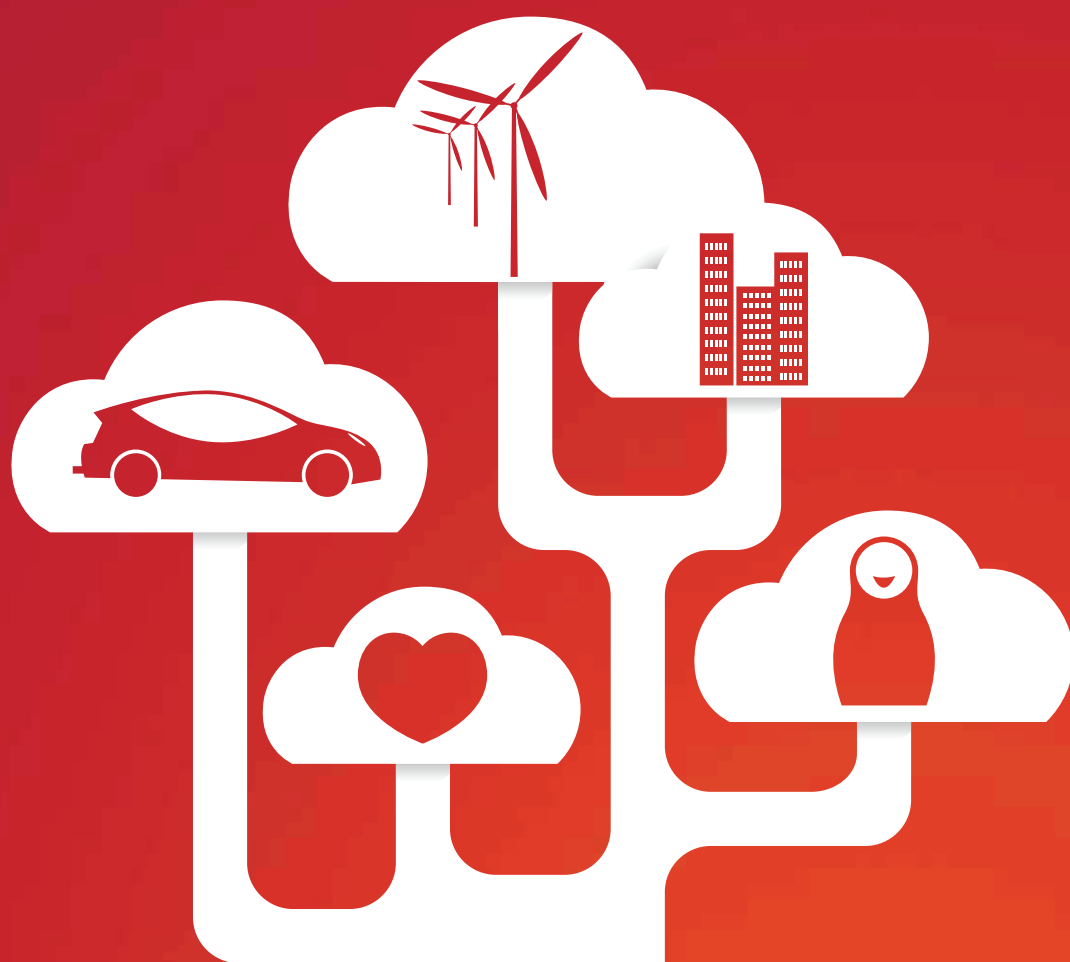


# Carbon Neutral Report 2010

## Australian Region





# Message from Cameron Clyne, Group CEO, NAB

I am delighted to confirm that NAB has delivered on its commitment to be carbon neutral by our target date of September 30, 2010. Our people from right across the organisation have played a significant role in making carbon neutral happen.

We have become carbon neutral the responsible way by focusing first and foremost on reducing our energy consumption, purchasing renewable energy and offsetting our remaining emissions.

Our journey to carbon neutral over the last three years can best be described as 'learn by doing' and through this process we have discovered a tremendous amount about our impact on the environment. Importantly, we now have a much more comprehensive understanding of our carbon footprint, and look forward to sharing our experience and knowledge with many of our key stakeholders – our customers, the community and other companies looking to change the way they work.

Our culture of environmental sustainability continues to strengthen with over 800 employees belonging to Green Teams and many more doing their part to improve our environmental performance. I am proud to have witnessed the collaboration and collective effort in working through the challenges and celebrating the successes in achieving this milestone.

We were the first Australian bank to commit to becoming carbon neutral and we have delivered on this commitment. Independent assurance obtained has confirmed our carbon neutral status.

As a leading Australian company and a top 20 international bank, we believe that we have a key role to play in reducing the impact that we have on the environment. Reducing our operational footprint by 59,200 tonnes of greenhouse gas emissions in Australia has made a difference, but in these times of increasing urgency in addressing climate change we have no doubt that more is needed.

The world is moving to a low carbon economy and this will impact on all of our customers.

In the years to come I will list NAB achieving carbon neutrality as one of the highlights of my time as Group CEO and another proud milestone in NAB's already rich 151 years of history.

**Cameron Clyne**  
**Group CEO, NAB**

“We were the first Australian bank to commit to becoming carbon neutral, and we have achieved this important milestone.”

Cameron Clyne, Group CEO, NAB

## Australian Highlights 09/10

- We have successfully achieved carbon neutrality.
- Implemented an efficiency program which has delivered savings equivalent to 25% of our 2006 baseline (exceeding our original target of 20%) - the equivalent of the annual emissions of 13,500 cars.
- Reduced average operational greenhouse gas emissions per Australian employee from 9.5 tonnes to 8 tonnes per annum.
- Completed a \$6.5 million tri-generation plant at our major data centre, which will save around 20,000 tonnes of greenhouse gas emissions each year – equivalent to that from 1400 households.
- Purchased 10 per cent of our electricity from renewable sources.
- Implemented over 350 energy efficient projects across our property portfolio.
- Converted 30 per cent of our car fleet to Toyota hybrids, including adding Camry to the Prius fleet.
- Switched to using carbon neutral certified office paper.
- More than 800 employees participating in voluntary Green Team community.
- Twice as many (around 1400) environmental volunteer days undertaken by employees than in 2008/09.
- Highest scoring Australian company in the CDP's Global 500 Disclosure & Performance Leadership Indices 2010.
- Creation of a new carbon trading team within NAB, Environmental Treasury Solutions, to provide specialist market based sourcing of offsets for NAB and for our customers.

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“NAB is serious about its environmental commitments. We recognise that sustainability is not only important for the environment, but for the long-term growth and resilience of our business.”

Gavin Slater, Group Executive Group Business Services.

