy development process, where it is relevant to our business. NAB has an internal consultative process aimed to ensure that our direct and indirect activities that influence policy are consistent with the climate change area of focus in our 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 Specialised Finance, Capital Financing Solutions, Advisory and others) and Group functions such as Risk, Corporate Affairs, Government Affairs and Legal meet together (as appropriate) to review policy changes and determine the relevance and impact of those policy changes, as they relate to NAB Group. Formal approval from relevant internal stakeholders is sought prior to the 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 Social Impact team regularly reviews the advocacy activities of NAB's industry associations to ensure continued alignment with the Paris Agreement goal.

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?

Focus of policy, law, or regulation that may impact the climate

Other, please specify (Corporate Emissions Reduction Transparency Scheme)

Specify the policy, law, or regulation on which your organization is engaging with policy makers

The Clean Energy Regulator published a consultation paper seeking feedback on a possible design of the Corporate Emissions Reduction Transparency Scheme (CERT) report and its guidelines.

Policy, law, or regulation geographic coverage

National

Country/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 policy makers

NAB provided a submission to the Clean Energy Regulator in response to its consultation paper. NAB also contributed to a submission by its industry association, the Business Council of Australia.

Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation

Overall, NAB welcomed a central location to track companies' emissions profile and progress towards emissions reduction commitments. However, we also raised concerns about inconsistencies between data sets and the challenge of reporting an Australian-only position in contrast to our public reporting which covers the whole of the NAB Group. NAB also provided other feedback.

Have you evaluated whether your organization’s engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate

Electricity grid access for renewables

Specify the policy, law, or regulation on which your organization is engaging with policy makers

The Energy Security Board published a post-2025 National Energy Market (NEM) Design Consultation Paper to seek views on a long-term, fit-for-purpose market design for the NEM.

Policy, law, or regulation geographic coverage
National

Country/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 contributed to industry association Business Council of Australia's submission in response to the consultation. The submission inter alia highlighted the need for market design to be robust to progressively tighten emissions profiles over time, consistent with Australia's Paris Agreement commitment and achieving a net zero emissions target for the economy by 2050.

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 is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate
Adaptation and/or resilience to climate change
Climate-related targets

Specify the policy, law, or regulation on which your organization is engaging with policy makers
Climate Change (National Framework for Adaptation and Mitigation) Bill 2020 and Climate Change (National Framework for Adaptation and Mitigation) (Consequential and Transitional Provisions) Bill 2020.

Policy, law, or regulation geographic coverage
National

Country/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 policy makers
On 9 November 2020, Ms Zali Steggall MP introduced the Climate Change (National Framework for Adaptation and Mitigation) Bill 2020 and the Climate Change (National Framework for Adaptation and Mitigation) (Consequential and Transitional Provisions) Bill 2020 in the Australian House of Representatives. On 11 November 2020, the House of Representatives election Committee referred both Bills to the House of Representatives Standing Committee on the Environment and Energy for inquiry and report. On the same day, the Committee resolved to open the inquiry for public submissions. NAB contributed to submissions made to the inquiry by industry associations Business Council of Australia, and Business Council for Sustainable Development Australia.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
Overall, the submissions supported the intention of proposed legislation including a system of emissions budgeting to track and drive progress to net zero emissions by 2050; using a science-based, risk-management approach to addressing climate change, and ensuring people and community impacts are considered. However, feedback was provided with respect to ensuring Australia's climate policy response was efficient and least-cost, and to ensure timeframes aligned to private sector decision-making. Additionally, the submissions maintained that the Parliament should maintain ultimate decision-making power over climate policy, notwithstanding the role played by the proposed independent advisory body.

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate
Mandatory climate-related reporting

Specify the policy, law, or regulation on which your organization is engaging with policy makers
New Zealand's Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill

Policy, law, or regulation geographic coverage
National

Country/region the policy, law, or regulation applies to
New Zealand

Your organization's position on the policy, law, or regulation
Support with minor exceptions

Description of engagement with policy makers
In response to the New Zealand Parliament Economic Development, Science and Innovation Committee's review of New Zealand's Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill, NAB Group's major New Zealand subsidiary, the Bank of New Zealand (BNZ), made a submission. In addition, BNZ contributed to the submission made by industry association New Zealand Bankers' Association.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
Overall, BNZ provided support for NZ to introduce legislation to adopt a mandatory principles-based disclosure system, the scope of obligations placed on climate reporting entities, as well as timeframes and penalties proposed in the Bill. However, BNZ raised concern about the challenge expected due to the uncertainty around the XRB Standards and the timing of its release. BNZ also suggested that the Bill not be overly prescriptive with respect to the form and location of publication of climate statements for reporting entities.

