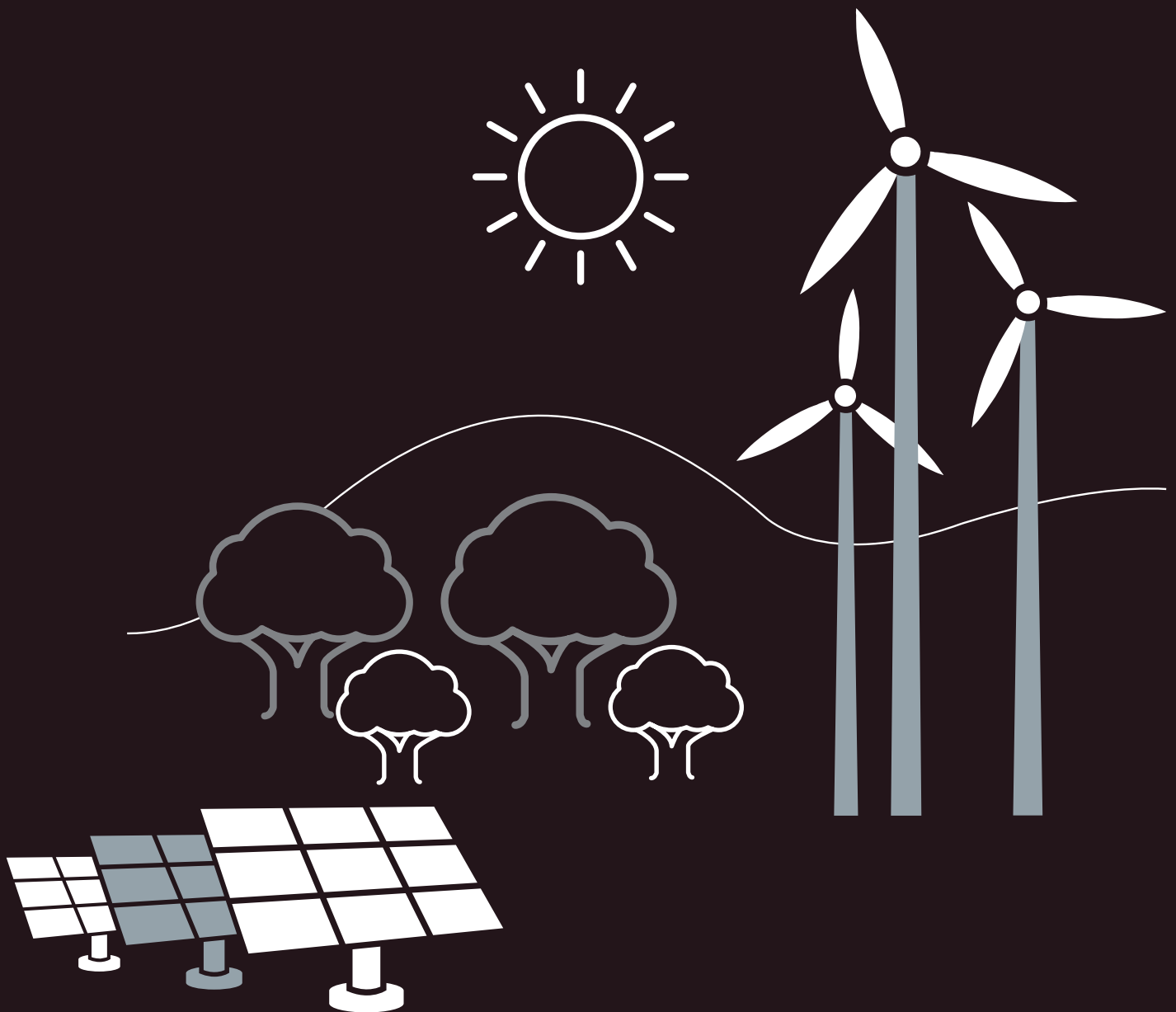


more  
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# NAB ANNUAL GREEN BOND REPORT

Financial year ended 30 September 2019



# 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 2019. This report relates to our Green Bond Portfolio (four NAB Green Bonds<sup>1</sup> and our UBank Green Term Deposit), 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 2019 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') and set out in the April 2020 publication [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 will seek to improve the level of detail and disclosure of impact reporting we provide over time.

