

Controlling Corporation
NATIONAL AUSTRALIA BANK LIMITED
ABN 12 004 044 937

2014

National Carbon Offset Standard

Public Disclosure Summary

Australian Region
1 July 2013 – 30 June 2014

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



An Australian Government Initiative



more give, less take

Introduction

National Australia Bank Limited is a financial services organisation that provides a comprehensive and integrated range of banking and financial products and services, including wealth management. NAB¹ has operations in Australia, New Zealand, the United Kingdom, the United States and parts of Asia².

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

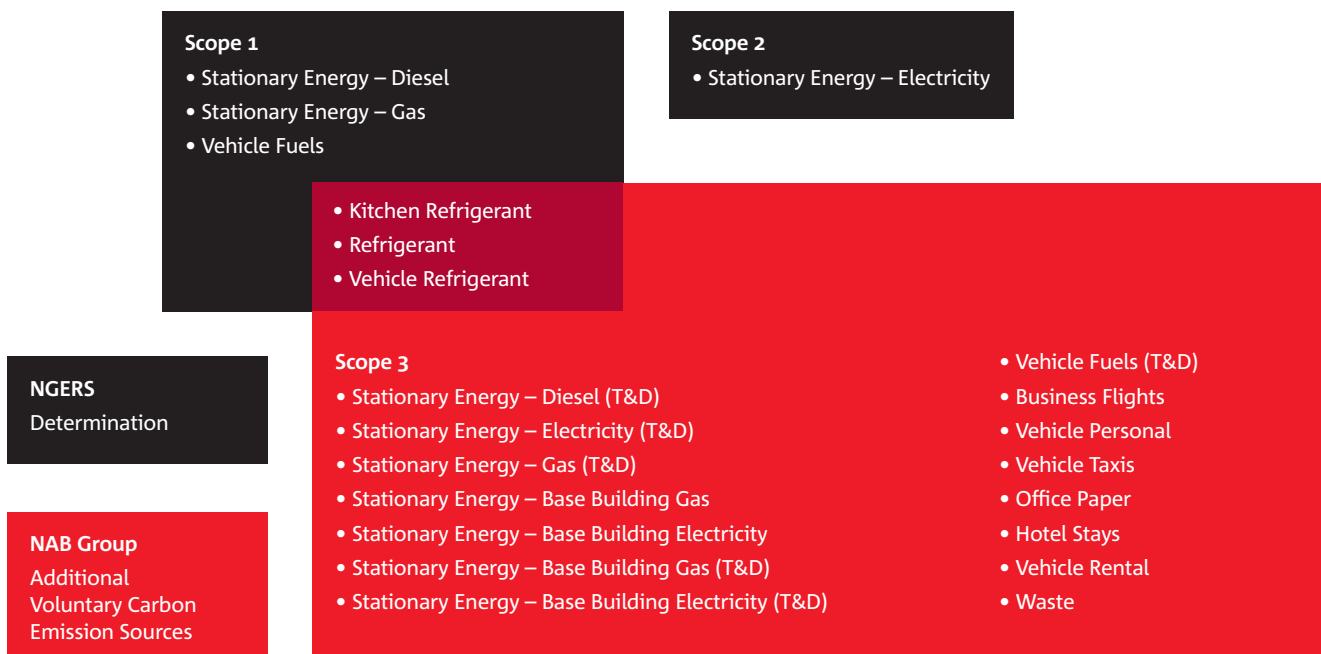
This report provides an overview of our approach to maintaining our NCOS carbon neutral certification and achievements in managing our carbon emissions³.

Carbon Neutral Information

NAB's certification under the National Carbon Offset Standard is for a defined inventory of carbon emissions resulting from the activities of its Australian-based business. NAB generally uses an operational control approach consistent with that required under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act). Full details regarding the certification boundary for our defined organisational carbon inventory can be found here cr.nab.com.au/what-we-do/how-we-calculated-our-carbon-inventory.

Figure 1 below illustrates the certification boundary for NAB Group's organisational carbon emissions inventory.

