

more
than
money



NAB GREEN BOND REPORT

Financial year ended 30 September 2021

INTRODUCTION

National Australia Bank Limited ABN 12 004 044 937 ('NAB') is pleased to present its annual Green Bond Report ('Report') for the financial year ended 30 September 2021. This report relates to our Green Bond Portfolio (four NAB Green Bonds¹ and our UBank Green Term Deposits), as well as our Green Instruments (Green Residential Mortgage Backed Security ('Green RMBS') tranche and the NAB Low Carbon Shared Portfolio ('LCSP')) as at 30 September 2021 and provides reporting on the use of the proceeds for these instruments and their environmental impact.

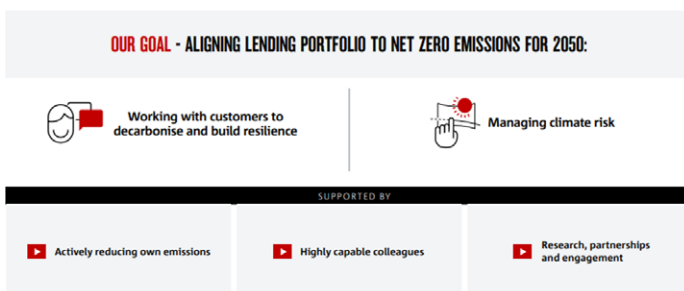
Our intent is to be transparent about the methodologies used for our green bond reporting and our attribution of environmental impact arising from our lending activities. We have looked to implement evolving market best practice for annual impact reporting, based on guidelines developed by the International Capital Market Association ('ICMA') set out in the June 2021 publication of the **Harmonised Framework for Impact Reporting**, together with input from investors, assurance providers and guidance from other sources including the Climate Bonds Initiative ('CBI') and the Green Bond Principles ('GBP'). We continue to work with these stakeholders and seek to improve our disclosure of impact reporting over time.

NAB'S CLIMATE STRATEGY

Sustainability is integrated within the 'long-term' pillar of NAB's business strategy. Through this, we are driving commercial responses to society's biggest challenges, creating resilient and sustainable business practices, and innovating for the future. Environmental issues, including climate change, biodiversity loss and ecosystem degradation, are considered across the business.

Climate action is a key focus. In 2021, we refreshed our climate change strategy (see **Figure 1**). While we recognise the impact we can make by reducing our own greenhouse gas ('GHG') emissions, a far greater impact will be achieved by financing the actions needed by others. NAB was the first Australian bank to sign the UNEP FI Collective Commitment to Climate Action ('CCCA') and has also signed up to the Net Zero Banking Alliance (NZBA).

Figure 1: NAB Climate Strategy



PROGRESSING NAB'S CLIMATE STRATEGY

We regularly disclose progress against our climate strategy, including associated goals, targets, and risk settings. This section presents a summary of activity, with detailed disclosure on NAB's management of climate change and broader sustainability performance available in the [2021 Annual Review and 2021 Sustainability Data Pack](#).

NAB has set a goal to align its lending portfolio to net zero emissions by 2050. To progress towards this goal and to align to requirements of the CCCA and NZBA, NAB will set and publish (by November 2022) sector-specific 2030 targets for portfolio decarbonisation.

NAB has coal-related and oil and gas-related portfolio decarbonisation pathways and limits as follows:

- Support current coal-fired power generation customers implementing their transition pathways to be aligned with Paris Agreement goals of 45% reduction in emissions by 2030 and net zero emissions by 2050. NAB will not finance new or material expansions of coal-fired power generation facilities.
- Capped thermal coal mining exposures at 2019 levels and updated plans to reduce thermal coal mining exposures by 50% by 2026, intended to be effectively zero by 2030 (apart from residual performance guarantees to rehabilitate existing coal assets).
- Capped oil and gas exposure at default at USD2.4 billion² and will reduce our exposure from 2026 through to 2050, aligned to the International Energy Agency Net Zero Emissions 2050 scenario. This provides for measured reorientation of client activity ensuring NAB can continue to support clients actively working on their transition strategies and plans.

(1) NAB Climate Bonds and NAB SDG Bonds are together referred to as 'NAB Green Bonds'.

(2) The cap of USD2.4bn 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.

NAB has set a target to work with 100 of our largest greenhouse gas emitting customers as they develop or improve their low carbon transition plans by 2023.

NAB continued to progress towards its target to provide \$70 billion in environmental financing by 2025, with \$56.3 billion¹ provided to 30 September 2021.

We are making progress in reducing our own impact. This includes a target to source 100% of Group electricity consumption from renewable energy sources by 2025 (31.4% at 30 September 2021). We have been carbon neutral in operations for over a decade and are making progress in our operational environmental targets outlined in the table below.

NAB'S 2025 Operational Goals	2025 Group Targets²	2021 Group Progress⁴
Science-based GHG emissions (tCO ₂ -e)	51% reduction ³	55% reduction
Energy use (GJ)	30% reduction	32% reduction
Office paper (tonnes)	20% reduction	55% reduction
Customer eStatements	80% of statements	70% of statements
Water use (kL)	5% reduction	50% reduction
Waste to landfill (tonnes)	10% reduction	61% reduction
Vehicle fuels (GJ)	50% reduction	31% reduction

(1) Represents total cumulative new flow of environmental financing from 1 October 2015. Refer to our 2021 Sustainability Data Pack for a further breakdown of this number and reference to how the environmental financing target is calculated.

(2) NAB's 2025 Group environmental performance targets outlined in this table are compared to a 2019 baseline, with the exception of NAB's Science-based GHG emissions reduction target which is compared to a 2015 baseline.

(3) This target has a baseline of 2015 and covers all direct GHG emissions (Scope 1) and indirect GHG emissions from consumption of purchased electricity (Scope 2) across all GHGs required in the GHG Protocol Corporate Standard. The target has been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science Based Target Initiative and aligns with a well-below 2°C scenario.

(4) Significant progress towards the 2020-2025 environmental performance targets was demonstrated in 2021 however, performance has been influenced by COVID-19 impacts and we do not expect all of the reductions achieved to date will be permanent.