## NAB'S COMMITMENTS

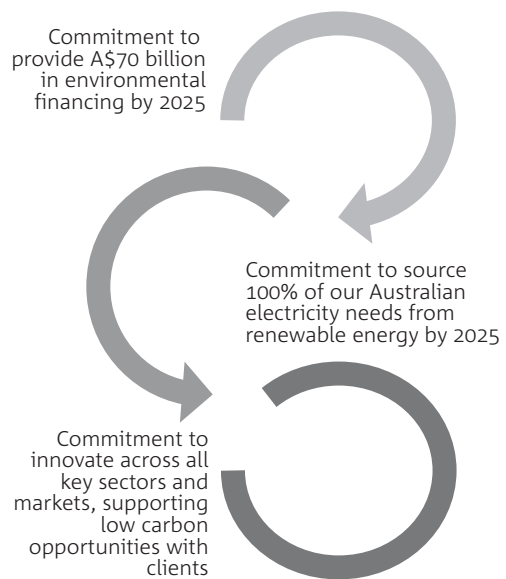
In November 2019, [we announced a significant increase to our September 2017 environmental financing commitment](#) from A\$55 billion by 2025, to A\$70 billion by 2025.<sup>2</sup>

In November 2019, NAB:

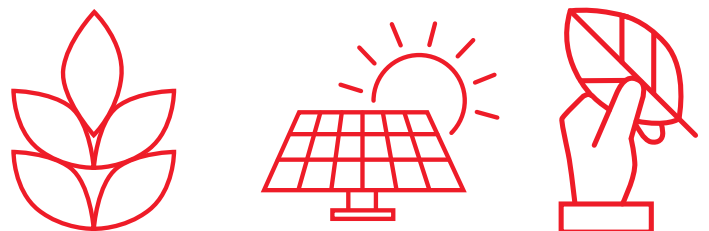
- Increased its commitment to source Australian electricity needs from renewable energy from 50% by 2025 to 100% by 2025.
- Announced that it will support current coal-fired power generation customers implementing transition pathways aligned with Paris Agreement goals of 45% reduction in emissions by 2030 and net zero emissions by 2050. NAB will not finance new or material expansions of coal-fired power generation facilities unless there is technology in place to materially reduce emissions.
- Capped thermal coal mining exposures at 2019 levels and reducing thermal coal mining financing by 50% by 2028, with the intention to be effectively zero by 2035 (apart from residual performance guarantees to rehabilitate existing coal assets). NAB will not take on new-to-bank thermal coal mining customers.
- Committed to a A\$2billion investment in affordable housing by 2023.
- Signed up to the UN Principles for Responsible Banking, participated in the United Nations Environmental Programme Finance Initiative's Task Force on Climate-related Financial Disclosures Phase 1 Pilot, responded to the 2019 CDP climate change survey and maintained our Climate Active certification in Australia.

Our commitments have been integrated into NAB's business strategy and further details on all of our climate change commitments can be found in [NAB Group's 2020 Sustainability Report](#) and on our website [here](#).

*NAB is committed to Australia's transition to a low carbon economy*



# A\$70BN ENVIRONMENTAL FINANCING COMMITMENT BY 2025



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

(2) NAB's 2019 Sustainability Report: <https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/2019-sustainability-report.pdf>

# NAB'S GREEN BOND FRAMEWORK

NAB has developed and implemented a NAB Sustainable Development Goals ('SDG') Green Bond Framework ('Framework') which applies to its Green Bond Portfolio<sup>1</sup> and its Green Instruments<sup>2</sup> which are certified under the Climate Bonds Standard 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 Climate Bonds Standard ('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 the CBS.

The Framework defines the eligible categories for the use of proceeds which currently include:

1. renewable energy;
2. low carbon transport;
3. low carbon buildings;
4. energy efficiency; and
5. nature-based assets.

## Selection of eligible projects and assets

NAB has established a NAB SRI Bond Committee, 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.



(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

## 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;
- Aggregate of funds drawn against the NAB Green Bond eligible project categories;
- Proceeds from the Green Bond Portfolio allocated against each of the Green Bond eligible categories identified within the Framework;
- A listing of each eligible project and asset included within the Green Bond Portfolio;
- Where available, qualitative and quantitative environmental impact reporting measures for the eligible projects and assets within the Green Bond Portfolio, 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 Climate Bonds Standard 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 Climate Bonds Standard. Following this annual verification update, the verification agent issues its verification statement.