Figure 1: Certification Boundary for NAB Group's Organisational Carbon Inventory



1. In this document the word "NAB" refers to the Australian operations of National Australia Bank Limited.
 2. NAB has a small subsidiary operating in Canada which is excluded from our current Group carbon inventory as it is not material as a proportion of the Group's carbon emissions.

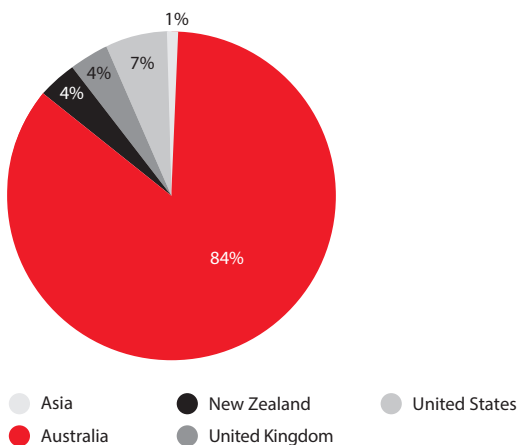
3. The term 'carbon emissions' covers greenhouse gas emissions from all relevant Kyoto Protocol gases and some CFCs and HCFCs under the Montreal Protocol.

Our Global Carbon Emissions

NAB's global carbon emissions (net of UK certified renewable electricity and carbon neutral paper purchased in Australia and New Zealand) for the 2014 environmental reporting year (1 July 2013 – 30 June 2014) were 274,487 tCO₂-e of which the Australian operations account for around 84%, or 231,434 tCO₂-e. See Figure 2 below.

Figure 2: Regional Distribution of NAB Group 2014 Carbon Inventory

(net of UK certified renewable electricity and carbon neutral paper purchased in Australia and New Zealand).



Summary of Changes to the Carbon Inventory

No material changes have been made to NAB's carbon inventory since NAB's initial NCOS certification in 2010, except for the inclusion of refrigerants in 2011. Inventory items reported in 2014 are the same as 2013.

The major change to NAB's Australian carbon emissions in the 2014 environmental reporting year was due to a switch in energy source from more carbon intensive grid-supplied electricity to less carbon intensive natural gas as our tri-generation plant was almost fully operational again. In 2013, the plant was offline for an extended period of time, resulting in higher than expected grid-supplied electricity consumption and Scope 2 carbon emissions for that year.

In addition, during the 2014 environmental reporting year, we transitioned out of six less energy efficient office buildings into a new energy efficient office building. The transition occurred over July to December 2013 and during this time we were occupying both the old buildings and our new building, resulting in higher than usual electricity consumption and carbon emissions. In the 2015 environmental reporting year, we will mark 12 months of operations at the new building, and now that we have fully vacated the old buildings, we forecast lower annual energy use and carbon emissions associated with our office buildings.

We made minor improvements to the models and assumptions used to calculate carbon emissions for our refrigerant usage and taxi travel. The impact of these changes was immaterial and has not led to any changes in our base year data.

We also made improvements in activity data quality for refrigerants and waste to landfill. These improvements will help us make further enhancements to activity data collection for other emissions sources during 2015.

Emission Reduction Measures

NAB has a well-established governance framework to ensure oversight of our environmental performance, including our carbon neutral commitment. This includes detailed review at a business unit level in addition to review by our Risk function and an independent external assurance provider. Executive level oversight is provided by NAB's Group Risk Return Management Committee through to our Principal Board. As per our *Environmental Reporting and Offset Management Standard*, the Group defines carbon neutrality as a process involving five steps:

- defining and measuring our carbon inventory or footprint;
- reducing our carbon emissions through energy efficiency and demand management (employee behavioural change);
- avoiding carbon emissions by increasing the amount of energy we purchase from renewable sources where practicable (and where we are allowed by Government rules or standards to

apply a zero emissions factor to the renewable electricity purchased);

- offsetting remaining carbon emissions by purchasing quality accredited carbon offsets; and
- verifying and reporting on our progress by:
 - regularly assessing our progress towards meeting our commitment and targets;
 - obtaining external assurance over our carbon accounts (inventory and offsets) underlying our carbon neutral commitment; and
 - reporting regularly to key internal stakeholders and annually to external stakeholders.