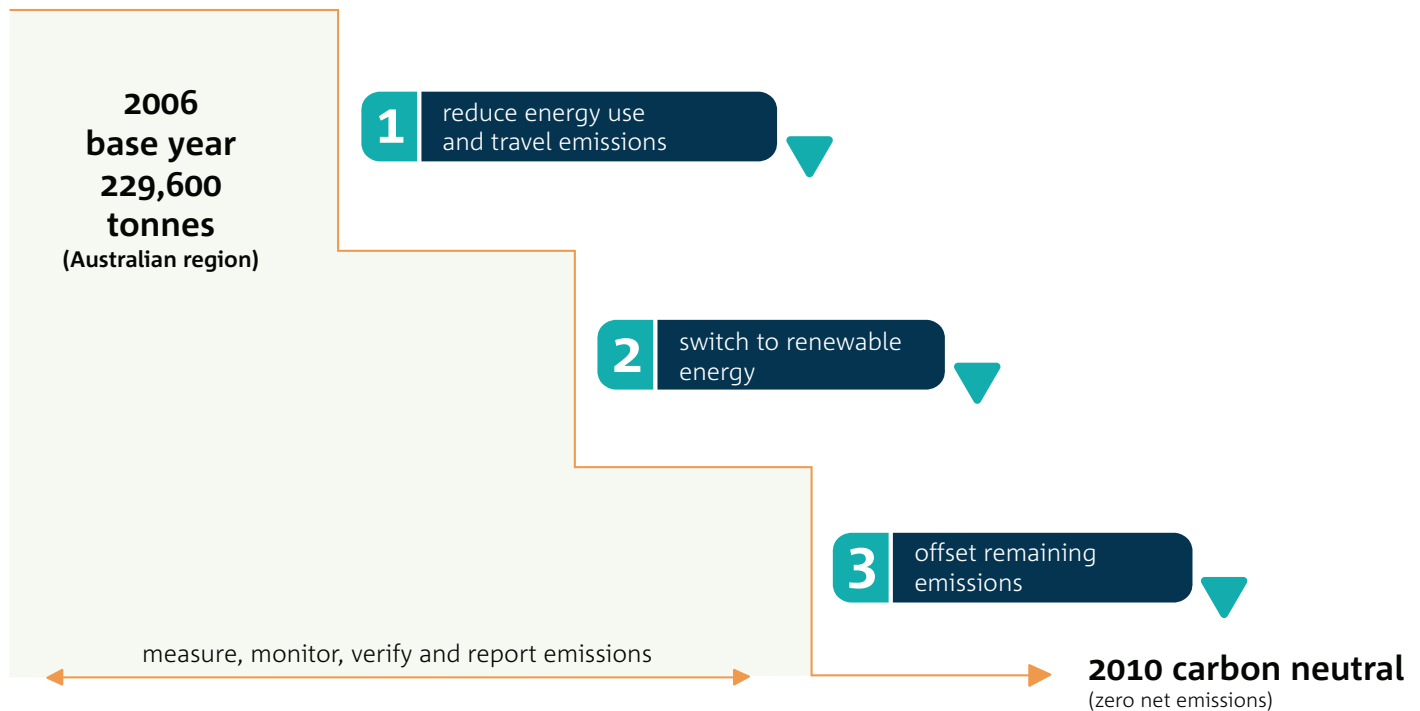
# Program summary

Carbon Neutral 2010 is the flagship program of our Group Climate Change Strategy. In 2007 NAB was the first bank in Australia to commit to become carbon neutral. The target date to deliver this commitment was 30 September 2010. A 20 per cent greenhouse gas emissions savings target (46,000 tonnes of greenhouse gas emissions against 2006 baseline) was set for the Australian region. We have developed and delivered programs which have systematically reduced our greenhouse gas emissions, exceeding this target with savings of over 59,200 tonnes, or 25 per cent.

This has been achieved by having a clear three-year plan from the outset.

## Our three-year plan

To effectively reduce our greenhouse gas emissions, we first put a lot of effort into measuring, monitoring and reporting on them. As a result, we have a much more comprehensive understanding of our operational footprint today than we did in our 2006 baseline year.



Through this process we have voluntarily added more categories of emission sources to reduce and offset. Although this approach does increase our total emissions reported, we believe this is the responsible thing to do.

Our first priority has been to reduce our energy use and travel emissions as much as possible.

We have purchased more than 10 per cent renewable energy from Australian wind farms, reducing around 27,100 tonnes of emissions.

To achieve carbon neutrality for our Australian operations, the remaining greenhouse gas emissions have been offset. Later in this report, the sources of our offsets are listed and it is important to note purchases like this will become an ongoing commitment for NAB to maintain carbon neutrality. Clearly the less we have to offset the better – and that’s why the focus will remain on continuing to minimise emissions from our operations.

Our employees have been very supportive of our carbon neutral commitment and are actively engaged in many grassroots environmental initiatives. Everyone has a part to play in assisting our environment, and we are proud of our employee’s contribution.

Our results have placed us in a position where we can say, as a business and as individuals, “we have made a difference” – but the more we learn and understand about the environmental impact of our operations, the more we know there is further work to do.

Achieving carbon neutrality is just the beginning.

# Our carbon neutral journey

## 1 Reduction measures – 59,200 tonnes of greenhouse gases saved

Since 2007 we have spent around \$19.5 million on more than 350 energy efficiency and emission reduction projects across Australia. This has delivered a saving of around 59,200 tonnes of greenhouse gases and shaved around \$6 million off our operational expenditure – a smart investment providing a win/win situation for the environment and for our bottom line.

These emission savings have been achieved through a program of energy efficiency projects across our Australian property portfolio. Projects have included: heating, cooling and lighting adjustments at our branches and business banking centres; major refurbishments at office buildings such as 500 Bourke Street in Melbourne; and the design and installation of a tri-generation plant at our major data centre.

The \$6.5 million tri-generation facility for our major technology data centre, supplies the site with lower carbon energy than grid supply. This innovation is producing approximately 10 per cent of NAB's total energy requirements. It has been operational since February 2010, and in its first year of operation is expected to save around 19,000 tonnes of greenhouse gas emissions per annum.

The plant uses an onsite gas-fired generator which supplies the data centre with more than 60 per cent of its total energy requirements. The generator uses natural gas to create electricity. Heat created through this process is used to heat the building or, through a process of energy transfer, to cool the building.

Central to our energy efficiency program is a policy that states the design of our commercial buildings should attain a minimum 4 Star Green Star rating, aspiring to a 5 Star Green Star rating.

By refurbishing our head offices in all states using sustainable design guidelines and materials we have been able to meet our rating requirements. All buildings that have been rated to date have achieved a 5 Star Green Star rating.

“The refurbishment will help reduce the emissions at 500 Bourke St by about 10,000 tonnes per year.”

Marcus Hanlon, Executive General Manager, Commercial Network Services.



In our baseline year, it was estimated that our IT infrastructure contributed almost half of the organisation’s greenhouse gas emissions. Through the adoption of a Green IT Framework, significant energy savings have been made by our Technology team.

Major wins include lowering the carbon footprint of our PC fleet by activating PC power management controls and replacing end-of-life devices with energy efficient PCs.

We’ve also progressed our server virtualisation program which has seen us decommission 500 servers this year. By applying virtualisation, whereby each server manages multiple applications, our technology team is able to reduce the number of servers and energy required to run them.

“NAB technology has a significant role to play in driving down emissions because of our reliance on data and information to do business.”