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 will be made publicly available on the [NAB Capital & Funding website](#).

# GREEN BOND PORTFOLIO SUMMARY<sup>1</sup>

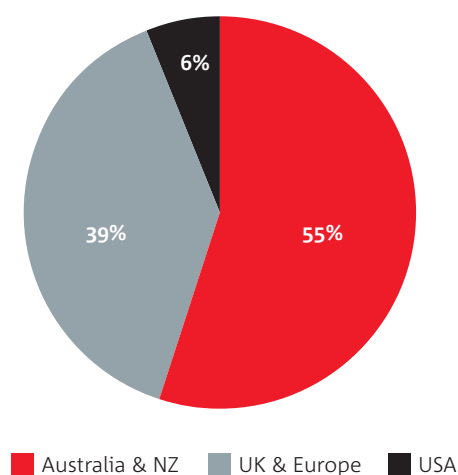
As at 30 September 2019, NAB had a **A\$286,212,958** surplus of green assets in its Green Bond Portfolio Collateral Pool with projects located across Australia & NZ, the UK & Europe, and the USA.<sup>2</sup>

Issuances/Assets	Total (A\$)
Green Bond Portfolio	3,793,601,951
Green Bond Portfolio Collateral Pool	4,079,814,909
Surplus in Green Bond Portfolio Collateral Pool	286,212,958

## Geographic split of eligible assets in Green Bond Portfolio Collateral Pool

Location	Renewable Energy (wind & solar) (A\$)	Low Carbon Transport (A\$)	Low Carbon Buildings (A\$)	Total (A\$)
Australia & NZ	821,228,209	551,881,080	858,280,476	2,231,389,765
UK & Europe	1,441,619,472	146,192,643		1,587,812,115
USA	260,613,030			260,613,030
Total Green Bond Portfolio Collateral Pool				4,079,814,909

Geographic split of eligible green assets



(1) All A\$ equivalent amounts in this report are based on closing exchange rates published by the Reserve Bank of Australia (RBA) as at 30 September 2019. <http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>

(2) Rounded to the nearest whole number

# NAB'S GREEN BOND PORTFOLIO

As at 30 September 2019, NAB had issued four senior unsecured green bonds, each certified in compliance with the Climate Bonds Standard v2.1 ('CBS'), with proceeds fully allocated to financing and refinancing a large portfolio of CBS eligible projects located across Australia, NZ, the UK, the USA and Europe. The identified portfolio of eligible projects is consistent with transitioning to a low carbon economy and contributing towards meeting the UN SDGs.

	NAB A\$ Climate Bond	NAB EUR Climate Bond	NAB SDG EUR Green Bond	NAB SDG USD Green Bond
<b>Format</b>	Fixed Rate MTNs	Fixed Rate MTNs	Fixed Rate MTNs	Fixed Rate MTNs
<b>Issue Amount</b>	A\$300 million	€500 million	€750 million	US\$750 million
<b>Issue Date</b>	16 December 2014	7 March 2017	30 August 2018	20 June 2018
<b>Final Maturity Date</b>	16 December 2021	7 September 2022	30 August 2023	20 June 2023
<b>ISIN</b>	AU3CB0226090	XS1575474371	XS1872032369	US63254ABA51
<b>Assurance</b>	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 <a href="#">NAB SDG Green Bond Framework</a> , with assurance provided by DNV GL.	Certified in compliance with the CBS and in accordance with the <a href="#">NAB SDG Green Bond Framework</a> , with assurance provided by DNV GL.
<b>Use of Proceeds</b>	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 subsidiary of NAB, launched the world's first CBS certified green term deposit for consumers.

	UBank Green Term Deposit
<b>Format</b>	Green Term Deposit
<b>Outstanding Deposit Amount as at 30 September 2019</b>	A\$356.7m
<b>Launch Date</b>	13 March 2019
<b>Assurance</b>	Certified in compliance with the CBS, with assurance provided by DNV GL.
<b>Use of Proceeds</b>	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

### Warradarge Wind Farm<sup>1</sup>



NAB's Green Bond Portfolio proceeds have contributed towards the construction of Warradarge Wind Farm, located near Eneabba in Western Australia.