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization 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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We have already influenced them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
The Business Council of Australia now 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 NAB's own views by participating in roundtables and supporting drafting of submissions to government reviews and inquiries, and policy positions. NAB was an active participant and represented on various working groups associated with BCA's development of its blueprint to achieve a net zero emissions economy by 2050.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)
93500

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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We have already influenced them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
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 NAB'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, if applicable (currency as selected in C0.4) (optional)
3086999

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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
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 NAB'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, if applicable (currency as selected in C0.4) (optional)
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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
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, if applicable (currency as selected in C0.4) (optional)
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)

Is your organization's position on climate change consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
As the voice of NZ's banking industry, NZBA seeks to shape public policy on non-competitive industry issues. This includes on climate change which is a current regulatory priority for the Association.

NZBA 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, if applicable (currency as selected in C0.4) (optional)
300000

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 NZBA – 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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
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, if applicable (currency as selected in C0.4) (optional)
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 consistent with theirs?
Consistent

Has your organization influenced, or is your organization attempting to influence their position?
We publicly promote their current position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)
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, if applicable (currency as selected in C0.4) (optional)
28588

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 in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization
Other, please specify (Industry initiative)

State the organization to which you provided funding
Australian Industry Energy Transition Initiative (ETI)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)
0

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
The Australian Industry ETI aims to accelerate action towards achieving net zero emissions in hard-to-abate supply chains by 2050 while managing the transition to thrive in a decarbonised global economy.
We continued to support this collaborative industry initiative led by ClimateWorks Australia and Climate-KIC Australia. The Australian Industry ETI released a technical report in 2021 outlining the energy transition needs to help heavy industry (Steel; Aluminium; LNG; Other metals (copper, lithium, nickel); and Chemicals (fertilisers and explosives) to reach net zero by 2050.

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
Other, please specify (Industry initiative)

State the organization to which you provided funding
Climate Measurement Standards Initiative (CMSI)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)
10000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
The TCFD is quite broad in its guidance on how to assess and disclose climate-related risk. This has the potential to lead to disclosures which are not comparable, consistent or aligned across reporters and to crucial Australian factors. The CMSI was formed to bridge this gap for asset owners, banks, insurers and traders of private and residential property in Australia, and for institutions whose role it is to oversee financial and community stability. The CMSI is a first step to providing Australia a common understanding of financial disclosures regarding future damage to residential and commercial properties by climate-related phenomena.

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
Other, please specify (Industry initiative)

State the organization to which you provided funding
New Zealand Climate Leaders' Coalition

Funding figure your organization provided to this organization 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

Type of organization
Other, please specify (Public and Private Sector Partnership)

State the organization to which you provided funding
The Aotearoa Circle (New Zealand)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)
25912

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

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status
Complete

Attach the document
NAB_2021_annual_financial_report.pdf

Page/Section reference
NAB 2021 Annual Financial Report page references: TCFD-related disclosures covering governance, strategy, risk management and metrics and targets – refer to pgs 44 to 46. Disclosure on Risk Factors (incorporates climate risk) – refer pg 19.

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

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
NAB_2021_investor_presentation.pdf

Page/Section reference
NAB 2021 Full Year Investor Presentation, slides as follows: Strategy – Slide 103, alignment of reporting to TCFD Risk & opportunities – Slide 106, portfolio exposures to coal mining and renewables, project finance for renewables – Slide 108, Other metrics – Slide 104, Integration into Board development agenda and colleague training – Slide 109.

Content elements
Risks & opportunities
Emissions figures
Other metrics
Other, please specify (Climate Finance)

Comment

Publication
In other regulatory filings

Status
Complete

Attach the document
NAB_climate active_public disclosure statement_2020-2021.pdf

Page/Section reference
NAB 2021 Climate Active Public Disclosure Statement – 2020-2021: See section 1&2 (pg. 1-6), section 3 (pg. 7-8) and section 4 (pg 9-10).

Content elements
Emissions figures

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
NAB_2021_annual_review.pdf

Page/Section reference
NAB 2021 Annual Review page references: pg 31-33 – reporting on climate change and progress against our environmental finance target to support the low carbon transition; pg 36 – reporting on risk management and TCFD; pg 34-53 covering climate action, sustainable finance, project finance incl. renewable energy, climate risk management, sustainable agriculture, colleague training, partnerships and advocacy, adaptation infrastructure, operational performance, metrics and targets.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Other, please specify (Risk Management &TCFD and Climate Finance.)