Cameron Short, Strategy Consultant (Sustainability)

## Sustainable refurbishment stands out

Our 500 Bourke Street office in Melbourne is a successful example of high rise CBD sustainable refurbishment involving the occupant NAB and the building owner ISPT.

NAB has occupied the majority of the 37 storey building, which currently accommodates more than 3000 people, for over 30 years. We are proud to be tenants in a landmark building, where it’s environmental performance reflects our own values.

Redevelopment began in December 2007. The design is currently under review by the Green Building Council of Australia and is expected to achieve a 5 Star Green Star Design rating, and a 4 Star NABERS (National Australian Built Environment Rating System) Energy rating.

By choosing to refurbish the 50,000 m<sup>2</sup> building rather than rebuilding elsewhere, significant quantities of greenhouse gas emissions have been avoided.

Now the refit is complete, there will be a major decrease in the building’s natural gas consumption, and water and electricity consumption will be reduced close to 50%.



500 Bourke St, Melbourne



## Reduction measures continued... travel

Our travel reduction program has seen the continued transition to a more sustainable car fleet with around 300 Toyota Camry Hybrids and Toyota Prius vehicles introduced.

For employees who need to catch a taxi to and from the airport, we have introduced the Share-A-Taxi initiative. People who book flights through our preferred travel provider HRG receive an automated email informing them of other colleagues travelling on the same flight.

Many of our employees are now riding to work thanks to upgraded cycle facilities at major buildings. We now have more than 1000 bikes racks, 160 showers and 1700 exercise lockers, with more planned.

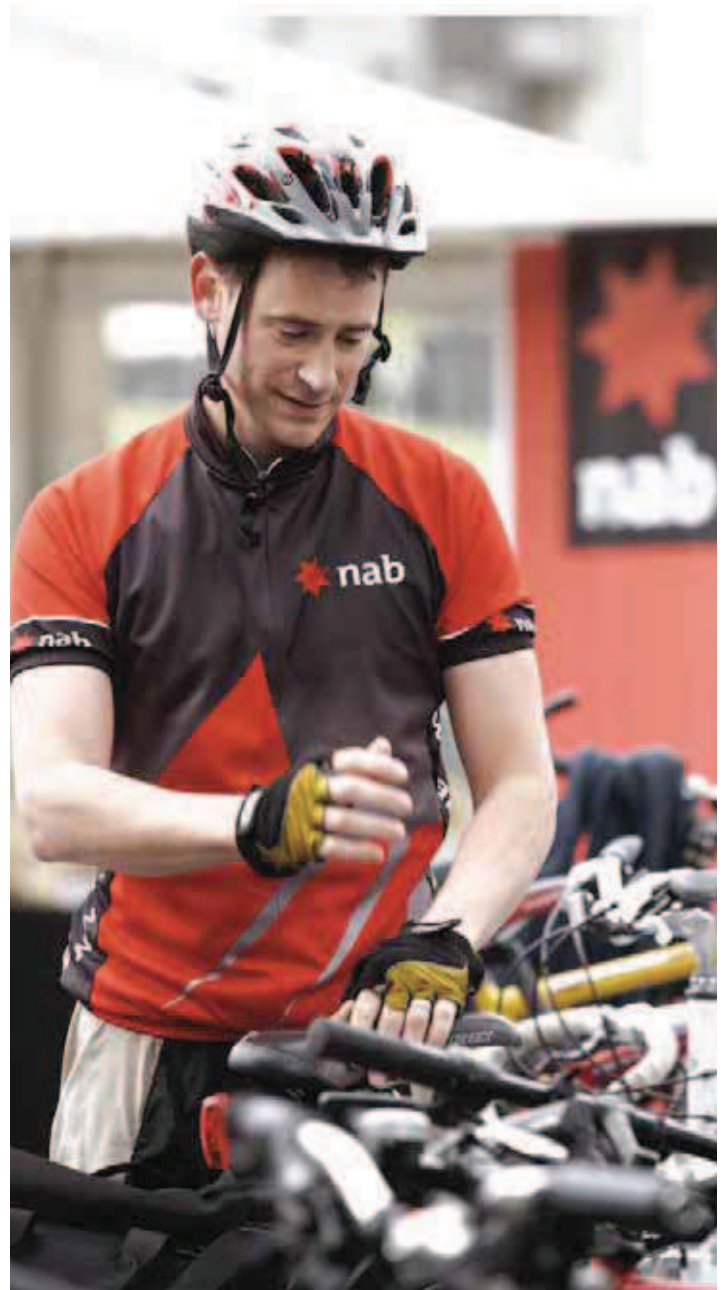
We are encouraging more employees to cycle, walk, run and catch public transport to work with our first Ride, Walk or Commute Day later this year, as part of National Ride to Work Day – the fourth year NAB has supported this event.

Our ambitious 20 per cent reduction target for air travel has proved to be difficult to attain. We have continued to provide our business much advice and support to avoid unnecessary flights, but our kilometres travelled by plane have increased this year.

Some reasons for our increase in air travel are:

- close to 20 per cent increase in employees (since 2006);
- merger and acquisition activity across the globe
- management of teams split between cities; and
- an increase in employees booking their travel through our preferred travel provider as part of our Target Your Travel campaign (this means we now have more accurate reporting on the total flights taken across the business, driving our reported flights up).

To reduce our air travel, we need to influence change in the way our people think about communicating with each other and our stakeholders. Instead of a flight, we are asking our employees to choose our video conferencing and teleconferencing facilities, and feel satisfied that these alternatives offer an effective way to do business and build working relationships.



NAB cyclist participating in Ride to Work Day

“Through Share-A-Taxi we can reduce our taxi emissions and the amount of traffic on the road when making our way to the airport. And by sharing a taxi our employees will be creating opportunities to network with their colleagues and help NAB do the right thing by the environment.”

Sandie Pullen, Sustainability Projects Manager.



## 2 Renewable energy – 27,100 tonnes of greenhouse gases avoided

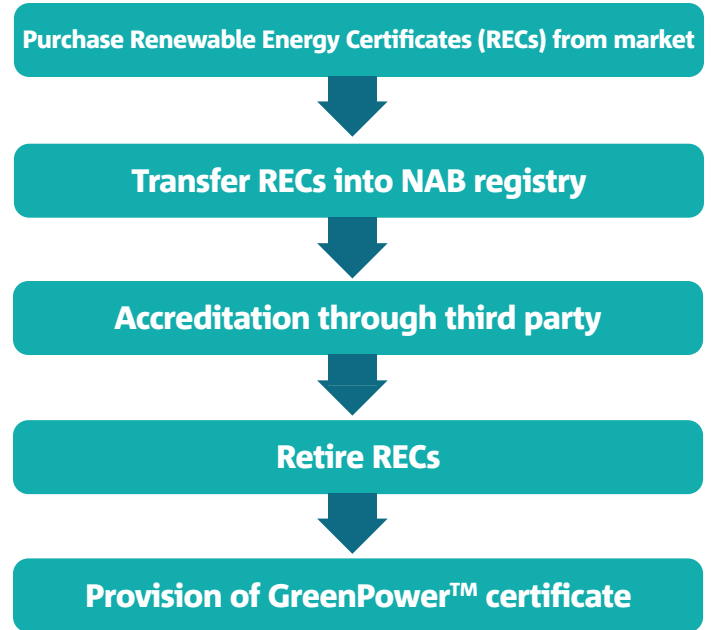
A key component of our carbon neutral strategy is our commitment to purchase 10 per cent of our electricity from Australian Government accredited GreenPower™.