NAB'S GREEN BOND FRAMEWORK

NAB has developed and implemented a NAB Green Bond Framework ('Framework') which applies to its Green Bond Portfolio¹ and its Green Instruments², which are certified under the Climate Bonds Standard ('CBS') and support and contribute towards meeting the United Nations' Sustainable Development Goals ('UN SDGs').

The Framework has been developed to help NAB meet the requirements of the CBS, which integrates the ICMA Green Bond Principles. The Framework includes the following core components:

- a) Use of Proceeds;
- b) Selection of Eligible Projects and Assets;
- c) Management of Proceeds;
- d) Reporting; and
- e) External Review and Assurance.

Use of proceeds

The proceeds from the Green Bond Portfolio and Green Instruments are earmarked for financing, or refinancing, portfolios of projects and assets which are in accordance with the Framework and meet eligibility requirements for certification in compliance with version 3.0 of the CBS, and associated Sector Criteria.

Selection of eligible projects and assets

NAB has established a NAB Socially Responsible Investment (SRI) Forum which oversees all NAB green, social and sustainability bond issuance. The eligible projects and assets supporting the Green Bond Portfolio ('Green Bond Portfolio Collateral Pool') may be replenished as underlying loans are repaid, non-compliant projects or assets are removed, and additional eligible projects/assets are identified and funded or reallocated into the Green Bond Portfolio Collateral Pool.

Management of proceeds

NAB has implemented internal monitoring and reporting processes, using its internal information systems, to track and report on eligible projects/assets earmarked for inclusion in the Green Bond Portfolio Collateral Pool and to verify whether the net proceeds of the Green Bond Portfolio have been fully allocated against eligible projects/assets.

Reporting

NAB will publish an annual Green Bond Report, including an annual DNV GL Verification Report for the NAB Green Bond Portfolio and the Green Instruments. For the Green Bond Portfolio, this reporting package will contain details including, but not limited to:

- Net proceeds raised from the Green Bond Portfolio;
- Proceeds from the Green Bond Portfolio allocated against each of the Green Bond eligible categories identified within the Framework;
- A listing of eligible projects and assets included with the Green Bond Portfolio Collateral Pool;
- Where possible, qualitative and/or quantitative environmental impact reporting measures for the eligible projects and assets within the Green Bond Portfolio Collateral Pool, including calculation methodologies utilised in impact reporting;
- Any unallocated proceeds from the Green Bond Portfolio and details of temporary investments (if any); and
- Confirmation that the use of proceeds of the Green Bond Portfolio are in compliance with the Framework and CBS requirements.

Disclosure of information related to use of proceeds, impact reporting, borrowers and projects financed will be subject to NAB's confidentiality obligations and the availability of information.

External review and assurance

On an annual basis, NAB will engage an appropriate verification agent or agents to provide assurance over the NAB annual Green Bond Report, including impact reporting. The independent verification agent also provides assurance that the Green Bond Portfolio and Green Instruments remain in compliance with the Framework and the post-issuance requirements of the CBS. Following this annual verification update, the verification agent issues its verification statement.

For the verification of this Report, NAB has retained DNV GL as the independent verification agent for its Green Bond Portfolio and Green Instruments.

The NAB annual Green Bond Report and Verification Statement are published on the [NAB Capital & Funding website](#).



(1) Includes NAB's four green bonds and the UBank Green Term Deposit

(2) Refers to the Green RMBS and the Low Carbon Shared Portfolio

GREEN BOND PORTFOLIO SUMMARY

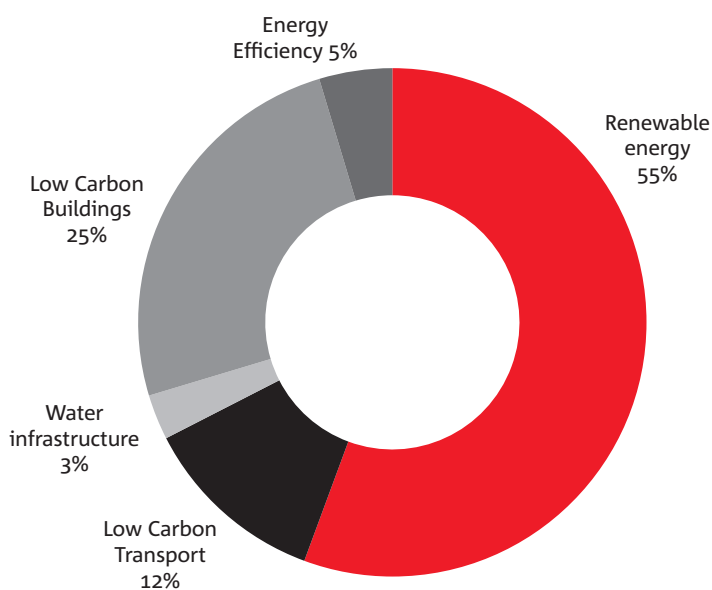
As at 30 September 2021, NAB had AUD 5,296,756,182^{1,2} of assets in its Green Bond Portfolio Collateral Pool from projects located across Australia, the UK & Europe, and the USA. With AUD 3,485,199,402 outstanding in the Green Bond Portfolio there is a surplus of AUD 1,811,556,780 of collateral at 30 September 2021.