Comment

Publication
In voluntary sustainability report

Status
Complete

Attach the document
NAB_2021_sustainability_data-pack_xlsx.xlsx

Page/Section reference
NAB 2021 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
Other, please specify (Climate Finance.)

Comment

C-FS12.5

(C-FS12.5) 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 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 (CMSI, Australian Industry Energy Transition Initiative, ASFI, BCSD Australia, CEC, Climate Active, GBCA; Aotearoa Circle, Climate Leaders Coalition, Sustainable Business Council, Sustainable Business Network NZ)	CDP Signatory: Signatory and CDP member, as well as respondent to the annual Climate Change Survey. Climate Bonds Initiative Partner Programme: Partner – to support the development of Climate Bonds Standards through participation in working groups, conferences and other events and to gain access to CBI data, insights and technical advice. Collective Commitment to Climate Action: Membership to accelerate actions required under the Principles for Responsible Banking to align business strategy with the temperature goals of the Paris Agreement and to assist NAB in meeting its goal to align our lending portfolio to net zero emissions by 2050. Equator Principles: Signatory and member – to apply a consistent approach to the identification, assessment and management of environmental and social risks when financing projects. Natural Capital Finance Alliance: Signatory to the Natural Capital Declaration and to support efforts in the development and testing of tools and methodologies to reduce and manage risks of environmental impacts and dependencies on natural capital. Net Zero Banking Alliance: Signatory and member – to assist NAB in meeting its goal to align our lending portfolio to net zero emissions by 2050. Principles for Responsible Investment (PRI) (NAB subsidiary Bank of New Zealand (BNZ) only): Signatory – to support the incorporation of ESG considerations into investment decisions, policies, practices and disclosure, as well as the enhancement and promotion of the principles themselves. RE100: Signatory and member – to formalise NAB Group's commitment to use of 100% renewable energy in our operations. Taskforce on Climate-related Financial Disclosures (TCFD): Supporter – to signal our commitment to climate-related disclosure. Taskforce on Nature-related Financial Disclosures (TNFD): Forum Member – to support and participate in the development of guidelines for nature-related financial disclosures. UN Global Compact Australia: Member (since 2010) and participant in the associated Australian Network – to support our implementation of the Compact Principles that cover human rights labour, environment and anti-corruption; UNEP FI and Principles for Responsible Banking: Inaugural Signatory/member – to support NAB Group in the alignment of its strategy and practice with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement. UNEP FI TCFD Pilot: Participant – to engage with peers and help NAB develop its skills and capabilities in climate risk management and climate-related financial disclosures, including scenario analysis. We Mean Business Coalition: Signatory to actions on carbon pricing, responsible climate policy, reporting on climate change information and purchase of 100% renewable energy. Aotearoa Circle (BNZ only): Member – to support BNZ's commitment to sustainability. Australian Industry Energy Transition Initiative: Member – to support Australian industry in hard to abate sectors moving toward net zero emissions in by 2050. Australian Sustainable Finance Initiative (ASFI): Member – to support the development of a sustainable and resilient Australian financial system. Business Council for Sustainable Development Australia (BCSD): Member – to work with peer businesses to support the transition to a sustainable world by aligning with the Sustainable Development Goals (SDGs) and acting on climate change. Clean Energy Council (CEC) (Australia): Member – to support the clean energy transition in Australia. Climate Active (Australia): Member – to certify our Australian business as carbon neutral. Climate Leaders Coalition (BNZ only): Member – to support our goal to assist the transition to a low emissions economy in New Zealand. Climate Measurement Standards Initiative: Member – to support the development of open-source technical business and scientific standards for use of climate physical risk projections in Australia. Green Building Council of Australia (GBCA): Member – support a sustainable transformation of the built environment in Australia. Sustainable Business Council (BNZ only): Member – to work with peer businesses with the objective of creating a sustainable future for business, society and the environment in NZ. Sustainable Business Network NZ: Member – to work with peer businesses with the objective of creating a sustainable future for business, society and the environment in NZ.