Hydro, biomass, wind and photovoltaic solar are all accredited as GreenPower™ sources. We have chosen to purchase wind power from Australian wind farms. Our Environmental Finance Solutions team has developed in-house markets capability for purchasing renewable energy. This year the team purchased our wind power from a wind farm on the Woakwine Range, near Lake Bonney and Millicent, south-east South Australia.

Purchasing GreenPower™ supports the growth of the renewable energy sector in our country and affirms our belief that renewable energy is a critical component of Australia’s transition to a low carbon economy.

GreenPower™ not only cuts our emissions but increases demand for renewable energy, encouraging development of this industry. It is also helping to reduce water consumption as renewable energy generators use much less water than coal or gas powered stations.

### GreenPower™ Purchase Model



“By purchasing 10 per cent of our electricity from renewable sources we are avoiding an additional 27,100 tonnes of greenhouse gas emissions, and supporting the Australian renewable energy sector.”

Nicola Murphy,  
Manager Environmental Sustainability

“Climate change poses enormous challenges for our nation. It is heartening to see the NAB make the investment, innovate and educate to become a carbon neutral bank. It’s an example we hope more will follow.”

Don Henry, Chief Executive Officer, Australian Conservation Foundation



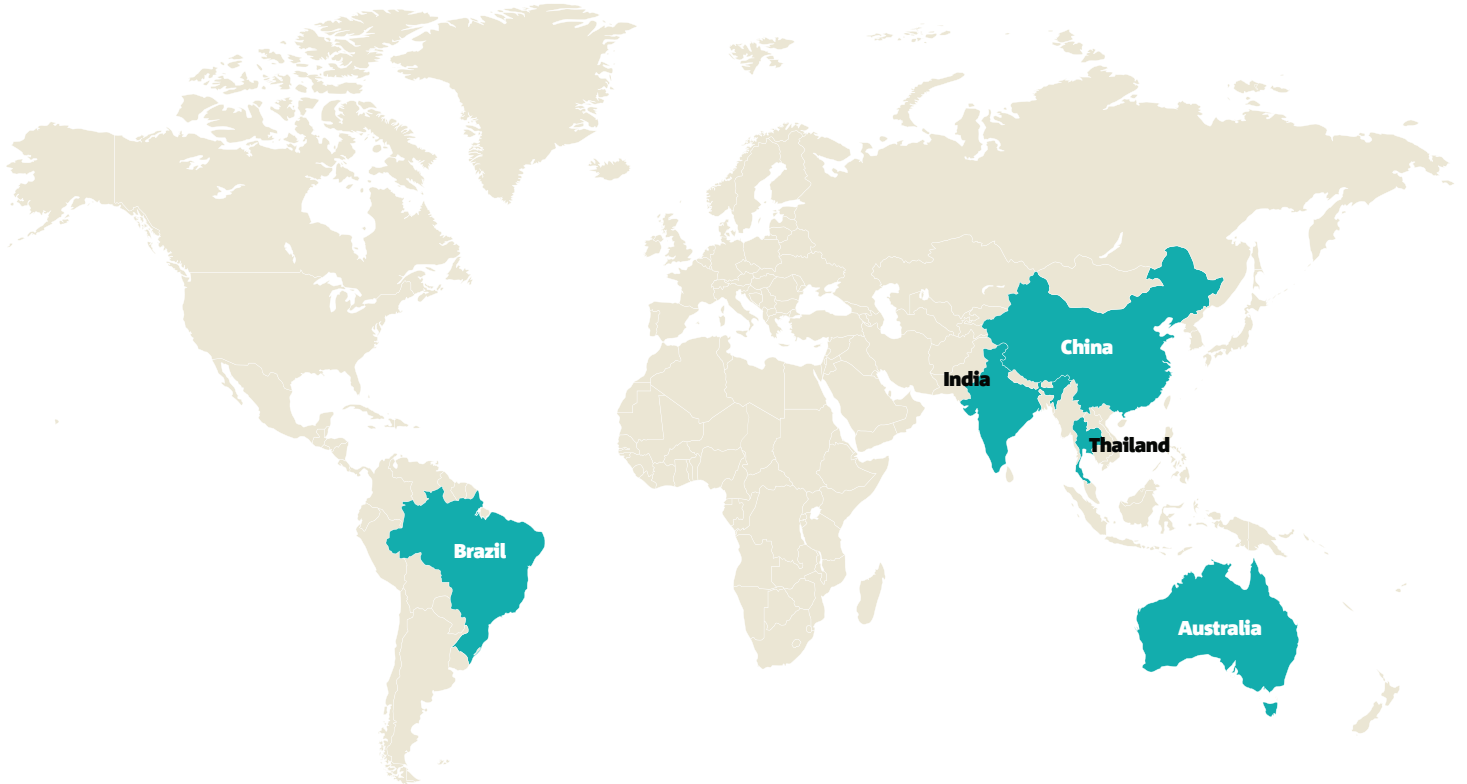
500 Bourke St, Melbourne

### 3 Carbon offsets

Becoming carbon neutral means making the net emissions associated with the activities included in our carbon inventory zero. To achieve this we have purchased carbon offsets to neutralise our remaining emissions.

Carbon offsetting is the investment in a project or activity that reduces greenhouse gas emissions to compensate for the emissions attributable to another process or activity, for example: a flight or car journey.

Since 2007/08, the NAB Group - as part of its global carbon offsets program - has invested in 10 offset projects in five countries



## Flow on benefits to communities important, but tricky to capture and agree on

When members of our Environmental Finance Solutions Team visited the Thailand rice husk fired-powered power station, they were able to see the economic and social contribution the carbon offset projects are making to the local community. Such benefits are not that easy to capture in the written descriptions of offset investments we consider.

In establishing our offset program we have learnt that co-benefits are important and desirable characteristics in an offset project but difficult to pre-determine.

We also discovered that our team’s personal preferences varied about different aspects of different projects. To address this, we adopted a weighted scorecard that captures features such as price, location, technology type and co-benefits. Using this method the team is able to consider and select projects that best resonate with our people and meet our criteria.



Alison Read, Environmental Finance Solutions, Client Solutions & Advisory, visiting childcare centre in Surin, Thailand

## The projects are:

- two wind farms (China);
- a rice husk power plant (Thailand);
- three fuel switch projects (Brazil, China and Thailand) generating industrial heat from renewable biomass instead of fossil fuel;
- a biogas utilisation project that uses methane from the plant's waste water instead of heavy oil in the industrial process (Thailand);
- a hydro power project (China)
- a coal mine project that captures waste methane and uses it for local gas distribution (China); and
- a light bulb exchange program and a shower-head exchange program for employees in Australia.