Issuances/Assets	Total (AUD)
Green Bond Portfolio Collateral Pool	5,296,756,182
Green Bond Portfolio (including Green Term Deposits)	3,485,199,402
Surplus in Green Bond Portfolio Collateral Pool	1,811,556,780

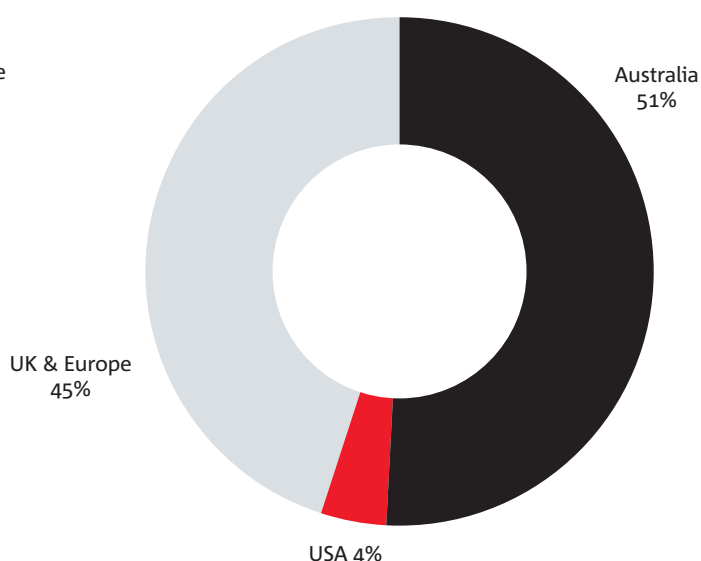
Geographic split of eligible assets in Green Bond Portfolio Collateral Pool

Location	Australia (AUD)	UK & Europe (AUD)	USA (AUD)	Total (AUD) ³
Renewable Energy	748,448,670	1,974,826,346	223,446,326	2,946,721,343
Low Carbon Transport	471,505,213	155,334,903	-	626,840,115
Desalination	152,683,236	-	-	152,683,236
Smart Meters	-	246,054,772	-	246,054,772
Low Carbon Buildings	1,324,456,717	-	-	1,324,456,717
TOTAL³	2,697,093,836	2,376,216,020	223,446,326	5,296,756,182

Eligible assets by category (AUD)



Eligible assets by region (AUD)



(1) All AUD equivalent amounts in this Report are based on closing exchange rates published by the Reserve Bank of Australia (RBA) as at 30 September 2021. <http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>
 (2) All amounts are rounded to the nearest whole number
 (3) Note that totals may not add due to rounding.

NAB'S GREEN BOND PORTFOLIO

As at 30 September 2021, NAB had four outstanding senior unsecured green bonds, each certified in compliance with the CBS, with proceeds fully allocated to financing and refinancing a large portfolio of CBS eligible projects located across Australia, the UK & Europe, and the USA. The identified portfolio of eligible projects is consistent with transitioning to a low carbon economy and contributing towards meeting the UN SDGs.

	NAB AUD Climate Bond	NAB EUR Climate Bond	NAB SDG EUR Green Bond	NAB SDG USD Green Bond
Format	Fixed Rate MTNs	Fixed Rate MTNs	Fixed Rate MTNs	Fixed Rate MTNs
Issue Amount	A\$300 million	€500 million	€750 million	US\$750 million
Issue Date	16 December 2014	7 March 2017	30 August 2018	20 June 2018
Final Maturity Date	16 December 2021	7 September 2022	30 August 2023	20 June 2023
ISIN	AU3CB0226090	XS1575474371	XS1872032369	US63254ABA51
Assurance	Certified in compliance with the CBS, with assurance provided by DNV GL.	Certified in compliance with the CBS, with assurance provided by DNV GL.	Certified in compliance with the CBS and in accordance with the NAB Green Bond Framework , with assurance provided by DNV GL.	Certified in compliance with the CBS and in accordance with the NAB Green Bond Framework , with assurance provided by DNV GL.
Use of Proceeds	Proceeds are earmarked for financing, or refinancing, a portfolio of projects and assets that meet eligibility requirements for certification under the CBS.	Proceeds are earmarked for financing, or refinancing, a portfolio of projects and assets that meet eligibility requirements for certification under the CBS.	Proceeds are earmarked for financing, or refinancing, a portfolio of projects and assets that meet eligibility requirements for certification under the CBS and also support and contribute towards meeting the UN SDGs.	Proceeds are earmarked for financing, or refinancing, a portfolio of projects and assets that meet eligibility requirements for certification under the CBS and also support and contribute towards meeting the UN SDGs.

Additional information about NAB Green Bonds can be found on the [NAB Capital & Funding webpage](#).

UBank Green Term Deposit

In 2019, UBank, a division of NAB, launched the world's first CBS certified green term deposit for consumers.

	UBank Green Term Deposit
Format	Green Term Deposit
Outstanding Deposit Amount as at 30 September 2021	AUD133,136,995
Launch Date	13 March 2019
Assurance	Certified in compliance with the CBS, with assurance provided by DNV GL.
Use of Proceeds	Proceeds are earmarked for financing, or refinancing, a portfolio of projects and assets that meet eligibility requirements for certification under the CBS.



IMPACT AND USE OF PROCEEDS

The net proceeds raised through the issuance of the Green Bond Portfolio have been earmarked against a range of eligible categories of assets. These are examples of projects that have been funded.

RENEWABLE ENERGY

The Renewable Infrastructure Group¹



The Renewables Infrastructure Group (TRIG) is a London-listed investment company with assets located across the United Kingdom, Sweden, France, Germany, Spain, and the Republic of Ireland. TRIG’s renewable energy portfolio currently consists of 84 projects, which power approximately 1.3 million homes, avoid 1.4 million tonnes of CO₂ emissions annually, and produce four terawatt hours (‘TWh’) of clean energy each year.

NAB’s Green Bond portfolio includes lending to TRIG which supported TRIG’s 2021 investment in two Swedish Wind Farms, a Spanish Solar Park, and the purchase of an Offshore Wind Farm in the UK.



While the Swedish Wind Farms and Spanish Solar Park are currently under construction, the Offshore Wind Farm in the UK is operational and forecast, on an annual basis, to power 450,000 homes with low carbon energy, add 5TWh to the grid, and avoid 250k tonnes of carbon emissions.

LOW CARBON TRANSPORT

Qtectic – New Generation Rollingstock (NGR) Project²



NAB’s Green Bond Portfolio also includes lending which contributed towards the refinancing of Qtectic’s NGR project which was certified by the CBI under the Low Carbon Transport Criteria.

The project introduced 75 new electrified six-car passenger trains to South East Queensland, Australia, alongside a purpose-built maintenance facility in Ipswich, and three training simulators for train crew. The trains increase the existing fleet by 30% and are equipped with WiFi.

