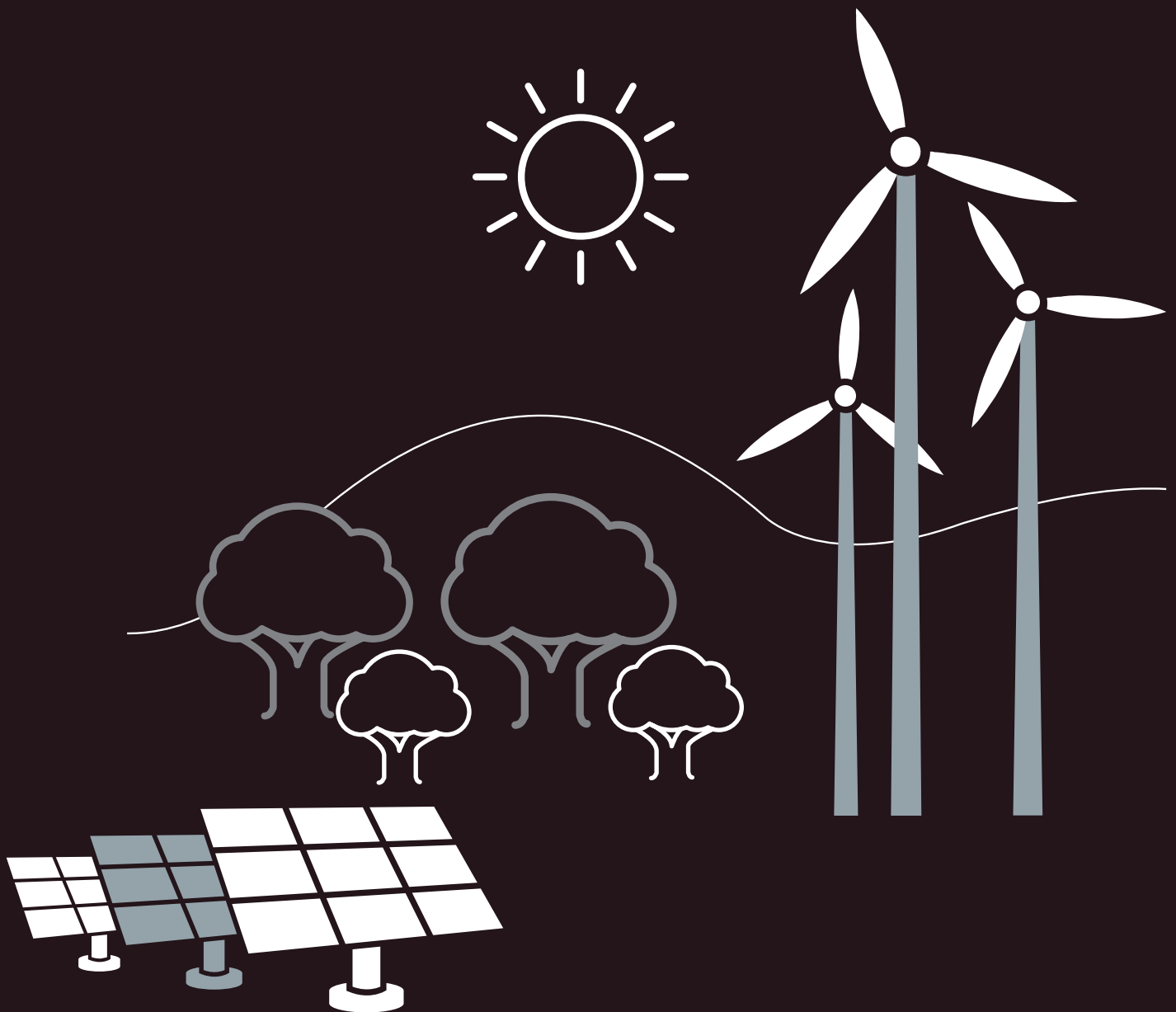


more  
than  
money



# NAB ANNUAL GREEN BOND REPORT

Financial year ended 30 September 2020



# 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 2020. 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 2020 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 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 our disclosure of impact reporting over time.