Construction of the wind farm is nearing completion, with commissioning commencing in August 2020 and full production expected to occur in quarter 4 of 2020. The project will have a total of 51 turbines, a total output of 180 MW and a capacity factor of nearly 50% which is equivalent to the average annual electricity needs of approximately 148,500 West Australian homes. Once completed, the turbines will be amongst the largest in Western Australia with a tip height of 152 metres and 67 metre blades. In high winds the blades automatically pitch into the wind to slow down the turbines. The wind turbines can withstand wind speeds on site of up to 150km/hr.

### Phoebe Solar Project<sup>2</sup>



NAB's Green Bond Portfolio proceeds have contributed towards the construction of the Phoebe Solar Project, located in Winkler County, Texas, in the United States.

The Phoebe Solar project was the largest solar farm in operation in Texas at the time of its full commissioning in November 2019. Average annual power generation from the project is expected to be sufficient to power more than 50,000 Texan households. The solar farm is situated on approximately 3,500 acres of land and is comprised of 768,000 First Solar Series 6 thin film photovoltaic solar panels.

(1) Bright Energy Investments, 'Warradarge Wind Farm', <https://www.brightenergyinvestments.com.au/warradarge-wind-farm-1>

(2) Innergex, 'Innergex announces the full commissioning of Phoebe, the Largest Solar Farm in Operation in Texas', [https://www.innergex.com/wp-content/uploads/2019/11/INE\\_COD\\_PHOEBE\\_EN.pdf](https://www.innergex.com/wp-content/uploads/2019/11/INE_COD_PHOEBE_EN.pdf)

# IMPACT AND USE OF PROCEEDS

## RENEWABLE ENERGY

### Australia & New Zealand

Project Name	Asset Type	Asset Location	A/M <sup>1</sup>	Status (C/O) <sup>2</sup>	Annual Energy Produced (MWh) <sup>3</sup>	NAB's Outstanding Drawn Debt Amount (A\$)	Annual GHG emissions avoided (tCO <sub>2</sub> -e)	NAB's % share of debt (attribution of impact) <sup>4</sup>	Annual GHG emissions avoided (tCO <sub>2</sub> -e) attributable to NAB <sup>5</sup>	UN SDG Alignment & Contribution <sup>6</sup>
Albany and Grasmere Wind Farm	Wind	Western Australia	M	O	95,864	7,979,310	71,898	35.3%	25,383	
Boco Rock Wind Farm	Solar	New South Wales	M	O	375,693	27,650,122	345,638	14.3%	49,377	
Bungala 1 Solar Farm	Solar	South Australia	M	O	195,033	23,314,543	118,970	15.4%	18,320	
Bungala 2 Solar Farm	Solar	South Australia	M	C		21,176,141		15.4%		
Cathedral Rocks Wind Farm	Wind	South Australia	M	O	175,634	1,451,481	107,137	100.0%	107,137	
Crowlands Wind Farm	Wind	Victoria	M	O	92,779	26,393,633	108,551	50.0%	54,276	
Dundonnell Wind Farm	Wind	Victoria	M	C		16,242,690		8.6%		
Emerald Solar Farm	Solar	Queensland	M	O	115,635	44,408,530	107,541	50.0%	53,770	
Greenough River Solar Farm	Wind	Western Australia	M	C		19,164,724		33.3%		
Gullen Range Wind Farm	Wind	New South Wales	M	O	468,051	68,692,362	430,607	34.6%	148,857	
Brown Hill Wind Farm (Hallett 1)	Wind	South Australia	M	O	322,358	48,213,162	196,638	31.1%	61,249	
Hallett Hill Wind Farm (Hallett 2)	Wind	South Australia	M	O	261,792	2,845,013	159,693	100.0%	159,693	
Houghton Solar Farm	Solar	Queensland	M	O	4,243	30,973,679	3,946	33.3%	1,315	
Kiata Wind Farm	Wind	Victoria	M	O	131,725	21,769,688	154,118	49.9%	76,963	
Lal Lal Wind Farms	Wind	Victoria	M	C		56,250,000		25.0%		
Mt Emerald Wind Farm	Wind	Queensland	M	O	371,530	29,970,591	345,523	15.0%	51,676	
Musselroe Wind Farm	Wind	Tasmania	M	O	611,374	7,196,074	134,502	12.0%	16,109	
North Brown Hill Wind Farm (Hallett 4)	Wind	South Australia	M	O	470,176	38,828,635	286,807	25.0%	71,702	
Oaklands Hill Wind Farm	Wind	Victoria	M	O	188,006	18,262,963	219,967	33.3%	73,322	
Portfolio facility for Blayney Wind Farm, Crookwell Wind Farm, Snowtown Wind Farm (Stages 1 and 2), Mahinerangi Wind Farm Stage 1, Tararua Wind Farm (Stages 1, 2 and 3) and Salt Creek Wind Farm	Wind	8 Assets across Victoria, South Australia, New South Wales and New Zealand	M	O	2,787,919	90,422,835	1,131,495	16.0%	180,695	
Portfolio facility for Nyngan Solar Farm and Broken Hill Solar Farm	Solar	New South Wales	M	O	246,063	10,592,196	226,378	20.0%	45,276	
Silverton Wind Farm	Wind	New South Wales	M	O	263,858	24,586,290	242,749	9.1%	22,024	
Solar Farm 1	Solar	Queensland	M	O	147,953	51,348,704	137,596	33.8%	46,509	
Stockyard Hill Wind Farm	Wind	Victoria	M	C		53,266,338		14.7%		
Warradarge Wind Farm	Wind	Western Australia	M	C		33,377,911		14.3%		
Woolnorth Wind Farm	Wind	Tasmania	M	O	527,564	9,250,593	116,064	37.0%	42,987	
White Rock Wind Farm	Wind	New South Wales	M	O	531,669	37,600,000	489,135	14.3%	69,876	
<b>Total</b>						<b>A\$821,228,209</b>			<b>1,376,515</b>	