The fleet has benefited from disability accessibility upgrades since it was fully rolled out in 2019, with the first upgraded NGR train commencing passenger service in 2021. All accessibility upgrades will be completed by 2024 and will make it the most accessible rail fleet in Queensland.

The purpose-built maintenance facility, train design, and train delivery created a range of local job opportunities, with approximately 514 full time equivalent jobs generated or maintained at project peak, with an additional 1500 indirect employment opportunities created.



The information on this page (including information available through the websites referenced below) has been sourced from third parties. NAB does not take responsibility for this information and does not warrant or represent that such information is accurate, reliable, complete, or current. Anyone proposing to rely on or use such information should independently verify and check the accuracy, completeness, and reliability of this information.

(1) The Renewable Infrastructure Group – [2021 Annual Report](#)
 (2) Qtectic – [The NGR Project](#)

IMPACT AND USE OF PROCEEDS

LOW CARBON BUILDINGS

Brookfield Properties – NAB Place¹



NAB's Green Bond Portfolio includes financing of a new premium grade 40 level office building at 395 Bourke Street, Melbourne, known as NAB Place. The innovative transaction was structured as both a Green Loan and a Sustainability Linked Loan (SLL), to support Brookfield as it continues to evolve and adapt its ESG approach and processes. The loan was structured with margin incentives linked to ambitious sustainability improvements against three targets: Green Star As Built Ratings; GHG emissions intensity reductions; and renewable energy usage.

Construction of NAB Place, which functions as NAB's new Melbourne headquarters, was completed in Q3 2021, and was certified as a Low Carbon Building under the CBI. The building boasts a 5-star Green Star Office Design rating (registered), and a 5-star NABERS Office Energy rating (targeted)².

The building was designed with employee health and wellbeing at its core and offers world-class end of trip facilities with 644 bike racks, wellness and relaxation rooms, abundant natural light, and a central location to encourage access to public transport.

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(1) NAB Place – [405 Bourke Street](#)

(2) Final NABERS rating can only be issued after 14 months of historical energy consumption data.

IMPACT AND USE OF PROCEEDS

RENEWABLE ENERGY

Australia

Asset	A/M ¹	Status (C/O) ²	Annual Energy Produced (MWh) ³	NAB's Outstanding Drawn Debt Amount (AUD)	Annual GHG emissions avoided (tCO ₂ -e)	NAB's % share of debt (attribution of impact) ⁴	Annual GHG emissions avoided (tCO ₂ -e) attributable to NAB ⁵	UN SDG Alignment & Contribution ⁶
Wind 1	M	O	57,682	6,308,820	40,344	36%	14,504	
Wind 2	M	O	345,129	23,817,904	309,532	14%	44,219	
Wind 3	M	O	505,113	44,270,021	454,104	28%	127,149	
Wind 4	M	O	418,610	36,247,746	217,177	25%	54,294	
Wind 5	M	O	295,011	42,440,417	153,113	31%	48,190	
Wind 6	M	O	225,742	7,340,426	117,169	100%	117,169	
Wind 7	M	O	552,676	59,759,949	601,336	23%	140,836	
Wind 8	M	O	334,281	25,310,797	308,206	13%	39,456	
Wind 9	M	O	556,715	33,893,965	105,388	17%	18,162	
Wind 10	M	C	–	92,631,212	–	15%	–	
Wind 11	M	O	499,330	54,191,941	347,990	14%	48,564	
Wind 12	M	O	506,946	29,571,429	455,865	14%	65,124	
Wind 13	M	O	472,560	20,870,882	72,017	38%	27,471	
Solar 1	M	O	250,276	31,961,643	130,144	18%	23,794	
Solar 2	M	O	248,790	23,995,987	129,371	15%	19,162	
Solar 3	M	O	201,752	45,740,428	186,709	34%	63,110	
Solar 4	M	O	154,987	43,028,347	142,659	50%	71,202	
Solar 5	M	O	83,503	21,134,930	58,128	34%	19,651	
Solar 6	M	O	168,178	42,794,043	155,350	40%	61,988	
Solar 7	M	O	87,835	13,000,000	79,718	6%	4,402	
Portfolio 1 ⁷	M	O	1,029,654	28,380,520	974,987	13%	121,897	
Portfolio 2 ⁸	M	O	346,958	21,757,262	310,994	20%	62,199	
Total			7,341,728 MWh	AUD 748,448,670	5,385,337 tCO₂-e		1,192,542 tCO₂-e	

- (1) Column indicates whether the project aims to mitigate climate change (M) or adapt to climate change (A). Refer to 5.0 in the methodology on page 14 for definitions.
- (2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2021. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.
- (3) Refer to 1.1 in the methodology on page 14 for information relating to the annual energy (MWh) produced by each asset.
- (4) Calculated as NAB's committed debt limit/total group syndicate debt limit.
- (5) Refer to 1.1 in the methodology page 14 for calculations relating to emissions avoided for the Australian renewables portfolio.
- (6) Refer to 4.0 in the methodology on page 14 for any reference to 'UN SDG Alignment & Contribution'.
- (7) Comprised of Wind and Hydro assets.
- (8) Comprised of Wind and Solar assets.