## NAB'S COMMITMENTS

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 and creating resilient and sustainable business practices.

Climate action is a key focus. NAB was the first Australian bank to sign the Principles for Responsible Banking Collective Commitment to Climate Action, committing to align our lending portfolio to net zero emissions by 2050.

We have set and regularly disclose progress against our climate commitments:

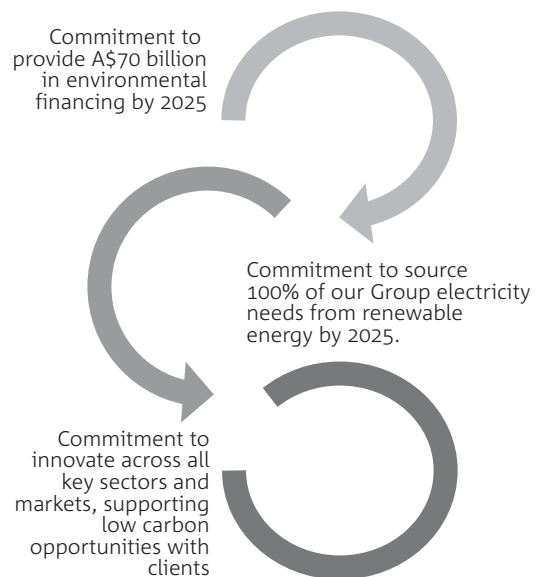
- By September 2022, to set and publish sector-specific targets for portfolio alignment.
- Support current coal-fired power generation customers implementing transition pathways aligned with Paris Agreement goals of 45% reduction in emissions by 2030 and net zero emissions by 2050. NAB will not finance 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.
- We are continuing our phased review of carbon intensive and climate sensitive sectors with an Oil and Gas sector review intended for completion in 2021.

- We will work closely with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low carbon transition plans by 2023.
- We will source 100% of our Group electricity consumption from renewable energy by 2025.

We are making significant progress in reducing our own impact. 2020 marked 10 years of carbon neutrality for our operations, and we have implemented our 2020-2025 environmental operational targets (from a 2019 baseline).

NAB'S 2025 Operational Goals	2025 Group Targets	2020 Group Progress
Science-based GHG emissions (tCO <sub>2</sub> -e)	51% reduction <sup>2</sup>	41% reduction
Energy use (GJ)	30% reduction	11% reduction
Office paper (tonnes)	20% reduction	23% reduction
Customer eStatements	80% of statements	65% of statements
Water use (kL)	5% reduction	21% reduction
Waste to landfill (tonnes)	10% reduction	22% reduction
Vehicle fuels (GJ)	50% reduction	18% reduction

## NAB IS COMMITTED TO AUSTRALIA'S TRANSITION TO A LOW CARBON ECONOMY



Further details on all of our climate change commitments, and broader social impact performance, can be found in [NAB Group's 2020 Sustainability Report](#) and on our website.

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

(2) 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. This target was restated in 2020 to: (i) include data centres which were previously excluded, and (ii) align with a well-below 2°C scenario. The target has been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science Based Target Initiative.

# 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 V3.0 ('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:

- Use of Proceeds;
- Selection of Eligible Projects and Assets;
- Management of Proceeds;
- Reporting; and
- 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:

- renewable energy;
- low carbon transport;
- low carbon buildings;
- energy efficiency; and
- nature-based assets.

## Selection of eligible projects and assets

NAB has established a NAB Socially Responsible Investment (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.



## 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 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 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.

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](#).

(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<sup>1</sup>

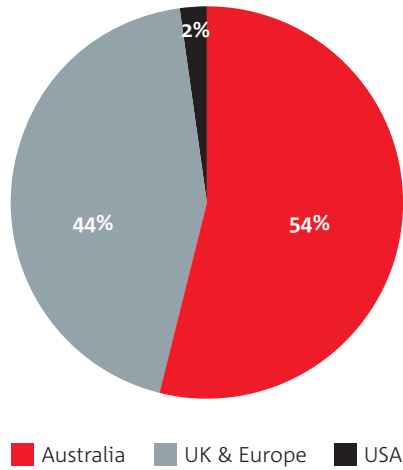
As at 30 September 2020, NAB had a **A\$575,357,503** surplus of green assets in its Green Bond Portfolio Collateral Pool with projects located across Australia, the UK & Europe, and the USA.<sup>2</sup>