Achieving reductions in our carbon emissions and delivering to our resource efficiency targets are key elements of our Environmental Agenda. Table 1 below outlines emission reduction measures implemented in the 2014 reporting period and further information regarding our performance towards our targets can be found in our 2014 [Dig Deeper](#).

Table 1: Emission Reduction Measures Implemented in the 2014 Reporting Period (1 July 2013 to 30 June 2014)

Emission Source	Reduction Measure	Scope	Status	Expected Annual Reduction tCO ₂ -e
Electricity and Gas Consumption	Melbourne office consolidation program	1, 2 & 3	Implemented	4,334
Electricity Consumption	Moving test lab from a commercial building to a data centre	2 & 3	Implemented	1,079
Electricity Consumption	Upgrade of 4,000 lighting fixtures to LEDs at a Melbourne commercial building	2 & 3	Implemented	734
Electricity Consumption	Implementation of solar reflective roof paint at network sites to reduce external roof temperatures and improve energy performance	2 & 3	Implemented	140
Electricity Consumption	Implementation of various energy efficiency works across network sites including measures such as timer controls and lighting upgrades	2 & 3	Implemented	239
Electricity Consumption	Range of technology-based initiatives to replace older equipment with new more energy efficient equipment	2 & 3	Implemented	1,383
Total emission reductions implemented in this reporting period				7,909
Total expected emission reductions in future reporting periods from currently identified opportunities				4,975

In addition to the emissions reduction measures implemented in the 2014 environmental reporting year, we continue to purchase the NCOS Carbon Neutral product, Australian Paper's *Reflex 100% Recycled Carbon Neutral* A3 and A4 office paper. If this purchase did not occur, our carbon footprint for 2014 would have increased by 1,034 tCO₂-e.

Carbon Emissions Summary

NAB's 2014 Australian carbon inventory is summarised in Table 2. Further information about our carbon inventory and activity data is provided in our 2014 [Dig Deeper](#) paper.

Table 2: Australian Carbon Inventory

Scope	Emission Source	tCO ₂ -e
1	Building-based refrigerants – HVAC, refrigerators	900
1	Business travel – work-use vehicles fleet: diesel, petrol, ethanol	4,078
1	Stationary energy – combustion of fuel: diesel, gas, propane	7,356
1	Work-use vehicle fleet – air conditioning refrigerant	92
2	Stationary energy – electricity	133,589
3	A4 and A3 paper purchased – non carbon neutral	11
3	A4 and A3 paper purchased – carbon neutral (797 tonnes)	0
3	Base-building energy – combustion of fuel: diesel, gas, propane	1,069
3	Base-building energy – electricity	28,262
3	Business travel – air	21,476
3	Business travel – employee vehicle: work purpose claims	1,499
3	Business travel – hotel stays	3,696
3	Business travel – rental cars	268
3	Business travel – taxi use	1,271
3	Business travel – work-use vehicles fleet: diesel, petrol, ethanol	321
3	Transmission Losses – base-building energy: diesel, gas, electricity	4,472
3	Transmission Losses – stationary energy: diesel, gas, electricity	20,102
3	Waste to Landfill	2,972
Total Gross Emissions		231,434
GreenPower or LGC reductions		0
Total Net Emissions		231,434

Carbon Offsets

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

At NAB we apply a forward purchasing model to meet our carbon neutral commitment. This means we have calculated our forecast carbon emissions for the 2014-15 year using the actual carbon emissions reported in our 2013-14 carbon inventory and then we have purchased and retired⁴ carbon offsets in advance of the 2014-15 estimated carbon emissions occurring (refer to Table 4).

This also means at the end of each reporting year, we need to reconcile the forecast carbon emissions and retired offsets and ensure this reconciles with

the actual position. If there is any shortfall of offsets at this time, we retire additional offsets to neutralise our actual carbon emissions for the relevant environmental reporting period. In 2013, we retired 300,245 offsets in advance to cover forecast global carbon emissions for the 2014 environmental reporting year. Following reconciliation of actual carbon emissions for the 2014 environmental reporting year, only 274,487 offsets needed to be retired (refer to Table 3).