RENEWABLE ENERGY

United Kingdom & Europe

Asset	A/M ¹	Status (C/O) ²	Annual Energy Produced (MWh) ³	NAB's Outstanding Drawn Debt Amount	Annual GHG emissions avoided (tCO ₂ -e) ⁵	NAB's % share of debt (attribution of impact) ⁴	Annual GHG emissions avoided (tCO ₂ -e) attributable to NAB ⁵	UN SDG Alignment & Contribution ⁶
Wind 1	M	O	90,378	GBP 33,040,277	26,327	47%	12,377	
Wind 2	M	O	797,400	GBP 44,469,874	232,283	13%	29,702	
Wind 3	M	O	492,600	GBP 46,767,652	143,494	14%	20,381	
Wind 4	M	O	137,400	EUR 16,625,438	59,529	88%	52,531	
Wind 5	M	O	979,900	GBP 5,576,140	285,445	15%	42,585	
Wind 6	M	O	2,135,692	GBP 17,327,409	622,127	5%	28,145	
Wind 7	M	O	935,750	GBP 73,917,039	272,584	20%	54,249	
Wind 8	M	O	1,864,500	GBP 250,000,000	543,129	100%	543,129	
Wind 9	M	C	–	EUR 5,742,684	–	6%	–	
Wind 10	M	C	–	GBP 24,034,341	–	2%	–	
Wind 11	M	O	954,547	EUR 98,286,104	11,511	48%	5,560	
Wind 12	M	O	2,471,909	EUR 79,711,833	672,595	8%	54,965	
Wind 13	M	O	1,412,000	GBP 65,279,635	411,316	12%	51,315	
Solar 1	M	O	252,232	GBP 23,930,914	73,475	15%	11,192	
Portfolio 1	M	O	114,360	GBP 20,098,833	33,313	40%	13,391	
Portfolio 2	M	O	355,742	GBP 57,670,784	103,628	24%	24,644	
Portfolio 3 ⁷	M	O	–	USD 52,149,905	–	9%	–	
Portfolio 4	M	O	1,490,000	EUR 75,000,000	434,037	38%	162,764	
Portfolio 5	M	O	389,152	GBP 79,484,865	113,360	47%	52,841	
Renewables Fund 1	M	O	399,704	GBP 22,190,891	116,434	13%	15,199	
Renewables Fund 2	M	O	4,125,000	GBP 18,589,983	1,089,504	4%	40,508	
Total			19,398,266 MWh	AUD 1,974,826,346	5,244,089 tCO₂-e		1,215,478 tCO₂-e	











USA

Asset	A/M ¹	Status (C/O) ²	Annual Energy Produced (MWh) ³	NAB's Outstanding Drawn Debt Amount (USD)	Annual GHG emissions avoided (tCO ₂ -e) ⁵	NAB's % share of debt (attribution of impact) ⁴	Annual GHG emissions avoided (tCO ₂ -e) attributable to NAB ⁵	UN SDG Alignment & Contribution ⁶
Solar 1	M	O	28,973	14,395,055	26,929	17%	4,448	
Portfolio 1	M	O	5,264,086	99,503,784	2,956,608	13%	390,644	
Wind 1	M	O	358,743	27,729,741	118,155	13%	15,447	
Wind 2	M	O	259,847	19,386,843	85,582	13%	11,188	
Total			5,911,649 MWh	AUD 223,446,326⁸	3,187,275 tCO₂-e		421,727 tCO₂-e	



- (1) Column indicates whether the project aims to mitigate climate change (M) or adapt to climate change (A). Refer to 5.0 in the methodology on page 14 for definitions.
- (2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2021. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.
- (3) Refer to 1.2 and 1.3 in the methodology on page 14 for information relating to the annual energy (MWh) produced by each asset.
- (4) Calculated as NAB's committed debt limit/total group syndicate debt limit.
- (5) Refer to 1.2 and 1.3 in the methodology on page 14 for calculations relating to emissions avoided.
- (6) Refer to 4.0 in the methodology on page 15 for any reference to 'UN SDG Alignment & Contribution'.
- (7) This facility is a revolving credit facility and is drawn down for the purpose of acquiring solar and wind farms. As such, there will be no emissions calculations associated with this entity.
- (8) Represents AUD equivalent of the total outstanding drawn debt amount as at 30 September 2021.

LOW CARBON TRANSPORT

Australia



Asset	A/M ¹	Status (C/O) ²	NAB's Outstanding Drawn Debt Amount (AUD)	Total number of passenger trips	Total kilometres (Km)	Operational information	UN SDG Alignment & Contribution ³
Low Carbon Transport 1	M	O	44,069,493	2,561,520	936,950	<ul style="list-style-type: none"> Average of 90,000 passenger boardings per week Improved disability access across stations and trains with additional handrails, priority seats and wheelchair spaces Electricity used to power rail vehicles, maintenance and administration buildings is 100% renewable 93% of vehicle components are recycled Achieved IS As-Built Rating of 'Leading' 	 
Low Carbon Transport 2	M	O	76,574,134	Not reported	9,335,584	<ul style="list-style-type: none"> Trains feature energy efficient LED cabin lighting and regenerative braking technology Maintenance facility uses solar panels to supplement power usage and manages storm water with dedicated bio-basins 	 
Low Carbon Transport 3	M	O	198,511,333	Not reported	14,200,000	Features of rail fleet include: <ul style="list-style-type: none"> Smart air conditioning Improved lighting using energy saving LED lighting Energy recovery via regenerative braking system Improved disability access across stations and trains with additional handrails, priority seats and wheelchair spaces 	 
Low Carbon Transport 4	M	O	109,618,162	10,947,439	Not reported	<ul style="list-style-type: none"> Improved disability access across stations and trains with additional handrails, priority seats and wheelchair spaces 100% of operational electricity needs offset 57% of operations staff from culturally and linguistically diverse backgrounds Achieved IS As-Built Rating of 'Leading' 	 
Low Carbon Transport 5	M	C	42,732,091	–	–	Project to replace existing infrastructure with new metro line: <ul style="list-style-type: none"> 100% clean spoil will be beneficially reused 90% of construction and demolition waste will be recycled Achieved Design IS As-Built Rating of 'Leading' 100% of operational electricity needs to be offset Improved disability access across stations and trains with additional handrails, priority seats and wheelchair spaces 	 
Total			AUD 471,505,213				

United Kingdom

Asset	A/M ¹	Status (C/O) ²	NAB's Outstanding Drawn Debt Amount (GBP)	Total number of passenger trips	Total kilometres (Km)	Operational information	UN SDG Alignment & Contribution ³
Low Carbon Transport 1	M	O	83,275,041	Not reported	5,822,207	Operations: <ul style="list-style-type: none"> The 36 extra rail carriages provided an extra 24% capacity on London Overground during peak hours and 33% on the North London Railway alone 	 
Total			AUD 155,334,903⁴				

WATER INFRASTRUCTURE





Australia

Asset	A/M ¹	Status (C/O) ²	NAB's Outstanding Drawn Debt Amount (AUD)	Current installed capacity	Total emissions (tCO ₂ -e)	Gigalitres of fresh drinking water made available in FY21	UN SDG Alignment & Contribution ³
Desalination Plants	A	O	152,683,236	In aggregate, the plants can supply 241.25 GL of water to their surrounds annually, if required.	100% of the plants' energy is obtained from renewable sources or offset by Renewable Energy Certificates.	144.6	 
Total			AUD 152,683,236				

- (1) Column indicates whether the project aims to mitigate climate change (M) or adapt to climate change (A). Refer to 5.0 in the methodology on page 14 for definitions.
- (2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2021. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.
- (3) Refer to 4.0 in the methodology on page 15 for any reference to 'UN SDG Alignment & Contribution'.
- (4) Represents AUD equivalent of the total outstanding drawn debt amount as at 30 September 2021.