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
In FY2021, NAB was focused on establishing baseline decarbonisation pathways for a range of carbon intensive sectors in order to meet the requirements of the Net Zero Banking Alliance and Collective Commitment to Climate Action for portfolio sectoral decarbonisation targets by November 2022. We do assess our portfolio's carbon assets and some of this is available in our half and full year investor packs and our annual sustainability data pack. However, we have not reported here as we need to map our industry categorisations to the TCFD categories required by CDP so we can report accurately in line with CDP's request. We will work to align our reporting further in the future as resources permit. Key segments of high carbon assets in NAB's lending portfolio as defined by TCFD include:
Asset: EAD (bn) / % of total lending
Agriculture: $48.8 bn / 4.83%
Beverages: $1.2 bn / 0.12%
Capital Goods: $0.7 bn / 0.07%
Chemicals: $0.8 bn / 0.08%
Construction Materials: $0.6 bn / 0.06%
Electric Utilities: $5.6 bn / 0.55%
Metals and Mining (ex Coal , Oil & Gas): $6.2 bn / 0.61%
Packaged Food and Meats: $1.0 bn / 0.10%
Paper and Forest Products: $3.0 bn/ 0.30%
Real Estate Management and Development: $48.7 bn / 4.81%
Transportation: $15.0 bn / 1.48%

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)
1426813523

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
0.14

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>

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)
4155580724

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
0.41

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>

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
10885840

Portfolio coverage
50.7

Percentage calculated using data obtained from clients/investees
26.6

Emissions calculation methodology
Other, please specify (NAB's financed emissions calculation is aligned to the PCAF methodology with exceptions related to: (i) inclusion of some non-market related off-balance sheet exposures, and (ii) reporting at a sector level rather than by asset class.)

Please explain the details and assumptions used in your calculation
NAB Group selected industries based on the following criteria for its initial attributable financed emissions estimate:
• Materiality of sectoral financing/exposure as a % of Group Exposure at Default (EAD).
• Sectoral contribution to greenhouse gas (GHG) emissions.
• Ready access to good quality company or industry level emissions data which can be applied in the emissions estimation methodology.

Financed emissions coverage represented 50.7% of NAB Group's EAD as at 30 June 2021. NAB's methodology is aligned to the Partnership for Carbon Accounting Financials (PCAF) methodology with the following exceptions:
• Whereas PCAF's definition of EAD encompasses on-balance sheet loans and lines of credit only, NAB expanded its definition of EAD to include non-market related off-balance sheet exposures such as bank guarantees and undrawn facilities in a conservative approach to cover the broader exposures of the bank, not only limited to cash flows.
• PCAF outlines financed emissions calculation methodologies by asset class, however, NAB has reported its financed emissions at a more granular industry sector level as we believe this provides a more detailed and meaningful representation of our lending portfolio.

We applied two approaches to estimating financed emissions based on data availability – (i) a bottom-up approach – based on individual company GHG data, and (ii) a top-down approach – based on industry level emissions intensity data where company data was unavailable.

The bottom-up approach was applied to Corporate and Institutional exposures in:
• Power generation (covers power generation, gentailers, electricity transmission and distribution).
• Heavy manufacturing (covers cement, lime, plaster, concrete, bricks, iron and steel and aluminium).
• Resources (including coal, oil and gas).
• Transport (covers road freight, air, rail, and international sea transport).
• Commercial real estate (office and retail).

A top-down approach was applied to lending exposures for:
• Residential mortgages.
• Small to medium-sized enterprises in Commercial and Services – based on Australian Energy Statistics data for Commercial and Services sector aligned to 1993 ANZSIC classification F, G, H, J, K, L, M, N, O, P and Q).
• Agriculture.

For further detail refer to our methodology document: https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/finance-emissions-estimate-methodology.pdf

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	<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)	2036484
Banking (Bank)	Other, please specify (Heavy manufacturing)	Absolute portfolio emissions (tCO2e)	185727
Banking (Bank)	Other, please specify (Resources)	Absolute portfolio emissions (tCO2e)	536921
Banking (Bank)	Transportation	Absolute portfolio emissions (tCO2e)	101347
Banking (Bank)	Other, please specify (Agriculture)	Absolute portfolio emissions (tCO2e)	3929316
Banking (Bank)	Other, please specify (SMEs)	Absolute portfolio emissions (tCO2e)	990005
Banking (Bank)	Other, please specify (Residential mortgages)	Absolute portfolio emissions (tCO2e)	3072195
Banking (Bank)	Other, please specify (Commercial Real Estate)	Absolute portfolio emissions (tCO2e)	33844