Issuances/Assets	Total (A\$)
Green Bond Portfolio	3,574,928,897
Green Bond Portfolio Collateral Pool	4,150,286,401
Surplus in Green Bond Portfolio Collateral Pool	575,357,503

## 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	769,369,586	526,367,218	945,325,747	2,241,062,551
UK & Europe	1,670,504,411	147,507,807		1,818,012,219
USA	91,211,631			91,211,631
Total Green Bond Portfolio Collateral Pool				4,150,286,401

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 2020. <http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>

(2) All amounts are rounded to the nearest whole number

# NAB'S GREEN BOND PORTFOLIO

As at 30 September 2020, NAB had issued four 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 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 division 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 2020</b>	A\$156,392,513
<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

### Moray East Offshore Wind Farm<sup>1</sup>



NAB's Green Bond Portfolio proceeds have contributed towards the construction of Moray East Offshore Wind Farm, located 22km off the Aberdeenshire coast in Scotland, UK.

The 950MW Moray East Offshore Wind Farm began construction in 2018, with the first turbine installed in January 2021. In total, 100 turbines will be installed. The wind farm is forecast to generate power at £57.50/MWhr – which is less than half the price of power generated by offshore wind farms under construction today.

The project will provide an abundant supply of low-carbon electricity, forecast to power 950,000 homes which represents 40% of Scotland's electricity needs. Over 500km of cabling will be installed across the 295km<sup>2</sup> site, which is forecast to save 1.7m tonnes of CO<sub>2</sub>-e emissions each year.

Since Moray East uses the UK's own indigenous renewable natural resource of wind, the power generated does not depend on the import of fossil fuels such as coal or gas, thus improving the UK's security of supply as well as driving down costs for consumers.

### Racebank Wind Farm<sup>2</sup>



NAB's Green Bond Portfolio proceeds have contributed towards the construction of Racebank Wind Farm, located approximately 17km (10.6 miles) off the North Norfolk and Lincolnshire coast in the United Kingdom.

The wind farm covers a total area of 75km<sup>2</sup> and has a total capacity of 573MW, producing enough electricity to power over half a million UK homes annually. Each of its 91 turbines has a 6MW capacity and stands at 177m tall, with many of these turbines featuring the first blades to be manufactured at the Siemens Gamesa blade factory in Hull.

Racebank Wind Farm is operated and maintained from the East Coast Hub in Grimsby which supports a workforce of more than 300 people. During the construction phase of Racebank more than 4,600 offshore jobs were supported.

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) Moray East Offshore Wind Farm – [Moray East Offshore Wind Farm; Offshore Engineer](#)

(2) Racebank Wind Farm – [Orsted](#)