SMART METERS



United Kingdom

Asset	A/M ¹	Status (C/O) ²	NAB's Outstanding Drawn Debt Amounts (GBP)	Number of connections made (SMETS 1 & 2)	Annual energy consumption avoided (MWh) ³	NAB's %Share of debt (Attribution of impact) ⁴	Total Annual GHG emissions avoided (tCO ₂ -e)	Annual GHG emissions avoided (tCO ₂ -e) attributable to NAB ⁵	UN SDG Alignment & Contribution ⁶
Smart Meters 1	M	O	41,169,610	1,769,851	18	8%	5	.39	
Smart Meters 2	M	O	32,512,772	761,710	8	18%	2	.40	
Smart Meters 3	M	O	14,460,290	842,070	8	5%	2	.12	
Smart Meters 4	M	O	43,767,291	4,991,048	50	6%	15	.86	
TOTAL			AUD 246,054,772	7,809,441	84MWh		24 tCO₂-e	1.78 tCO₂-e	

LOW CARBON BUILDINGS

Australia

Low Carbon Buildings will play an important role in Australia contributing to the achievement of the Paris Agreement goals. Loans in the Green Bond Portfolio Collateral Pool to finance low carbon buildings had a total value of AUD 1,324,456,717. Commercial buildings in the Green Bond Portfolio Collateral Pool have an average NABERS energy rating of 5.22, which is above the NABERS published Australian average of 4.8 stars for commercial buildings.

Asset	A/M ¹	Status (C/O) ²	NAB's Eligible Low Carbon Commercial Buildings Drawn Debt Amount Outstanding	Portfolio Average NABERS Energy Rating	Portfolio Annual Energy Savings Achieved (kWh) ³	Portfolio Annual GHG Emissions Avoided (tCO ₂ -e) ⁴	UN SDG Alignment & Contribution ³
144 Australian low carbon commercial office buildings	M	O	1,324,456,717	5.22	356,894,576	129,142,645	 

- (1) Column indicates whether the project aims to mitigate climate change (M) or adapt to climate change (A). Refer to 4.0 in the methodology on page 14 for definitions.
- (2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2021. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.
- (3) Refer to 3.0 in the methodology on page 14 for information relating to the annual energy consumption avoided.
- (4) Calculated as NAB's committed debt limit/total group syndicate debt limit.
- (5) Refer to 1.2 and 1.3 in the methodology on page 14 for calculations relating to emissions avoided.
- (6) Refer to 4.0 in the methodology on page 15 for any reference to 'UN SDG Alignment & Contribution'.

NAB'S GREEN INSTRUMENTS

NAB'S LOW CARBON SHARED PORTFOLIO & GREEN RMBS

In 2018, NAB issued the NAB Low Carbon Shared Portfolio and Australia's first Green RMBS (RMBS 2018-1, Green Tranche A1-G), both certified in compliance with the CBS.

	NAB RMBS 2018-1 – Green Tranche A1-G	NAB Low Carbon Shared Portfolio Issuance
Format	Green RMBS A1-G Notes	Closed-end wholesale unit trust
Issue Amount	A\$300m	A\$200m
Outstanding Issue Amount as at 30 September 2021	A\$99.05m	A\$19.14m
Issue Date	15 February 2018	26 June 2018
Final Maturity Date	24 August 2049	18 June 2028
ISIN	AU3FN0040622	AU3FN0042826
Assurance	Certified in compliance with the CBS, with assurance provided by DNV GL.	Certified in compliance with the CBS, with assurance provided by DNV GL.
Use of Proceeds	Proceeds earmarked against NAB originated mortgages for Australian residential properties that meet the CBS sector specific criteria for low carbon buildings.	Proceeds for investment in a portion of 8 senior secured NAB originated operational solar and windfarm project loans. As at 30 September 2021, 2 out of the 8 loans remain in the portfolio.



NAB LOW CARBON SHARED PORTFOLIO – USE OF PROCEEDS

Asset Type/s	Asset Location	Low Carbon Shared Portfolio (AUD)	Facility share of the portfolio (%)	NAB's Share of the Low Carbon Shared Portfolio (AUD)	GHG emissions avoided (tCO ₂ -e) attributable to NAB's share of the portfolio ²
Wind Farm 1	Australia	5.23	27.32	2.11	117,169
Wind Farm 2	Australia	13.91	72.68	5.61	27,471
TOTAL		19.14	100%	7.72	144,640

(1) Refer to 2.0 on page 14 of the methodology for calculations relating to the Low Carbon Buildings Portfolio.

(2) For clarity, GHG emissions avoided for the NAB retained share of the assets listed in the Low Carbon Shared Portfolio are also reflected in the GHG avoided emissions calculations shown in the Australia Renewable Energy Table on page 8.