(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 12 for definitions.

(2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2019. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.

(3) Refer to 1.1 and 1.2 in the methodology on page 11 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 and 1.2 in the methodology page 11 for calculations relating to emissions avoided for the Australian and New Zealand renewables portfolio.

(6) Refer to 3.0 in the methodology on page 11 for any reference to 'UN SDG Alignment & Contribution'.





## RENEWABLE ENERGY

### United Kingdom & Europe

Project Name	Asset Type	Asset Location	A/M <sup>1</sup>	Status (C/O) <sup>2</sup>	Annual Energy Produced (MWh) <sup>3</sup>	NAB's Outstanding Drawn Debt Amount	Annual GHG emissions avoided (tCO <sub>2</sub> -e)	NAB's % share of debt (attribution of impact) <sup>4</sup>	Annual GHG emissions avoided (tCO <sub>2</sub> -e) attributable to NAB <sup>5</sup>	UN SDG Alignment & Contribution <sup>6</sup>
Portfolio Facility for 14 operational wind & solar farms in the UK	Wind/Solar	UK	M	O	353,358	£87,705,968	111,654	50.0%	55,827	
Boomerang Energy	Wind	UK	M	O	405,674	£41,189,147	128,185	15.8%	20,258	
Cubico 2	Wind/Solar	UK	M	O	223,728	£64,400,014	70,694	25.2%	17,821	
Eco Wind	Wind	Ireland	M	O	123,900	€21,740,041	39,150	100.0%	39,150	
Fred Olsen Wind Portfolio	Wind	UK	M	O	981,637	£84,454,220	310,178	21.4%	66,508	
Greencoat Wind Farm	Wind	UK	M	O	2,327,000	£150,000,000	735,285	100.0%	735,285	
Independent Power Producer with 57 assets (48 operational, 6 in construction, 3 pre-construction) <sup>7</sup>	Wind/Solar	Europe & UK	M	C		US\$6,406,566		15.8%		
Moray East Wind Farm	Wind	UK	M	C		£11,895,069		3.0%		
Moray East Wind Farm	Wind	UK	M	C		€5,742,684		6.3%		
Portfolio of 21 UK based solar PV parks	Solar	UK	M	O	220,510	£24,193,549	69,677	17.7%	12,325	
Project UK 1	Wind	UK	M	O	1,415,838	£37,457,325	447,376	50.0%	223,688	
Portfolio of Wind Farms and solar PV assets	Wind/Solar	UK, Sweden, Germany, Ireland & France	M	O	3,036,152	£50,307,736	750,798	35.3%	264,988	
Project Blyth	Wind	UK	M	O	1,458,000	£49,442,764	460,699	13.6%	62,446	
Race Bank Wind Farm	Wind	UK	M	O	2,266,558	£35,434,599	716,187	7.3%	52,575	
Sheringham Shoal	Wind	UK	M	O	987,333	£40,161,939	311,978	19.3%	60,359	
Ventient Energy	Wind	UK	M	O	1,502,500	£84,867,924	474,760	15.0%	71,008	
<b>Total</b>						<b>A\$1,441,619,472<sup>8</sup></b>			<b>1,682,238</b>	