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	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
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-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 is regularly reviewing carbon intensive, climate sensitive and low-carbon sectors (since 2017) so we can understand potential climate risk in our lending portfolio, make decisions regarding the transition pathways, and make relevant changes to risk appetite and policy. In FY2021, NAB Group completed a review of lending to the oil and gas (O&G) sector. The International Energy Agency's Net Zero Emissions (IEA NZE 2050) scenario was used to inform the Group's decisions about an O&G decarbonisation pathway. This scenario was selected due to its international credibility, regularity of updates and familiarity to customers. As a result of the review: • 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. We also updated our coal-related credit policy and risk settings, refer here: https://news.nab.com.au/news/nab-updates-esg-related-credit-policy-and-risk-settings/ In FY2021, we also progressed towards 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 FY2021, we developed a Transition Framework Diagnostic to assist in this process.
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 FY2021. 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 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 impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in both our upstream and downstream value chain	Bank lending portfolio (Bank)

C15.4

(C15.4) 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	Land/water protection Land/water management Species management Education & awareness Livelihood, economic & other incentives Other, please specify (NAB has also supported research designed to support the management of biodiversity, for example: ClimateWorks Natural Capital Measurement Catalogue.)

C15.5

(C15.5) 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

C15.6

(C15.6) 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 voluntary sustainability report or other voluntary communications	Other, please specify (NAB's Natural Capital Strategy which includes biodiversity.)	Pages 1-2, whole document describes NAB's Natural Capital strategy which includes biodiversity (from NAB website https://www.nab.com.au/about-us/social-impact/environment/natural-value). NAB_Natural_Capital_web_pages.pdf
In mainstream financial reports	Risks and opportunities Other, please specify (NAB's Natural Capital Strategy which includes biodiversity.)	Page 36 of NAB 2021 Annual Review, section "Biodiversity and natural capital" describes responses to biodiversity-related risks and opportunities and provides links to NAB's Natural Capital Strategy, which includes biodiversity. NAB_2021_annual_review.pdf

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.

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	Group Chief Executive Officer and Managing Director	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	20233000000

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

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
0.49

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. The figure provided for revenue is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2021 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
476000000

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.

Requesting member
Telstra Corporation

Scope of emissions
Scope 2

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
2.58

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. The figure provided for revenue is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2021 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
476000000

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, we have used NAB's market-based Scope 2 emissions figure.

Requesting member
Telstra Corporation

Scope of emissions
Scope 3

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
1.93

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 Telstra. The figure provided for revenue is Income (Total of: total interest income + total other operating income) as income is the relevant metric from our 2021 Annual Financial Report.)

Market value or quantity of goods/services supplied to the requesting member
476000000

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.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

NAB 2021 Annual Review and Sustainability Data Pack: Annual performance and reporting suite - NAB

NAB 2021 Annual Financial Report - For revenue we have used Income. See Note 3 (refer to Total Interest Income) page 99 and Note 4 (refer to Total Other Operating Income) page 101.

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
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

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 with Telstra in return, which is at a stage too early to quantify emissions reductions.

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)	Please explain
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 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 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, 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 risk management policies
Setting performance objectives
Monitoring implementation and performance of objectives
Other, please specify (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 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 risk management policies
Other, please specify (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 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, 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'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 2021 Corporate Governance Statement. The Board assessed its combined skills and capabilities from an environmental and social perspective as moderate. In 2021, the Nomination & Governance Committee and Board prioritised increasing the combined capabilities of the Board on ESG risk management (particularly climate change) in its continuing education priorities. 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'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 2021 Corporate Governance Statement. The Board assessed its combined skills and capabilities from an environmental and social perspective as moderate. In 2021, the Nomination & Governance Committee and Board prioritised increasing the combined capabilities of the Board on ESG risk management (particularly climate change) in its continuing education priorities. 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.

Name of the position(s) and/or committee(s)
Risk committee

Reporting line
Risk – CRO reporting line

Issue area(s)
Forests
Water

Responsibility
Assessing risks and opportunities

Coverage of responsibility
Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues
As important matters arise

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.

Portfolio
Banking (Bank)

Exposure to
Forests-related risks and opportunities

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)

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 Group-wide 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.

Portfolio
Banking (Bank)

Exposure to
Water-related risks and opportunities

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
Stress tests
Other, please specify (NAB's ESG Risk Assessment process and APRA Climate Vulnerability Assessment.)

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 FY2021, NAB Group commenced work on a Climate Vulnerability Assessment (CVA), a Council of Financial Regulators initiative led by the Australian Prudential Regulatory Authority (APRA). The CVA involves 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 are being 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 the NAB 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.

Time horizon is considered as 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 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 – 30 years (long term), and
3) the FY2019 drought analysis exercise was short term.