# IMPACT AND USE OF PROCEEDS

## RENEWABLE ENERGY

### Australia

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	93,477	6,499,077	68,212	33%	22,737	
North Brown Hill Wind Farm (Hallet 4)	Wind	South Australia	M	O	427,672	37,643,731	230,471	25%	57,618	
Boco Rock Wind Farm	Wind	New South Wales	M	O	378,853	25,783,148	340,954	14%	48,708	
Bungala One	Solar	South Australia	M	O	254,722	22,323,171	137,550	15%	21,181	
Bungala Two	Solar	South Australia	M	O	54,586	21,766,023	29,476	15%	4,537	
Crowlands Wind Farm	Wind	Victoria	M	O	253,045	28,740,704	283,346	50%	141,673	
Dundonell Wind Farm	Wind	Victoria	M	O	82,427	20,020,004	86,692	9%	7,419	
Emerald Solar Farm	Solar	Queensland	M	O	165,749	38,522,873	152,366	50%	76,183	
Greenough River Solar Farm	Solar	Western Australia	M	C		22,935,380		33%		
Gullen Range Wind Farm	Wind	New South Wales	M	O	545,689	52,734,108	490,884	28%	137,448	
Hallett 1 Wind Farm	Wind	South Australia	M	O	293,909	44,672,966	158,431	31%	49,864	
Hallett Hill 2 Wind Farm	Wind	South Australia	M	O	234,605	2,477,914	126,462	29%	36,365	
Haughton Solar Farm	Solar	Queensland	M	O	201,849	31,707,344	187,645	33%	62,548	
Kiata Wind Farm	Wind	Victoria	M	O	129,552	20,460,715	144,895	50%	72,448	
Lal Lal Wind Farms	Wind	Victoria	M	O	271,593	52,832,271	302,326	25%	75,582	
Mt Emerald Wind Farm	Wind	Queensland	M	O	414,003	27,337,220	383,964	13%	50,290	
Musselroe Wind Farm	Wind	Tasmania	M	O	662,460	6,652,225	112,344	4%	4,637	
Oaklands Hill Wind Farm	Wind	Victoria	M	O	199,118	17,663,695	222,458	10%	21,323	
Portfolio facility for Nyngan Solar Farm and Broken Hill Solar Farm	Solar	New South Wales	M	O	325,304	24,196,072	291,437	20%	58,287	
Silverton Wind Farm	Wind	New South Wales	M	O	603,984	23,334,119	543,171	13%	69,136	
Solar Farm 1	Solar	Queensland	M	O	175,349	48,915,531	162,116	34%	54,797	
Stockyard Hill Wind Farm	Wind	Victoria	M	C		96,423,859		12%		
Warradarge Wind Farm	Wind	Western Australia	M	C		55,593,265		14%		
Woolnorth Wind Farm	Wind	Tasmania	M	O	540,096	7,519,886	394,050	11%	41,968	
White Rock Wind Farm	Wind	New South Wales	M	O	418,241	32,614,286	376,087	13%	50,414	
<b>Total</b>						<b>A\$769,369,586</b>			<b>1,165,163 tCO<sub>2</sub>-e</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 2020. 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 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 in the methodology page 11 for calculations relating to emissions avoided for the Australian renewables portfolio.
- (6) Refer to 3.0 in the methodology on page 12 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>
Boomerang Energy Limited	Wind	UK	M	O	574,436	£50,213,191	165,512	16%	26,170	
Cubico 2	Wind	UK	M	O	417,297	£61,254,669	120,236	25%	30,322	
Eco Wind Power	Wind	Europe	M	O	129,576	€18,960,708	60,009	100%	60,009	
Fred Olsen Wind portfolio	Wind	UK	M	O	1,233,200	£79,478,857	355,322	21%	76,188	
Greencoat Wind Farm	Wind	UK	M	O	2,047,300	£200,000,000	589,889	100%	589,889	
Independent Power Producer with 57 assets (48 operational, 6 in construction, 3 pre-construction) <sup>7</sup>	Wind/Solar		M			USD 39,559,677		16%		
Moray East Wind Farm	Wind	UK	M	C		£18,466,701		3%		
Moray East Wind Farm	Wind	Europe	M	C		€5,742,684		6%		
Portfolio Facility for 14 operational wind & solar farms in the UK	Wind and Solar	UK	M	O	433,181	£83,701,590	124,812	50%	62,406	
Portfolio Facility for 21 UK based solar PV parks	Solar PV	UK	M	O	257,176	£24,193,549	74,100	18%	13,103	
Project Blyth	Wind	UK	M	O	1,585,600	£46,935,333	456,859	14%	61,925	
Project UK 1	Wind	UK	M	O	195,398	£35,122,666	56,300	50%	28,150	
Race Bank Wind Farm	Wind	UK	M	O	2,400,223	£18,008,264	691,576	7%	47,853	
Sheringham Shoal	Wind	UK	M	O	1,160,400	£24,044,770	334,346	16%	52,524	
Ventinet Energy	Wind	UK	M	O	1,622,620	£77,650,155	467,526	15%	71,734	
Wind Farm 1	Wind	Europe	M	O	498,009	€58,950,000	6,433	97%	6,240	
Wind Farm 2	Wind	Europe	M	O	2,637,919	€108,034,263	778,650	11%	86,982	
<b>Total</b>						<b>A\$ 1,670,504,411<sup>8</sup></b>			<b>1,213,496 tCO<sub>2</sub>-e</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) <sup>3</sup>	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 <sup>5</sup>	UN SDG Alignment & Contribution <sup>6</sup>
Wind Farm 3	Wind	California, USA	M	O	176,314	50,000,000	54,268	13%	7,095	
Solar Farm 2	Solar	Hawaii, USA	M	O	92,652	14,833,227	80,901	16%	13,214	
<b>Total</b>						<b>A\$ 91,211,631<sup>8</sup></b>			<b>20,309 tCO<sub>2</sub>-e</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 2020. 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 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 1.2 and 1.3 in the methodology on page 11 for calculations relating to emissions avoided.
- (6) Refer to 3.0 in the methodology on page 12 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 A\$ equivalent of the total outstanding drawn debt amount as at 30 September 2020.