LOW CARBON BUILDINGS (RESIDENTIAL) – ELIGIBLE ASSET POOL FOR NAB RMBS 2018-1 A1-G GREEN TRANCHE (AS AT SEPTEMBER 2021)

Project Name	Asset Type	Details	A/M	Status (C/O)	Eligible Low Carbon Residential Mortgages Balance outstanding (AUD)	UN SDG Alignment & Contribution
Australian Residential Mortgages	Australian low carbon residential buildings	Mortgages for 745 residential properties which meet the CBS criteria for Australian low carbon residential buildings diversified across New South Wales, Victoria, and Tasmania. (Note: Impact reporting methodology and calculations are currently being developed and will be published once available for this low carbon residential mortgage portfolio)	M	O	175,496,885	 

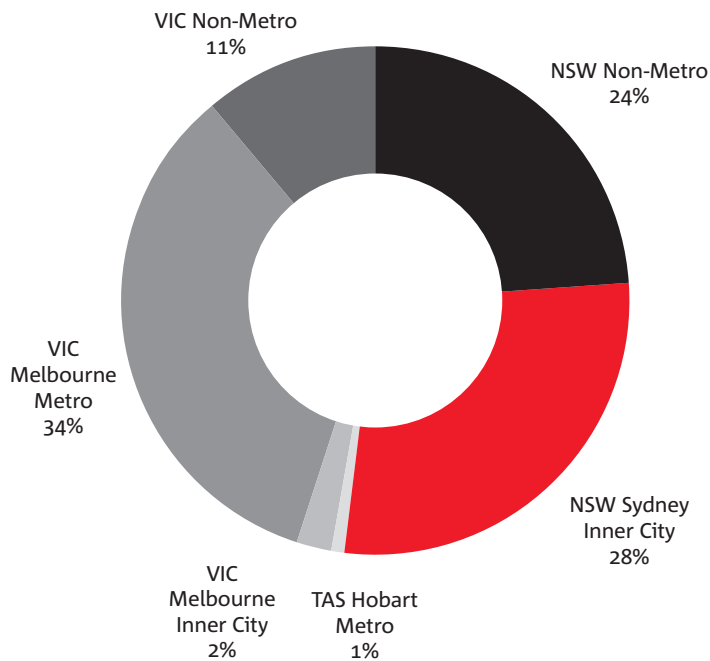
Breakdown of NAB RMBS 2018-1 green mortgage pool as at September 2021¹

Green Loan Status as at September 2021	Number of Loans	Balance of Loans (AUD)	Number of Loans (as a % of NAB RMBS 2018-1 total green and non-green mortgage pool)	Balance of Loans (as a % of NAB RMBS 2018-1 total green and non-green mortgage pool)
Loans eligible for inclusion in a CBI certified bond ('Green Loans')	745	175,496,885	21	23.59

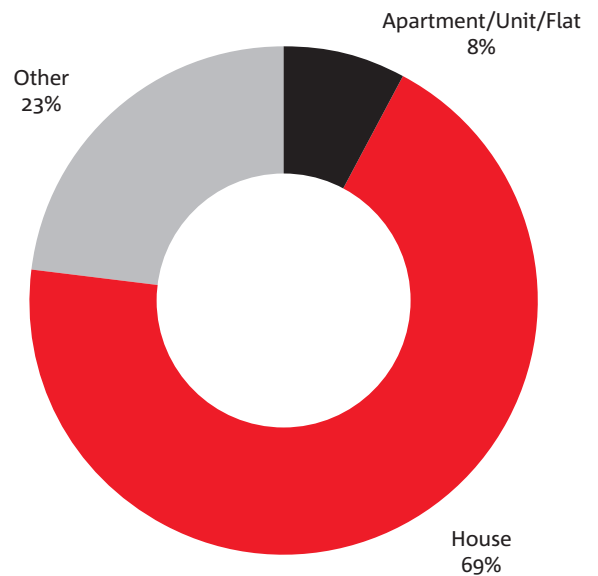
Green Loans – Geographic Distribution as at September 2021	Number of Loans	Balance of Loans (AUD)	Number of Loans (%)	Balance of Loans (%)
NSW Non-Metro	192	42,359,848	25.77	24.14
NSW Sydney Inner City	188	49,483,281	25.23	28.20
TAS Hobart Metro	6	1,330,057	0.81	0.76
TAS Non-Metro	2	319,367	0.27	0.18
VIC Melbourne Inner City	10	3,394,951	1.34	1.93
VIC Melbourne Metro	247	59,187,444	33.15	33.73
VIC Non-Metro	100	19,421,938	13.42	11.07
Total	745	175,496,885	100.00	100.00

Green Loans – Distribution of Loans by Property Type as at September 2021	Number of Loans	Balance of Loans (AUD)	Number of Loans (%)	Balance of Loans (%)
Apartment/Unit/Flat	59	13,451,968	7.92	7.67
House	520	121,200,008	69.80	69.06
Other	166	40,844,909	22.28	23.27
Total	745	175,496,885	100.00	100.00

Balance of loans – geographic distribution



Balance of loans – property type



(1) NAB, Capital and Funding, <https://capital.nab.com.au/popup-disclaimers/securitisation-deal-summaries.phps>

METHODOLOGY

1.0 Annual GHG Emissions avoided – Renewable Energy

1.1. Australia

Australian power generation data was sourced from the [Clean Energy Regulator's National Greenhouse and Energy Reporting \(NGER\) data Electricity sector emissions and generation data 2020-2021](#).

- The emissions avoided calculation used was as follows: Annual energy produced (MWh) x applicable electricity emission factor (kg CO₂-e/KWh) = tonnes CO₂-e avoided. Australian GHG emissions factors were taken from the Australian National Greenhouse Accounts Factors (August 2020) and the National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2008 (updated for 2019-2020).
- Impact attributable to NAB was calculated by applying the % share of debt to the total GHG emissions avoided by each project or portfolio.

1.2 UK & Europe

- UK and European power generation data was sourced from operational reports available for each renewable energy generation project. For some of these projects, operational data was unavailable for the period and therefore an estimate was made based on available project data.
- The emissions avoided calculation used was as follows: Estimated MWh of electricity produced x applicable electricity emissions factor (per country) (kg CO₂-e/KWh) = tonnes CO₂-e avoided.
- The emissions factors for projects in the UK were sourced from the Department for Business, Energy & Industrial Strategy (DBEIS) [UK Government Greenhouse gas reporting: conversion factors 2021](#).
- The emissions factors for Europe (Ireland, Portugal, Spain, France, Belgium, Germany, Norway, and Sweden) were sourced from the International Energy Agency's (IEA) CO₂ emissions from fuel combustion 2020 and the Department of Business, Energy & Industry Strategy (DBEIS) UK Government Greenhouse gas reporting: conversion factors 2021. The generation and Transmission & Distribution (T&D) factors came from IEA and the Well-To-Tank (WTT) factors came from DBEIS as per DBEIS UK Government Greenhouse gas reporting: conversion factors for corporate reporting 2021.
- Impact attributable to NAB was calculated by applying the % share of debt to the total GHG emissions avoided by each project or portfolio.