We have also mobilised our Australian employees to generate offsets through domestic energy efficiency programs, while these activities were still additional.

All offsets have been fully verified and accredited in accordance with the Voluntary Carbon Standard, the Gold Standard or Greenhouse Friendly. Once purchased, they are transferred to NAB's registry account and then retired to ensure they are not used again, see diagram to the right. Note this process did not apply to Greenhouse Friendly offsets.

The offset purchase was managed by the Environmental Finance Solutions team with the assistance of the sourcing of carbon offsets from Environmental Treasury Solutions team and a small number of preferred suppliers. This process identified the value of having a market based solution in sourcing offsets. Our plan is to offer this value and add capability to our customers in the future.

Our offset projects have been selected so that they not only reduce greenhouse gases but also assist local communities in developing countries. They increase employment opportunities, have further environmental benefits and uniquely enhance the local community.

One of the projects – in the north-east Thailand town of Surin - uses rice husks as the primary fuel for a power generation plant. The rice husks are used to heat boilers which create steam and turn the generator. The power is used by three rice mills and surplus power is exported to the local power grid. Previously rice husks were burned or left in the open to decay which emits high levels of methane into the atmosphere. Rice husk ash is given free to local farmers as fertiliser to improve soil quality.

The reductions in emissions occur from the replacement of grid electricity that is predominantly generated from fossil fuel power sources.

NAB has purchased 30,000 tonnes of offsets from the project, with a proportion of carbon revenue returned to the local community through the support of a local children's centre and school.

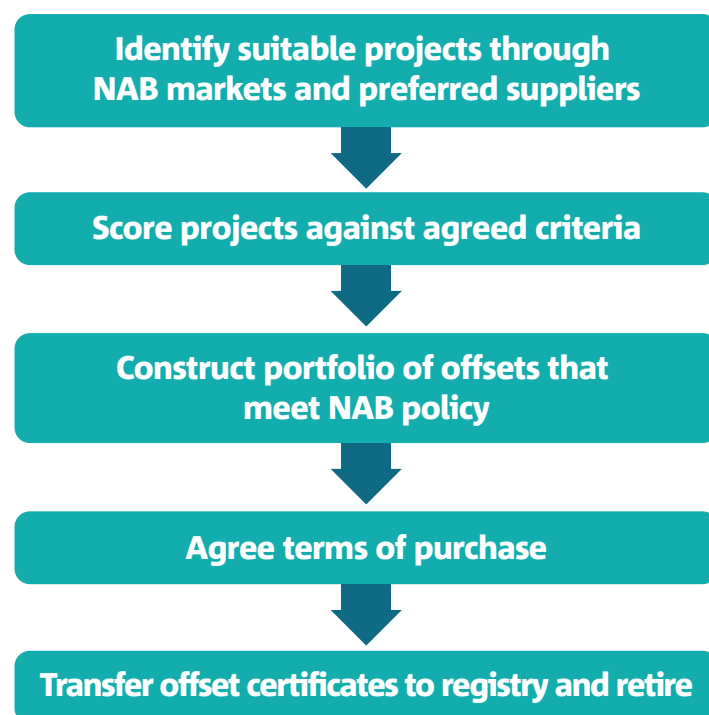
## Why are most of the offset projects offshore?

Once Australia ratified the Kyoto Protocol (under which developed countries agreed to reduce their collective emissions of greenhouse gases by 5.2 per cent from 1990 levels) and committed to a binding national target for its greenhouse gas emissions, voluntary activity undertaken within Australia is not classed as additional. This means it is not considered to go beyond business as usual activity.

As additionality is a key requirement of the standards against which our offsets are verified, this currently rules out offset projects in Australia.

We hope to be able to purchase Australian offsets in the future. Eligible offsets would be from technologies considered outside our Kyoto footprint such as forest management, revegetation and soil carbon.

## Carbon offset sourcing model



Note: Model came into effect 1 July 2010



“NAB’s funding is allowing the power plant owner in Surin to put money into the local community through projects such as a children’s centre and school. On our recent visit, we told them that investment in the local community is important to us and is a key reason why we chose to support this project through our offset funding. It’s certainly a project we plan to support in the future.”

Alison Read, Environmental Finance Solutions.