## 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
North West Rail Link PPP	Low Carbon Transport	NSW	M	C	144,333,086	<p>Sydney Light Rail (CBD and South East)<sup>1</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>	
RailCorp Rolling Stock PPP	Low Carbon Transport	NSW	M	C	198,904,241	<p>Sydney Metro (North West line)<sup>2</sup></p> <ul style="list-style-type: none"> <li>22 six-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>	
Sydney Light Rail PPP	Low Carbon Transport	NSW	M	C	183,129,891	<p>626 Waratah carriages – consisting of 78 eight-car sets and two spare carriages. Delivery commenced in 2011 and was completed in 2014<sup>3</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\$526,367,218</b>		

## LOW CARBON TRANSPORT

### United Kingdom

Project Name	Asset type	Asset location	A/M	Status (C/O)	NAB outstanding amounts	Target Results <sup>4</sup>	UN SDG Alignment & Contribution
QW Rail Leasing	Low carbon transport	UK	M	O	GBP 81,689,824	<p>Class 378 Electrostars<sup>4</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\$147,507,807<sup>5</sup></b>		

(1) 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).

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

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



(4) 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>

(5) Represents A\$ equivalent of the total outstanding drawn debt amount as at 30 September 2020.

## 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\$945,325,747. Commercial buildings in the Green Bond Portfolio Collateral Pool have an average NABERS energy rating of 5.14, which is above the NABERS published Australian average of 4.5 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 per m <sup>2</sup> (kWh)	Portfolio Annual GHG Emissions Avoided per m <sup>2</sup> (tCO <sub>2</sub> -e)	UN SDG Alignment & Contribution
148 commercial office buildings	Australian low carbon commercial office buildings	ACT, NSW, QLD, SA, VIC, WA	M	O	945,325,747	5.14	483,013,059	166,655,833	 

## 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 2020	A\$138.50m	A\$85.01m
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 2020, 4 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 (A\$m)	Facility share of the portfolio (%)	NAB's Share of the Low Carbon Shared Portfolio (A\$m)	GHG emissions avoided (tCO <sub>2</sub> -e) attributable to NAB's share of the portfolio <sup>2</sup>
Hallet Hill 2 Wind Farm	Australia	6.14	7.22%	2.48	36,365
Woolnorth Wind Farm	Australia	18.63	21.92%	7.52	41,968
Musselroe Wind Farm	Australia	16.48	19.39%	6.65	4,637
Oaklands Hill Wind Farm	Australia	43.76	51.48%	17.67	21,323
		<b>85.01</b>	<b>100%</b>	<b>34.32</b>	<b>104,293</b>

(1) Refer to 2.0 on page 11 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 6.

## LOW CARBON BUILDINGS (RESIDENTIAL) – ELIGIBLE ASSET POOL FOR NAB RMBS 2018-1 A1-G GREEN TRANCHE (AS AT SEPTEMBER 2020)

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 920 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)	New South Wales, Victoria and Tasmania	M	O	239,544,295	

### Breakdown of NAB RMBS 2018-1 green mortgage pool as at September 2020<sup>1</sup>

Green Loan Status as at September 2020	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')	920	239,544,295	21.11	23.70