## RENEWABLE ENERGY

### USA

Project Name	Asset Type	Asset Location	A/M <sup>1</sup>	Status (C/O) <sup>2</sup>	Annual Energy Produced (MWh)	NAB's Outstanding Drawn Debt Amount (USD)	Annual GHG emissions avoided (tCO <sub>2</sub> -e)	NAB's % share of debt (Attribution of impact) <sup>4</sup>	Annual GHG emissions avoided (tCO <sub>2</sub> -e) attributable to NAB	UN SDG Alignment & Contribution <sup>6</sup>
Phoebe Solar	Solar	Texas, USA	M	C	-	50,000,000	-	28.4%	-	
Project US1	Solar	Hawaii, USA	M	C	-	20,122,375	-	35.6%	-	
Project US2	Solar	Hawaii, USA	M	C	-	33,765,359	-	21.7%	-	
Prospero	Solar	New York, USA	M	C	-	72,000,000	-	100.0%	-	
<b>Total</b>						<b>A\$260,613,030<sup>8</sup></b>				

(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 12 for definitions.

(2) Column indicates whether the project was in construction (C) or operational (O) as at 30 September 2019. Some of the larger projects (multi-stage) classified as 'operational' may still have portions of the project under construction.

(3) Refer to 1.3 in the methodology on page 11 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 1.3 in the methodology on page 11 for calculations relating to emissions avoided for the UK/Europe renewables portfolio.

(6) Refer to 3.0 in the methodology on page 11 for any reference to 'UN SDG Alignment & Contribution'.







(7) This facility is a revolving credit facility and is drawn down for the purpose to acquire solar and wind farms. As such, there will be no emissions calculations associated with this entity.

(8) Represents A\$ equivalent of the total outstanding drawn debt amount as at 30 September 2019.



## LOW CARBON TRANSPORT

### Australia

Project Name	Asset type	Asset location	A/M	Status (C/O)	NAB outstanding amounts (A\$)	Target Results	UN SDG Alignment & Contribution
Sydney Light Rail PPP	Low carbon transportation	Australia	M	C <sup>1</sup>	187,560,946	<p>Sydney Light Rail (CBD and South East)<sup>2</sup></p> <p><b>Operational:</b></p> <ul style="list-style-type: none"> <li>Greenhouse gas emissions are estimated to be reduced by 663,000 tonnes over 30 years</li> <li>99% recyclable light rail vehicles</li> <li>One light rail vehicle can carry as many people as 7 standard buses or 88 cars</li> <li>Over 8,600 square meters of new pedestrian space in the CBD</li> <li>Approximately 220 fewer buses per hour in the CBD during the morning peak.</li> </ul> <p><b>Construction:</b></p> <ul style="list-style-type: none"> <li>Approximately 95% of construction waste diverted from landfill</li> <li>20% of jobs sourced from the local community.</li> </ul>	 
North West Rail Link PPP	Low carbon transportation	Australia	M	C	165,000,000	<p>Sydney Metro (North West line)<sup>3</sup></p> <ul style="list-style-type: none"> <li>22, 6-car metro trains</li> <li>4,000 commuter car parking spaces</li> <li>15 trains per hour, every 4 minutes at peak times</li> <li>All stations are inherently low carbon, low energy and low waste</li> <li>Once extended into the city in 2024, the Metro line will have 31 metro stations and 66 km of standalone metro railway.</li> </ul>	 
Railcorp Rolling Stock PPP	Low carbon transportation	Australia	M	O	199,320,133	<p>626 Waratah carriages – consisting of 78 eight-car sets and two spare carriages. Delivery commenced in 2011 and was completed in 2014<sup>4</sup></p> <p><b>Operations:</b></p> <ul style="list-style-type: none"> <li>Smart air conditioning</li> <li>Improved lighting using energy saving LED lighting</li> <li>Improved disability access with additional handrails, priority seats and more wheelchair spaces – 16 per eight carriage train.</li> </ul>	 
<b>TOTAL</b>					<b>A\$551,881,080</b>		

(1) Under construction as at 30 September 2019.