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.

Portfolio
Banking (Bank)

Information related to
Water

Type of information considered
Water withdrawal and/or consumption volumes
Water discharge treatment data
Breaches to local water regulations

Process through which information is obtained
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.)

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Transportation
Food, Beverage & Tobacco
Pharmaceuticals, Biotechnology & Life Sciences
Utilities
Other, please specify (Agriculture, Mining including Coal, Oil & Gas.)

State how these forests- and/or water-related information influences your decision making
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 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 decisioning process and may influence the decision to lend.

Portfolio
Banking (Bank)

Information related to
Forests

Type of information considered
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

Process through which information is obtained
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.)

Industry sector(s) covered by due diligence and/or risk assessment process
Materials
Retailing
Food, Beverage & Tobacco
Real Estate
Other, please specify (Forestry and Logging, Agriculture, Mining and Property Development.)

State how these forests- and/or water-related information influences your decision making
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 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 decisioning process and may influence the decision to lend.

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
The risk factors section in our 2021 Annual Financial Report (particularly pgs 22 and 27) highlights physical risks arising from climate change, including acute physical impacts resulting from drought. It notes, for example, that parts of Australia are prone to, and have recently experienced, physical climate events such as water-security related severe drought conditions (across multiple states) and forest-risk related to bushfires (for example in South Australia and Western Australia) over the 2019/2020 summer period, followed by record-breaking floods in Eastern Australia in early 2021. The impact of these extreme weather events can be widespread, extending beyond primary producers to customers of the Group who are suppliers to the agricultural sector, and to those who reside in, and operate businesses within, impacted communities. 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.

Further, due to the substantive impact of drought conditions and/or extreme weather events on agribusiness 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 2021 Annual Financial Report, we noted that this provisioning was no longer required. Refer to pg 136: Note 19 states "As at 30 September 2021, the Group holds no forward looking adjustments (FLAs) in its credit impairment provisions reflecting the potential impact of Australian drought conditions (2020: $89 million)."

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)
20000000

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 Agribusiness customers due to Australian drought considerations. For FY2021, no provisioning was required due to an improved sector outlook with favourable weather conditions. In addition, financial assistance to customers is made available – this includes: interest holidays, concessional rate loans, grants, and donations. This assistance is typically less than $20m annually for large scale natural disasters based on individual events since 2011. 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 2021 HY Investor Pack also noted the following payments related to Disaster Resilience:
• >1,700 grants worth over >$3m provided to support customers and colleagues whose homes and business' are affected by NSW floods and WA Cyclone Sero
• $100,000 committed to each of NSW SES and GIVIT's Severe Storms and Flooding relief package
• Launched $1.2m NAB Foundation Community Grants program to help customers prepare for and recover from natural disasters, as well as building resilience against future disasters
• Committed $10m over the next ten years as part of NAB's Environmental Resilience Fund for regional projects that improve resilience to natural disasters.

Total impact is therefore estimated as $20m (no collective provisions for FY2021 year and financial assistance of $20m).

Cost of response to risk
375000

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); (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 external research initiatives in relation to climate modelling to assess future risk for our customer portfolio. External costs in 2021 were separately costed at approximately $375k, 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 Phase 3 pilot project) 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 2021 Financial Year). A number of these customers will own property that is subject to state-based land-clearing laws that may impact forest or native remnant vegetation on agricultural land. 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
A 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 joined together with a group of international peers – British bank NatWest Group, Canadian Imperial Bank of Commerce and Brazil's Itaú Unibanco to develop a global carbon platform using distributed ledger technology known as Carbonplace. Its purpose is to create a transparent and liquid marketplace for voluntary carbon credits. Since the project was publicly announced in July 2021, it has completed a successful pilot trade; with further pilot trades to be executed over the coming months. This alliance also launched a Global Open Finance Challenge. The four banks, in collaboration with cloud computing leader Amazon Web Services (AWS), invited entrepreneurs and innovators to prototype new customer solutions on a global scale. Currently in progress, the challenge included a specific theme on finding innovative ways to help our customers make better decisions around climate and sustainability.

2) Biodiversity and natural capital – 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. Through this engagement with the TNFD, and as an original signatory to the Natural Capital Declaration, we are seeking to work with other stakeholders to improve the reporting on management of biodiversity and natural capital risks in the future, including those that relate to forest-risk.

3) 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, including forests. This includes working with ClimateWorks Australia. With strong participation from industry, academia, government and NGOs, ClimateWorks Australia completed the development of a natural capital measurement 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.