Green Loans - Geographic Distribution as at September 2020	Number of Loans	Balance of Loans (A\$)	Number of Loans (%)	Balance of Loans (%)
NSW Non-Metro	239	57,590,740	25.98	24.04
NSW Sydney Inner City	1	212,410	0.11	0.09
NSW Sydney Metro	230	69,041,603	25.00	28.82
TAS Hobart Metro	8	2,188,215	0.87	0.91
TAS Non-Metro	2	308,886	0.22	0.13
VIC Melbourne Inner City	11	3,911,655	1.20	1.63
VIC Melbourne Metro	306	80,062,480	33.26	33.42
VIC Non-Metro	123	26,228,306	13.37	10.95
<b>Total</b>	<b>920</b>	<b>239,544,295</b>	<b>100.00</b>	<b>100.00</b>

Green Loans – Distribution of Loans by Property Type as at September 2020	Number of Loans	Balance of Loans (A\$)	Number of Loans (%)	Balance of Loans (%)
Apartment/Unit/Flat	75	19,894,156	8.15	8.31
House	639	164,293,194	69.46	68.59
Other	206	55,356,945	22.39	23.11
<b>Total</b>	<b>920</b>	<b>239,544,295</b>	<b>100.00</b>	<b>100</b>

(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 2019-2020](#).
- 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 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 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 2020](#).
- The emissions factors for Europe (Ireland, Portugal, Spain, France, Belgium, Germany, Norway and Sweden) were sourced from the International Energy Agency's (IEA) CO<sub>2</sub> emissions from fuel combustion 2018 (in Excel) and the Department of Business, Energy & Industry Strategy (DBEIS) [UK Government Greenhouse gas reporting: conversion factors 2020](#). 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 2020](#).
- Impact attributable to NAB was calculated by applying the % share of debt to the total GHG emissions avoided by each project or portfolio.

### 1.3 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 Register 2020 default emission factors](#) and the T&D factors came from the IEA CO<sub>2</sub> emissions from fuel combustion 2019 (in Excel).
- 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): <http://cbd.gov.au/registers/cbd-downloadable-data-set>; and
  - average energy intensity sourced from <https://nabers.info/annual-report/2019-2020/office-energy/> and annual carbon intensity sourced from <https://nabers.info/annual-report/2019-2020/office-energy/>.
- Average NABERS Energy star rating was sourced from the NABERS annual report: <https://nabers.info/annual-report/2019-2020/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 (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 % of debt.

### 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 11.6 – 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.

### 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 sinks.

(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>

# CONTACT US

## Michael Johnson

Head of Group Funding  
Group Treasury  
National Australia Bank Limited

**Phone:** +61 400 621 839

**Email:** michael.n.johnson@nab.com.au

## Sarah Stokie

Debt Investor Relations  
Group Treasury  
National Australia Bank

**Phone:** +61 0477721489

**Email:** sarah.m.stokie@nab.com.au

**Email:** debtinvestorrelations@nab.com.au

## David Jenkins

Global Head of Sustainable Finance  
Corporate & Institutional Banking  
National Australia Bank Limited

**Phone:** +61 415 130 227

**Email:** david.b.jenkins@nab.com.au

## Jordyn Laina

Senior Associate, Sustainable Finance  
Corporate & Institutional Banking  
National Australia Bank Limited

**Phone:** +61 436 935 232

**Email:** jordyn.laina@nab.com.au

## Rosemary Bissett

Head of ESG Risk Management  
Group Risk  
National Australia Bank Limited

**Phone:** +61 412 314 836

**Email:** rosemary\_a\_bissett@national.com.au

# 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 2020 (unless otherwise stated herein). It is information in a summary form and does not purport to be complete.

This document does not constitute an offer or invitation for the sale or purchase of securities, nor does it form part of any prospectus or offering document relating to any securities of NAB. Distribution of this document may be restricted or prohibited by law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and NAB does not accept liability to any person in relation thereto.

While care has been taken in preparing the information in this document, NAB 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, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts. Certain information in this document may (i) have been sourced from third parties and/or (ii) be cross referenced in this document. NAB takes no responsibility for the accuracy, currency or completeness of such information.

This document contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'outlook', 'upside', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Such statements speak only as of the date hereof and NAB has no obligation to update or revise any such statements to reflect any change in events, conditions or circumstances on which any such statement is based. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on these statements.