1.3 USA

- US power generation data was sourced from operational reports available for each renewable energy generation project. For some of these projects, operational data was unavailable for the period and therefore an estimate was made based on available project data.
- The emission factors for the US were sourced from [The Climate Registry 2021 default emission factors](#) and the T&D factors came from the IEA CO₂ emissions from fuel combustion 2020. WTT factors were sourced from DBEIS.
- Impact attributable to NAB was calculated by applying the NAB's % share of debt to the total GHG emissions avoided by each project or portfolio.

2.0 Low-Carbon Buildings (Annual Energy Savings and Annual GHG Emissions Avoided)

- Data in reference to the buildings in NAB's CRE portfolio was sourced from a combination of:
 - internal reporting;
 - client reports;
 - company websites;
 - [Australian Government's Commercial Building Disclosure Program \(CBDP\)](#); and
 - average energy intensity and annual carbon intensity sourced from <https://nabers.info/annual-report/2020-2021/office-energy/>.
- Average NABERS Energy star rating was sourced from the NABERS annual report: <https://nabers.info/annual-report/2020-2021/office-energy/>.
- Annual Portfolio Energy Savings Achieved (kWh): (Average Statewide Base Building Energy Intensity – Building 'A' Energy Intensity) x Net Lettable Area of Building 'A'.
- Annual Portfolio GHG Emissions Avoided (tCO₂-e): (Average Statewide Base Building Carbon Intensity – Building 'A' Carbon Intensity) x Net Lettable Area of Building 'A'.
- Average NABERS Energy star rating, Annual Portfolio Energy Savings Achieved and Annual Portfolio GHG Emissions Avoided apply to the total portfolio area of all buildings in the portfolio rather than just NAB's % of debt.

3.0 Smart Meters (Annual Energy Savings and GHG Emissions Avoided)

- Annual energy saved was calculated by applying a 1% saving on the annual UK household consumption of gas and electricity, where one household is equivalent to one meter connection. Annual consumption figures were sourced from the Ofgem: <https://www.ofgem.gov.uk/publications/decision-typical-domestic-consumption-values-2020>.

4.0 UN SDG Alignment and Contribution¹ Renewables

- Aligns to UN SDG 7: Affordable & Clean Energy and contributes towards UN SDG Target 7.2 – By 2030, increase substantially the share of renewable energy in the global energy mix.
- Aligns to UN SDG 11: Sustainable cities & communities and contributes towards UN SDG Target 11.6 – By 2030, reduce the adverse per capita environmental impact of cities.

Transport

- Aligns to UN SDG 9: Industry innovation and infrastructure and contributes to UN SDG Target 9.1 – Sustainable & resilient infrastructure.
- Aligns to UN SDG 11 Sustainable cities & communities and contributes to UN SDG Target 11.6 – By 2030, reduce the adverse per capita environmental impact of cities.

Low carbon buildings (Commercial office)

- Aligns to UN SDG 7: Affordable & Clean Energy and contributes to UN SDG Target 7.3 – By 2030, double the global rate of improvement of energy efficiency.
- Aligns to UN SDG 11: Sustainable Cities & Communities and contributes to UN SDG Target 11.6 – By 2030, reduce the adverse per capita environmental impact of cities.
- Low carbon buildings (Residential for NAB Green RMBS)
- Aligns to UN SDG 7: Affordable & Clean Energy and contributes to UN SDG Target 7.3 – By 2030, double the global rate of improvement of energy efficiency.
- Aligns to UN SDG 11: Sustainable Cities & Communities and contributes to UN SDG Target 11.6 – By 2030, reduce the adverse per capita environmental impact of cities.

Water infrastructure

- Aligns to UN SDG 6: Ensure availability and affordable drinking water for all and contributes to UN SDG Target 6.3 – Improve Water Quality
- Aligns to UN SDG 9: Industry innovation and infrastructure and contributes to UN SDG Target 9.1 – Sustainable & resilient infrastructure.

Smart Meters

- Aligns to UN SDG 7: Affordable & Clean Energy and contributes to UN SDG Target 7.3 – By 2030, double the global rate of improvement of energy efficiency.

5.0 Additional Notes Definitions

- Adaptation²: Taking practical actions to manage risks from climate impacts, protect communities and strengthen the resilience of the economy.
- Mitigation³: Activities that are designed to reduce greenhouse emissions and/or increase the amounts of greenhouse gases removed from the atmosphere by greenhouse sinks.

(1) SDI Asset Owner Platform, Taxonomy, <https://www.sdi-aop.org/how-it-works/>

(2) Australian Government, Department of Agriculture, Water and the Environment, 'Adapting to Climate Change', <https://www.environment.gov.au/climate-change/adaptation>

(3) NSW Government, 'Climate change mitigation', <https://climatechange.environment.nsw.gov.au/About-climate-change-in-NSW/NSW-Government-action-on-climate-change/Climate-change-mitigation>

CONTACT US

NAB seeks to implement evolving market best practice in relation to our NAB Green Bond issuance and reporting.

NAB welcomes feedback from our investors, other stakeholders, and market participants.

Please email your queries and comments to:

NAB Debt Investor Relations at
debtinvestorrelations@nab.com.au

This report was reissued on 30 August 2022 to correct two typographical errors in the heading of the table 'Low Carbon Buildings' on page 11.

KEY INFORMATION

This document includes general background information about the activities of National Australia Bank Limited ABN 12 004 044 937 (NAB) and its controlled entities (together, the Group) for the year ended 30 September 2021 (unless otherwise stated herein). It is information in a summary form and does not purport to be complete.

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