4) NAB has supported customers to participate in the Australian carbon market through providing mortgagee consent to customers developing projects to protect and enhance forests on their rural properties.

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
130000

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 ClimateWorks Australia opportunity, the second phase (on-going) will involve identifying agri-business customers to test the natural capital measurement catalogue. The objective is to determine if this approach provides an efficient and effective way for our agri-business customers to establish a natural capital baseline and then to draw on this to inform decision-making. Pending successful outcomes from the testing phase, the strategy for realising the opportunity will involve working with ClimateWorks to support widespread adoption and on-going use of the catalogue. Phase 1 and 2 of the ClimateWorks contract was $130,000, 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 FY2021, 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)
400329541

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 2025* to $70bn by 2025* to help address climate change, sustainability and assist the transition to a low carbon economy (potential financial impact). This environmental financing target includes project finance for projects supporting water security.

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 2021. 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's Sustainability Council, which involves management representatives from across the business, oversees and aligns activity behind our strategic sustainability focus areas and monitors 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.

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 related to project finance for six water-related projects in the project finance portfolio in FY2021 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.

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, for example the formation of a Natural Value Champions network made up of 25 Agribusiness bankers who cascade the Natural Value communications to our network of 550 agribankers across Australia.

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 of natural capital upon 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.

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 75 bankers completing the Melbourne Business School Climate Banking training in FY2021.

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 2021 Annual Financial Report we noted that this provisioning was no longer required. Refer to pg 136: Note 19 states “As at 30 September 2021, the Group holds no forward looking adjustments (FLAs) in its credit impairment provisions reflecting the potential impact of Australian drought conditions (2020: $89 million).”

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 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.

FW-FS3.3

(FW-FS3.3) 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-FS3.3a

(FW-FS3.3a) 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

Description of product(s)
NAB provides project finance to water-related initiatives that address water security. In FY2021, 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 2021.

Product enables clients to mitigate
Water insecurity

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)
400329541

% of total portfolio value
2

Product type
Corporate loans

Taxonomy or methodology used to classify product(s)
LMA Sustainability Link Loans Principles

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 FY2021.

Product enables clients to mitigate
Deforestation
Water insecurity

Type of activity financed, invested in or insured
Sustainable agriculture
Water resources and ecosystem protection

Portfolio value (unit currency – as specified in C0.4)
613945337

% of total portfolio value
24.9

FW-FS3.4

(FW-FS3.4) 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-FS3.5

(FW-FS3.5) 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

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.

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 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

Portfolio coverage of engagement
1

Rationale for the coverage of your engagement
Engagement targeted at clients with increased water-related risks

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 Cattle products Soy Coffee Sugar	<Not Applicable>	<Not Applicable>

(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
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
786

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:
• Food Agility CRC: NAB has worked with researchers from the Food Agility CRC to develop a tool that catalogues and reviews investment opportunities for Australian farmers that support them to mitigate emissions and adapt to the physical risks of climate change (including water efficiency, land quality and biodiversity).
• 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 FY2022 will involve piloting the metrics on participating farms.

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
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
12224

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:
• Food Agility CRC: NAB has worked with researchers from the Food Agility CRC to develop a tool that catalogues and reviews investment opportunities for Australian farmers that support them to mitigate emissions and adapt to the physical risks of climate change (including water efficiency, land quality and biodiversity).
• 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 FY2022 will involve piloting the metrics on participating farms.

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
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
4

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:
• Food Agility CRC: NAB has worked with researchers from the Food Agility CRC to develop a tool that catalogues and reviews investment opportunities for Australian farmers that support them to mitigate emissions and adapt to the physical risks of climate change (including water efficiency, land quality and biodiversity).
• 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 FY2022 will involve piloting the metrics on participating farms.

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
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
2

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:
• Food Agility CRC: NAB has worked with researchers from the Food Agility CRC to develop a tool that catalogues and reviews investment opportunities for Australian farmers that support them to mitigate emissions and adapt to the physical risks of climate change (including water efficiency, land quality and biodiversity).
• 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 FY2022 will involve piloting the metrics on participating farms.

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
Long term financing/insurance contracts
Other, please specify (Green loan products are in development.)

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
639

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:
• Food Agility CRC: NAB has worked with researchers from the Food Agility CRC to develop a tool that catalogues and reviews investment opportunities for Australian farmers that support them to mitigate emissions and adapt to the physical risks of climate change (including water efficiency, land quality and biodiversity).
• 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 FY2022 will involve piloting the metrics on participating farms.