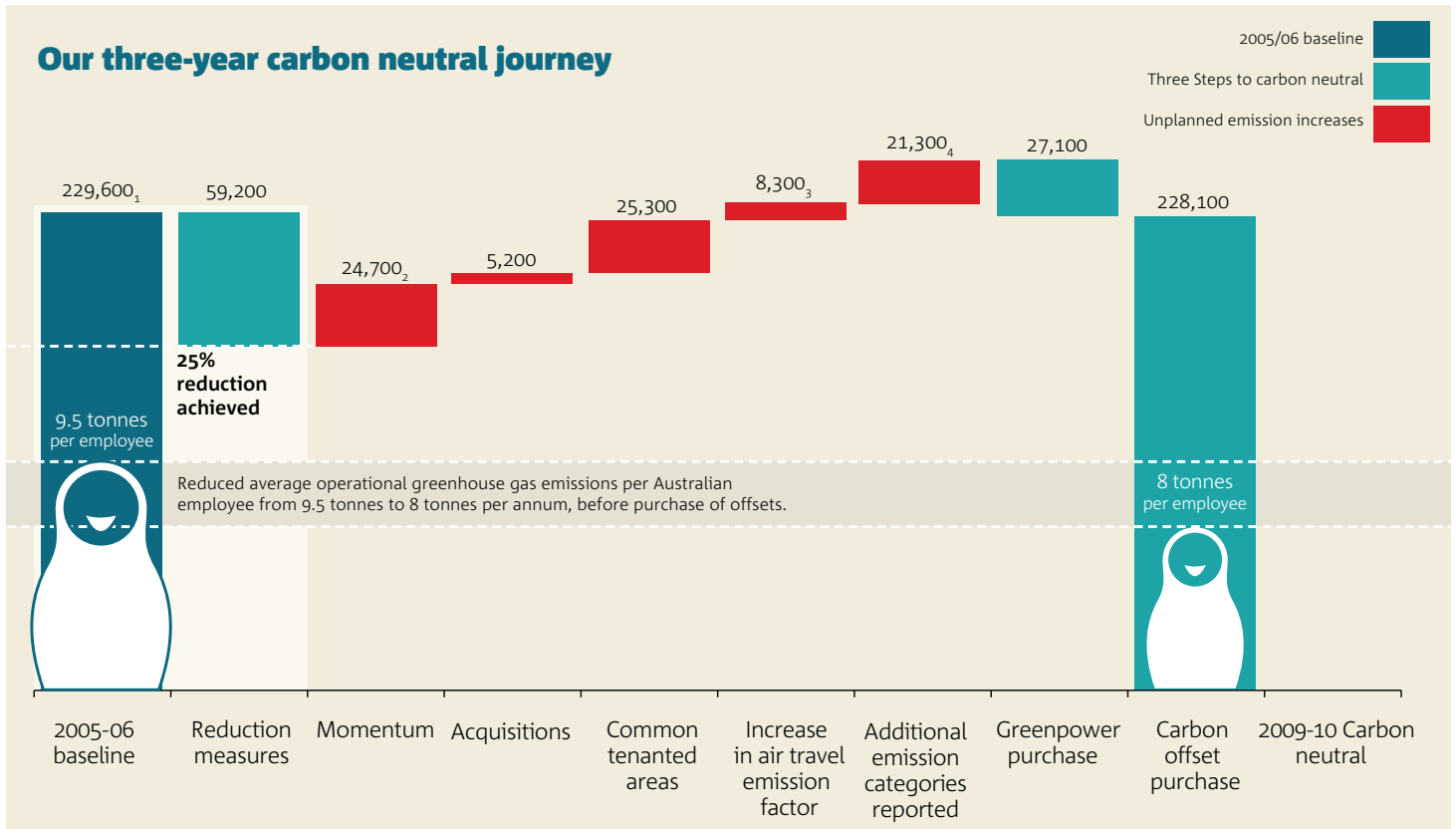


Child at school in Surin, Thailand

## 4 Our evolving carbon inventory

During our three year journey we saw growth in emissions due to activities that we couldn't plan for such as; business acquisitions, changes in emission factors and expansion in the range of activities that we measured emissions from. The effect of these are shown in red in the graph below which charts our three-year journey.

The green bars represent the emission reductions through our three step carbon neutral process - reduce energy emissions, purchase GreenPower™ and offsetting remaining emissions.



1. Includes emissions from the following sources: electricity, gas and diesel used in our building portfolio, air travel and vehicle fleet emissions  
 2. Includes emissions due to certain events: increased operating hours at branches, IT projects, data centre growth, air travel growth  
 3. Includes increase in emissions due to the change in the air travel emission factor used (effective 1/07/2009)  
 4. Includes emissions not measured in base year inventory: hotel stays, waste to landfill, office paper, refrigerants (vehicle, domestic and commercial refrigerants), taxis, private vehicles used for work purposes, rental cars, common tenanted areas (electricity and gas), ATMs and non-billed sites.  
 Note: All emission factors used are current as of 9 August 2010 (excluding immaterial taxi's and rental car emission factor amendments). All emissions have been rounded to the nearest hundred.

### Momentum – increase of 24,700 tonnes

Momentum is the net effect of a series of events that over the last three years has increased our emissions. Examples include:

- increased air travel;
- increased operating hours at some of our call centres;
- extended opening hours at more than 60 branches to offer better customer service; and
- increased demand on our technology services driven by business and data centre growth.

The challenge is to manage our growth and improve services while minimising our carbon footprint.

### Acquisitions – increase of 5,200 tonnes

Acquisitions are a natural step in diversifying and building a strong business portfolio. Acquisitions made in the period include Aviva, JBWere, and Challenger. When we acquire new businesses we become responsible for their greenhouse gas emissions. Once they become part of our operations we include them in our journey to reduce emissions and become carbon neutral.

### Common tenanted areas – increase of 25,300 tonnes

Common tenanted areas (technically known as base building), is another additional category that we have voluntarily chosen to include in our 2010 carbon inventory. It refers to the part of a multi-tenant building that directly serves and affects all tenants, such as lobbies, corridors, heating and cooling and water supply.



### Increase in emission factors – increase of 8,300 tonnes

Every year, emission factors are reviewed and adjusted according to the increase or decrease of the pollution content of a product such as fuel. During the 2009-10 reporting year, the emission factor for air travel almost doubled. The effect of this increase is compounded by the increase in kilometres flown by our employees.

### Additional emissions categories reported – increase of 21,300 tonnes

Environmental reporting is a relatively new area for organisations and governments alike.

As we gain more experience and more robust reporting methods, more data becomes available. Additional emissions categories are emissions which were not included in our 2006 baseline.

Additional categories we have voluntarily included in our inventory for 2010 are: hotel stays; taxis; personal vehicle use for work purposes; rental cars; waste to landfill; and office paper.

### Reporting and assurance

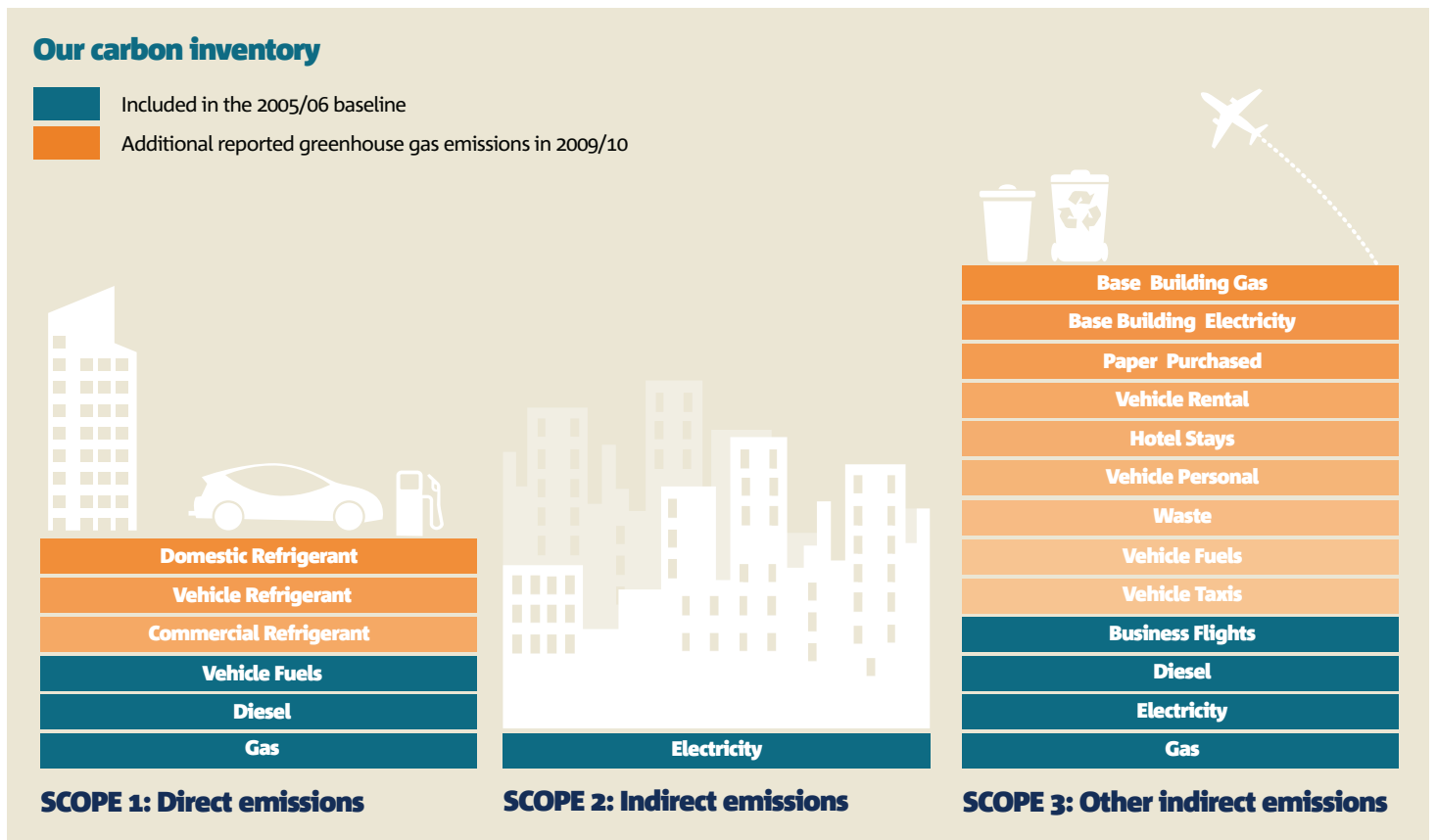
Our carbon footprint was mapped using our Group Carbon Inventory Guidelines, which follows the standards recommended in 'The Greenhouse Gas Protocol' (from the World Resource Institute World Business Council for Sustainable Development), and its associated service sector guide, 'Hot Climate, Cool Commerce'.