(2) Transport for NSW, 'Sustainability on the CBS and South East Light Rail', [http://data.sydneylightrail.transport.nsw.gov.au/s3fs-public/CSELR\\_Sustainability-Strategy\\_08-15.pdf](http://data.sydneylightrail.transport.nsw.gov.au/s3fs-public/CSELR_Sustainability-Strategy_08-15.pdf).

(3) Stage 1 of this project opened in May 2019, <https://plenarygroup.com/news-and-media/news/2019/sydney-metro-northwest-opens>

(4) Reliance Rail, <https://www.reliancerail.com.au/asset>

## LOW CARBON TRANSPORT

### United Kingdom

Project Name	Asset type	Asset location	A/M	Status (C/O)	NAB outstanding amounts	Target Results	UN SDG Alignment & Contribution
QW Rail Leasing	Low carbon transport	UK	M	O	£80,230,522	<p>Class 378 Electrostars<sup>1</sup></p> <p><b>Operations:</b></p> <ul style="list-style-type: none"> <li>Three four-carriage units for services on the East London Railway</li> <li>Twenty-four carriages to lengthen the three-carriage trains that were already in production for the North London Railway to four-carriage</li> <li>The 36 extra rail carriages provided an extra 24% capacity on London Overground during peak hours and 33% on the North London Railway alone.</li> </ul>	 
<b>TOTAL</b>					<b>A\$146,192,643<sup>2</sup></b>		


(1) Transport for London, £36m contract to bring extra rail carriages for London Overground, <https://tfl.gov.uk/info-for/media/press-releases/2007/july/andpound36m-contract-to-bring-extra-rail-carriages-for-london-overground>

(2) Represents A\$ equivalent of the total outstanding drawn debt amount as at 30 September 2019.

## LOW CARBON BUILDINGS

### Australia<sup>1</sup>

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 A\$858,280,476. Commercial buildings in the Green Bond Portfolio Collateral Pool have an average NABERS energy rating of 5.25 which is above the NABERS published Australian average of 4.50 stars for commercial buildings.

Project Name	Asset Type	Asset Locations	A/M	Status (C/O)	NAB's Eligible Low Carbon Commercial Buildings Drawn Debt Outstanding (A\$)	Portfolio Average NABERS Energy Rating	Portfolio Annual Energy Savings Achieved (kWh)	Portfolio Annual GHG Emissions Avoided (tCO <sub>2</sub> -e)	UN SDG Alignment & Contribution
100 commercial office buildings	Australian low carbon commercial office buildings	ACT, NSW, QLD, SA, VIC, WA	M	O	858,280,476	5.25	412,192,790	120,252.9	

(1) Refer to 2.0 in the methodology for calculations relating to the Low Carbon Buildings Portfolio.

# 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 2019	A\$187.12m	A\$119.29m
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 Climate Bonds Initiative's 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 2019, 5 out of the 8 loans remain in the portfolio.

## NAB LOW CARBON SHARED PORTFOLIO – USE OF PROCEEDS

Deal Name	Facility Expiry Date	NAB Share of Facility (A\$m) <sup>1</sup>	Low Carbon Shared Portfolio Share of Facility (A\$m)	Percentage of Low Carbon Shared Portfolio represented by the Facility	GHG emissions avoided (tCO <sub>2</sub> -e) attributable to the LCSP
Hallett Hill Wind Farm (Hallett 2)	June 2027	2.84	7.05	5.91%	113,794
Woolnorth Wind Farm	June 2021	9.25	22.92	19.21%	30,627
Musselroe Wind Farm	June 2021	7.19	17.83	14.95%	10,628
Oaklands Hill Wind Farm	June 2022	18.26	45.25	37.93%	52,241
Portfolio facility for Nyngan Solar Farm and Broken Hill Solar Farm	December 2021	10.59	26.24	22.00%	32,253
	<b>Total</b>	<b>48.13</b>	<b>119.29</b>	<b>100%</b>	<b>239,544</b>

(1) NAB's % share of debt and impact shown in the Australia & New Zealand Renewable Energy Impact and Use of Proceeds Table on Page 6

## LOW CARBON BUILDINGS (RESIDENTIAL) – ELIGIBLE ASSET POOL FOR NAB RMBS 2018-1 A1-G GREEN TRANCHE (AS AT SEPTEMBER 2019)

Project Name	Asset Type	Details	Asset Locations	A/M	Status (C/O)	Eligible Low Carbon Residential Mortgages Amount outstanding (A\$)	UN SDG Alignment & Contribution
Australian Residential Mortgages	Australian low carbon residential buildings	Mortgages for 1,094 residential properties which meet the Climate Bonds Standard 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)	New South Wales, Victoria and Tasmania	M	O	310,509,990	