The offsets we retired last year in excess of our actual 2014 global carbon emissions have been banked for use in future years (refer to Table 5). This process enables us to have retired offsets available should our reconciliation process identify carbon emissions volumes which vary from our forecasts. This avoids us having to access the market at short notice and therefore limits our exposure to supply risk or the price implications of this.

Table 3: Retired Carbon Offsets for Actual 2014 Group Carbon Emissions

Note: Data in this table includes offsets for the NAB Group's emissions outside Australia

Offset Type	Registry	Serial number	Quantity (tCO ₂ -e)
VCU	Markit	1411-60835530-60859845-VCU-009-MER-TH-1-256-01062010-31122010-0	24,316
VCU	APX VCS Registry	1552-65026109-65035226-VCU-014-APX-CN-1-666-28122008-27122009-0	9,118
VCU	Markit	1602-67173385-67253384-VCU-008-MER-TH-4-403-01012009-30062009-0	80,000
VCU	Markit	2418-103165534-103215533-VCU-030-MER-IN-1-429-01012011-31102011-0	50,000
VCU	Markit	849-40650911-40672198-VCU-009-TZ1-ID-1-144-01042006-31032009-0	21,288
VCU	Markit	925-43518113-43531168-VCU-009-APX-IN-1-412-01012009-25072009-0	13,056
VCU	Markit	925-43560613-43572556-VCU-009-APX-IN-1-412-01012009-25072009-0	11,944
CER	UK EU ETS Registry	CN-05-00-638695002-01-01-0-1929 - CN-05-00-638759766-01-01-0-1929	64,765
Total			274,487

4. The term "retire" is used throughout, including where the offset has been cancelled or surrendered.

Table 4: Carbon Offsets Retired in Advance for Forecast 2015 Group Carbon Emissions

Note: Data in this table includes offsets for the NAB Group's emissions outside Australia

Offset Type	Registry	Serial number	Quantity (tCO ₂ -e)
VCU	Markit	1602-67253385-67271384-VCU-008-MERTH-4-403-01012009-30062009-0	18,000
VCU	APX VCS Registry	1109-49885669-49899142-VCU-008-MER-TR-1-120-01012010-31072010-0	13,474
VCU	Markit	1404-60740678-60770936-VCU-020-MER-IN-1-429-01012010-30062010-0	30,259
VCU	Markit	1464-62109891-62125890-VCU-008-MER-BR-1-34-01022010-31122010-1	16,000
VCU	Markit	2021-81733065-81778064-VCU-008-MERTH-4-403-01012010-31122010-0	45,000
CER	UK EU ETS Registry	CN-05-00-638644244-01-01-0-1929 - CN-05-00-638695001-01-01-0-1929	50,758
CER	UK EU ETS Registry	CN-5-695585872-695651320-01-01-0004367	50,000
VCU	APX VCS Registry	3418-152211937-152236936-VCU-002-APX-KP-1-786-01012011-31122011-0	25,000
VCU	APX VCS Registry	3300-148573597-148603153-VCU-008-APX-IN-1-1114-28122010-31122011-0	29,557
Total			278,048

Table 5: Retired Carbon Offsets Banked for Future Use

Note: Data in this table includes offsets for the NAB Group's emissions outside Australia

Offset Type	Registry	Serial number	Quantity (tCO ₂ -e)
VCU	Markit	3370-151555751-151605750-VCU-010-MER-ID-1-144-01042011-31122011-0	50,000
VCU	APX VCS Registry	3114-137207483-137210301-VCU-008-APX-IN-1-1114-28122010-31122011-0	2,819
VCU	APX VCS Registry	3207-145120519-145128518-VCU-008-APX-IN-1-1114-01012012-31102012-0	8,000
VCU	Markit	371-151605751-151655750-VCU-010-MER-ID-1-144-01012012-31072012-0	50,000
Total			110,819

Declaration

To the best of my knowledge and having met the requirements of the National Carbon Offset Standard Carbon Neutral Program (NCOS CNP), the information provided in this Public Disclosure Summary is true and correct.

A handwritten signature in black ink that reads "Renee Roberts". The signature is written in a cursive style with a large initial 'R'.

Renee Roberts

Group Executive, Enterprise Services & Transformation
24 October 2014