These divide greenhouse gas emissions produced by an organisation into three categories:

- Scope 1 - Direct emissions from operations including fuel combustion in buildings and company owned vehicles
- Scope 2 - Indirect emissions generated from the purchase of electricity to power data centres, offices and branches
- Scope 3 - Other indirect emissions generated from sources we do not control but can directly reduce through our behaviours such as air travel and waste sent to landfill.

KPMG has conducted limited assurance over NAB Group's specified greenhouse gas emissions and offsets data, which comprise actual consolidated net greenhouse gas emissions for the year ended 30 June 2010; estimated consolidated net greenhouse gas emissions for the future year ending 30 June 2011; and actual quantity of carbon offsets purchased and retired as at 29 September 2010, to be allocated against the 2010-11 estimated greenhouse gas emissions.

The diagram below shows our scope 1, 2 and 3 green house gas emissions from 2006 - the base year against which we calculated our emission reductions - and our current, 2010, inventory inclusions.



“In 2007 NAB made a commitment to become carbon neutral by September 2010. This decision wasn’t driven by demands from customers or shareholders; it was driven by consistent feedback from employees that they wanted to work for a greener bank.”

From the book *Screw Light Bulbs* by Donna Green & Liz Minchin



Gavin Slater (second from right) pictured with sustainability representatives who attended the Green Building Launch held at NAB’s 500 Bourke Street building.

# Inspiring employee action



An information session at our Docklands offices in Melbourne

NAB's public commitment to carbon neutrality has stimulated incredible employee interest and enthusiasm towards creating a more environmentally sustainable workplace.

Recent internal research shows 86 per cent of employees believe that our environmental initiatives have the ability to positively impact NAB's overall reputation.

Our people have been key supporters and communicators of operational and behavioural changes.

When we launched the carbon neutral program in September 2007, our CEO's feedback inbox received a flood of emails from employees saying how proud they were that NAB was taking a lead on climate change and doing something about it.

From that initial enthusiastic response we have seen a growing awareness of our environmental agenda.

When we first surveyed employees in February 2008, awareness of carbon neutrality and Green Teams was low, 58 per cent and 24 per cent respectively. This has increased significantly and our August 2010 survey results show that 93 per cent of employees are now aware of NAB's carbon neutral program and almost half (48 per cent) know about the Green Team community.



Mini Environmental Expo at Knox in Victoria

In 2009, over 2000 employees attended our third Mini Environmental Expo.

The expo toured 15 locations covering Perth, Brisbane, Sydney, Adelaide and Melbourne.

Following the expo, 90 per cent of visitors said that they now knew how they could help with NAB's environmental agenda and 75 per cent felt that they now knew what they could do to make a difference at home.

In addition, employees want the business to finance projects that don't harm the environment, and they want to offer products to help our customers become greener.

**“If we are able to bring about change in the environmental behaviours of our staff at work, we are hopeful for these habits to further flow through into their family and home lives.”**

David Unsworth, Green SAiNTs team,  
based at 22 King William Street, Adelaide

## Green Team the dream team

Best described as a viral-like network of environmentally aware employees, our Green Team Community now boasts over 800 people and continues to grow. It is these people, at locations across Australia, who have volunteered their time to engage and encourage their colleagues to become part of our green agenda.

Green Team members have supported our annual Earth Hour, National Ride to Work Day and environmental expo events, were key contributors to the huge and diverse employee involvement in the My PaperCuts online challenge, promoted NAB Smart Statements (online statements) and a free home lighting retrofit program that generated carbon offsets we bought to cover our 2009 travel.

The Green Team leaders and the Green Team community have been fantastic supporters of our carbon neutral program and the grassroots management required to reduce waste, water and paper. Our future environmental initiatives are greatly dependant on their continued support.



S.A.V.E Crew at 120 Spencer Street, Melbourne

## Thank you to our Green Teams across Australia

### Victoria & Tasmania

- Go Planet!!
- Earthly Choice
- Knox Data Centre - Green & Keen !
- S.A.V.E Crew (Staff Assisting our Valuable Environment)
- 555 Triple Green
- Carbon Crusaders
- Strategic Third Party Operations
- Green Grads
- Green & Sustainable Future
- Recyclomaniacs
- The Avengers of the Forest
- Docklands Green Beans
- Infy Advantedge
- Paper Chop Chop
- The Real Planetears
- Express Draw Down
- Edward's Scissor Hands
- Greenhouse Dynamics
- Green 500
- MLC @ Docklands Green Team
- Green Beans
- Green Risk
- Green Phones
- Plum Waste Watchers
- AVIVA Green Team
- Small Green Steps
- Alex Pizarro
- Team Awesome
- The Cutting Edge
- Auths
- The Planetears
- Beginning to See the Light
- Peas in a pod
- Green Phones
- Green Apples

### South Australia & Northern Territory

- Green SAiNTs
- Kent Town Green Team
- Regional Office Hutt Street Greenies

### Queensland

- Greening the Creek
- Lending Services Qld

### Western Australia

- Green Queens

### New South Wales ACT

- greenkeepers255
- GreenKeepers
- S.A.V.E. Crew
- North coast - because we care
- The Mean Green Trustee Machine
- Green at Rhodes



“You don’t have to be an environmental guru to start your own green team or to be a part of one... all you need is passion and the personal commitment to make a difference.”

Loan Shen, The Green Beans, Docklands, Melbourne

## Earth Hour winners spend

For Earth Hour 2010 we held a competition where three lucky employees won \$1000 towards ‘green’ products of their choice.



David Bomford brought a bicycle for himself and partner, and now cycles to work.

“Since purchasing our bikes, my partner (Taj Tran) and I have both disposed of our cars in an effort to minimise our impact on the environment. We have always been environmentally minded, and this is just us doing our part. Our health and fitness have also improved, as has our conscience! It’s great to be working for NAB, working together to fight climate change.”



Pauline Wilson created a balcony garden.