### Breakdown of NAB RMBS 2018-1 green mortgage pool as at September 2019<sup>1</sup>

Green Loan Status as at September 2019	Number of Loans	Balance of Loans (A\$)	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')	1,094	310,509,990	20.90	23.74

Green Loans – Geographic Distribution as at September 2019	Number of Loans	Balance of Loans (A\$)	Number of Loans (%)	Balance of Loans (%)
NSW Non-Metro	282	72,719,285	25.78	23.42
NSW Sydney Inner City	1	244,326	0.09	0.08
NSW Sydney Metro	265	88,779,860	24.22	28.59
TAS Hobart Inner City	1	176,189	0.09	0.06
TAS Hobart Metro	9	2,621,592	0.82	0.84
TAS Non-Metro	2	301,392	0.18	0.10
VIC Melbourne Inner City	13	4,935,797	1.19	1.59
VIC Melbourne Metro	369	107,143,934	33.73	34.51
VIC Non-Metro	152	33,587,616	13.89	10.82
<b>Total</b>	<b>1,094</b>	<b>310,509,990</b>	<b>100.00</b>	<b>100.00</b>

Green Loans – Distribution of Loans by Property Type as at September 2019	Number of Loans	Balance of Loans (A\$)	Number of Loans (%)	Balance of Loans (%)
Apartment/Unit/Flat	84	24,944,959	7.68	8.03%
House	756	212,779,201	69.10	68.53%
Other	254	72,785,831	23.22	23.44%
<b>Total</b>	<b>1,094</b>	<b>310,509,990</b>	<b>100.00</b>	<b>100.00</b>

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

# METHODOLOGY

## 1. 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 2018-2019.
- The emissions avoided calculation used was as follows: Annual energy produced (MWh) x applicable electricity emission factor (kg CO<sub>2</sub>-e/KWh) = tonnes CO<sub>2</sub>-e avoided. Australian GHG emissions factors were taken from the Australian National Greenhouse Accounts Factors (August 2019) and the National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2008 (updated for 2018-2019).
- 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. New Zealand

- NZ power generation data was sourced from publicly reported Annual Energy Produced on the TILT Renewables website.
- The emissions avoided calculation used was as follows: Annual energy produced (MWh) x applicable electricity emission factor (kg CO<sub>2</sub>-e/KWh) = tonnes CO<sub>2</sub>-e avoided. NZ GHG emissions factors were taken from the NZ Ministry for Environment *Measuring Emissions: A Guide for Organisations 2019 Detailed Guide*.
- 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. UK & Europe

- UK and European power generation data were 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 CO<sub>2</sub>-e/KWh) = tonnes CO<sub>2</sub>-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 2019*.
- The emissions factors for the UK, France, Germany, Ireland and Sweden were sourced from the International Energy Agency's (IEA) CO<sub>2</sub> emissions from fuel combustion 2018 – Compliment (in Excel) and the DBEIS *UK Government Greenhouse gas reporting: conversion factors 2019*. The generation and T&D factors came from IEA and the WTT factors came from DBEIS as per DBEIS *UK Government Greenhouse gas reporting: conversion factors 2019*.
- Impact attributable to NAB was calculated by applying the % 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, <https://www.nabers.gov.au/> and <http://cbd.gov.au/registers/cbd-downloadable-data-set>
- Average NABERS Energy star rating was sourced from the NABERS annual report: <https://nabers.info/annual-report/2018-2019/>
- 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 (tCO<sub>2</sub>-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 % share financed.

## 3.0 UN SDG Alignment and Contribution

### 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 11.2 – Access to safe, affordable & sustainable transport systems.

## Low carbon buildings (Commercial office)

- Aligns to UN SDG 7: Affordable & Clean Energy and contributes to UN SDG Target 7.3 – 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 – 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.

## 4.0 Additional Notes

- Definitions
  - Adaptation<sup>1</sup>: Taking practical actions to manage risks from climate impacts, protect communities and strengthen the resilience of the economy.
  - Mitigation<sup>2</sup>: Activities that are designed to reduce greenhouse emissions and/or increase the amounts of greenhouse gases removed from the atmosphere by greenhouse sink.

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

(2) 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>

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# KEY INFORMATION

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