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?

	Direct or indirect engagement that could 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, we engage indirectly through trade associations Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact this issue area	<Not Applicable>	<Not Applicable>
Water	Yes, we engage directly with policy makers Yes, we engage indirectly through trade associations Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly 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)
Water

Focus of policy, law or regulation that may impact this issue area
Flood/drought resilience
Responsible water withdrawal and/or consumption

Specify the policy, law or regulation on which your organization is engaging with policymaker
Drought Response, Resilience and Preparedness Plan: Australian Government implementation review 2020–21

Policy, law or regulation coverage
National

Country/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 policymakers
NAB engaged with government in relation to review of the Drought Response, Resilience and Preparedness Plan, with respect to the Farm Management Deposits Scheme and NAB's work with the Queensland Rural and Industry Development Authority (QRIDA) and Regional Investment Corporation (RIC) in the administration of the grants and accessing benefits available from RIC.

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 is aligned with the Sustainable Development Goals?
Yes, we have evaluated, and it is aligned

Issue area(s)
Water

Focus of policy, law or regulation that may impact this issue area
Water rights

Specify the policy, law or regulation on which your organization is engaging with policymaker
South Australian Water Register

Policy, law or regulation coverage
Sub-national

Country/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 policymakers
Engagement with South Australian Department of Water and Environment regarding Water Register

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 is aligned with the Sustainable Development Goals?
Yes, we have evaluated, and it is aligned

Issue area(s)
Forests

Focus of policy, law or regulation that may impact this issue area
Sustainable finance
Other, please specify (Sustainable agriculture)

Specify the policy, law or regulation on which your organization is engaging with policymaker
Sustainable Finance and Sustainable Agriculture

Policy, law or regulation coverage
National

Country/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 policymakers
Direct engagement with the Australian Pesticides and Veterinary Medicines Authority about sustainable finance, use of pesticides and sustainable agriculture.

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 is aligned with the Sustainable Development Goals?
Yes, we have evaluated, and it is aligned

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)
1406794657

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
2.66

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)
13677413596

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
25.9

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)
31746979

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)
40588036

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
0.12

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)
33450

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
0.001

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)
118658290

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
0.22

FW-FS5.2b

(FW-FS5.2b) How much of the finance/insurance disclosed is extended to clients/investees that meet your policy expectations on how to manage their impact on forests?

Lending to companies operating in the timber products supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

Lending to companies operating in the cattle products supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

Lending to companies operating in the soy supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

Lending to companies operating in the rubber supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

Lending to companies operating in the cocoa supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

Lending to companies operating in the coffee supply chain

Percentage of clients/investees compliant with our forests-related policy expectations will be reported
No, we do not have forests-related policy criteria

Percentage of clients/investees compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure compliant with forests-related policy expectations
<Not Applicable>

Percentage of clients/investees near-compliant with forests-related policy expectations
<Not Applicable>

Percentage of portfolio exposure near-compliant with forests-related policy expectations
<Not Applicable>

Target year for 100% compliance
<Not Applicable>

Explain how you have calculated the percentage of clients/investees and portfolio exposure compliant
<Not Applicable>

Explain why you do not have a forests-related policy or why you do not record if clients/investees are compliant
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.

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).

Publication
In mainstream reports

Status
Complete

Attach the document
NAB_2021_annual_review.pdf
NAB_2021_annual_review.pdf

Page/Section reference
Page 18, section "Our strategic ambition" describes how the "Long-term" strategic pillar of the NAB strategy has a focus on ESG risk management.
Page 52, section "ESG risk management and oversight" describes the ESG governance and assessment processes that apply to forests- and water-related risks and opportunities.
Page 36, section "Biodiversity and natural capital" describes responses to forests- and water-related risks and opportunities and provides links to NAB's Natural Capital Strategy.

Content elements
Governance
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
NAB_Natural_Capital_web_pages.pdf
NAB_Natural_Capital_web_pages.pdf

Page/Section reference
Pages 1-2, whole document describes NAB's Natural Capital strategy (from NAB website https://www.nab.com.au/about-us/social-impact/environment/natural-value).

Content elements
Strategy
Risks and opportunities
Response to forests- and/or water-related risks and opportunities

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Sustainable wine boosts the bottom line - Food Agility Media Release.pdf

Page/Section reference
Pages 1-2 (whole document) Media Release by NAB research partners the Cooperative Research Centre for Food Agility Media describing findings relating to sustainable viticultural practices (including water management) and financial performance.

Content elements
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