“Winning \$1000 in the NAB staff Earth Hour competition has allowed me to make at least a small difference by establishing a balcony vegetable garden and installing a small recycling system and worm farm. I have already harvested herbs, lettuce, broccoli, cabbage, leeks and cauliflowers and am surprised at how productive even a small garden can be. And the recycling system means the vegetable waste that would normally have been disposed of in the rubbish is now being composted for the garden. The win has also made me think more carefully about other ways in which I can reduce my carbon footprint.”

# What's next?

We have learnt a lot during our carbon neutral journey and become much more aware of our impact on the environment and how we can reduce it. Now it is important to share this knowledge with our stakeholders: our employees, customers, suppliers and the broader community.

Importantly we also understand that being carbon neutral is part of a wider environmental agenda.

In addition to continuing improvement of our energy efficiency, we need to address the challenge of reducing our water and paper usage and the amount of waste we generate.

We will continue to build a clear picture of how we use resources, ensure we minimise waste and aim to reduce consumption through efficiency programs.

To do this we must make ongoing improvements to our data collection processes and reporting methodologies, and work with our suppliers to improve theirs. And we must continually put in place energy saving efficiencies wherever possible.

We have already started the next leg of the journey by launching the PaperCuts program.

Some 61,000 trees are pulped every year to meet our paper consumption needs. The PaperCuts program aims to reduce NAB's paper consumption by 20 per cent by September 2013, from over 900 million sheets of paper to 720 million.

The PaperCuts strategy is about:

- avoiding paper use through electronic communication;
- reducing paper through changing employee behaviours; and
- recycling paper and closing the loop on paper waste.

Initiatives include: improved online statements; encouraging customers and shareholders to choose electronic communications instead of paper-based communications; and moving printed reports online.

By cutting paper consumption and switching to carbon neutral paper we are also contributing towards a reduction in the greenhouse gas emissions created by the paper making process.

**“Before printing paper, think carefully about whether you really need to have a hardcopy. A little saving goes a long way when it comes to saving our environment.”**

Green Grads, Sydney and Melbourne

## My PaperCuts changes the way we use paper

One of the first initiatives of the PaperCuts program was an online team challenge called My PaperCuts which ran for four weeks during May and June 2010, asking employees to reduce their individual paper usage and record their savings.

Before they began the challenge, more than 30 per cent of the 2250 participants said they either never considered not printing or even avoiding it occasionally. Four weeks later, less than six per cent still said the same and over 93 per cent were either totally paperless or tried to avoid printing where ever possible.

We also made the switch to certified carbon neutral paper in June this year so that when employees do need to print they can do so on a more sustainable and environmentally friendly paper product.



Gathering as a team to commit to their actions, the Paper Angels of Group Business Services get ready to reduce paper.



“We are very proud of the fact we are a carbon neutral bank, however our environmental transformation doesn’t end there. We plan to expand our programs to give a greater focus on our wider resource usage, including waste, water and paper.”

Trevor Moore, Head of Environment & Sustainability.

# Our broader climate change response

Leading by example to reduce our carbon footprint and engaging our employees are just two of the elements that make up our Group Climate Change Strategy.

The strategy extends across NAB's global operations, particularly through our United Kingdom and New Zealand businesses.

Other key elements include:

- providing advice to our customers;
- building partnerships with suppliers and government; and
- continuing to better understand risks and opportunities associated with our lending decisions and operations.

Recent highlights include:

- a solar personal loan for our retail banking customers. The loan is offered at a discounted interest rate that allows customers and employees to make savings (or be cost neutral) relative to their existing energy bills;
- sourcing GreenPower™ through our markets capability in the Environmental Finance Solutions business – a service our customers can use;
- providing opportunities for employees to participate in Earthwatch Fellowships that allow them to work with scientists and learn about the impacts of climate change first hand;
- partnering with ClimateWorks Australia to deliver two discussion forums on sustainability leadership;
- completing a high level sector analysis of impacts of climate change;

- supporting a number of community led environmental initiatives such as Run for a Safe Climate and World Wide Views on Global Warming;
- sponsorship of the Climate Change & Business Conference from 2006-2010;
- achieving Carbon Trust Standard Accreditation in the UK; and
- completion of sustainable buildings in NZ and the UK.

Going forward we will be focusing on:

- 1. Operations** – continuing to demonstrate active and efficient management of the environmental impacts of our operations, and maintaining high levels of employee engagement with our environmental agenda.
- 2. Environmental risk management** – continuing to manage our exposure to operational, credit and asset management risk associated with climate change and other environmental issues and explicitly considering climate change in our scenario and business planning.
- 3. Market opportunities** – taking action to unlock commercial opportunities through the provision of specialist environmental products and services, financing low carbon growth and actively participating in emerging carbon trading markets.
- 4. Stakeholder engagement and advocacy** – building the momentum for corporate leadership on climate change and ensuring NAB has a voice on those environmental issues relevant to our customers and which impact our reputation.

## Making a difference in our communities

Our people have spent 3100 days in the past three years volunteering for environmental projects across the country, including a successful partnership with Conservation Volunteers Australia. This is in addition to more than 700 'Plant Your Paper Back' volunteering days created this year.

As part of the Plant Your Paper Back initiative, employees across Australia are involved in tree planting days. For example, a team from Warrnambool in Victoria which recently planted 850 trees and shrubs at the local railway station.

Our target of 15,000 plants, shrubs and grasses planted by December 2010 has been exceeded. To date our people have planted more than 20,000.



NAB staff Matthew Colla, Michael Bates, Campbell Thomson, Kevin Perera and Luke Wilson

Photo credit: The Warrnambool Extra and photographer Vicky Hughson



100 St Georges Terrace, Perth

## Glossary

**Carbon neutral:** A voluntary mechanism where an activity, event, household, business or organization is responsible for no net emissions of greenhouse gases and can therefore be declared carbon neutral in that specific area. Carbon neutrality can be achieved by reducing emissions as far as possible (e.g. energy efficiency, purchasing renewable energy) and then purchasing offsets for any residual emissions in order to achieve zero net emissions.

**Carbon offsets:** A carbon offset is a monetary investment in a project or activity elsewhere that abates greenhouse gas (GHG) emissions or sequesters carbon from the atmosphere that is used to compensate for GHG emissions from your own activities. Offsets can be bought by a business or individual in the voluntary market (or within a trading scheme), a carbon offset usually represents one tonne of CO<sub>2</sub>-e.

**Greenhouse gases:** GHGs in the earth's atmosphere absorb and re-emit infrared radiation. The Kyoto Protocol lists six major greenhouse gases, which vary in their relative warming effect. The six gases are: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons) and sulphur hexafluoride (SF<sub>6</sub>).

**GreenPower™:** Government accredited energy that is produced from renewable resources such as wind, solar, geothermal energy and biofuels.

Disclaimer: Report content correct as at date of publication 27<sup>th</sup> September 2010

For more information:

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NAB's Australian operations are certified carbon neutral under the National Carbon Offset Standard.  
Visit [www.lowcarbonaustralia.com.au](http://www.lowcarbonaustralia.com.au) for more information.



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