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2019

CARBON NEUTRAL PROGRAM

PUBLIC DISCLOSURE SUMMARY

Australian Government

1 July 2018 – 30 June 2019



An Australian Government Initiative

DECLARATION

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



Name of Signatory

Patrick Wright

Position of Signatory

Chief Technology and Operations Officer

17 March 2020

Carbon neutral certification category	Organisation
Date of most recent external NCOS verification/audit	31 October 2017*
Auditor	KPMG
Auditor assurance statement link	https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/assurance-national-carbon-offset-standard.pdf

*Note: KPMG provide limited assurance over our Australian NCOS statement on the frequency outlined in the NCOS Standard with the next NCOS audit due in 2020. In addition, KPMG provide limited assurance over Group wide carbon neutral status is audited annually. The most recent statement for our Group carbon neutral status is available [here](#).



Australian Government
**Department of Industry, Science,
Energy and Resources**

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1. CARBON NEUTRAL INFORMATION

INTRODUCTION

National Australia Bank Limited and its controlled entities (together, NAB Group) is a financial services organisation that provides a comprehensive and integrated range of banking and financial products and services, including wealth management. NAB Group's¹ primary operations are in Australia and New Zealand with branch offices in the United Kingdom, the United States (US) and parts of Asia. This Public Disclosure Summary principally reports on the carbon neutral reporting and activities for the Australian-based business of NAB Group.

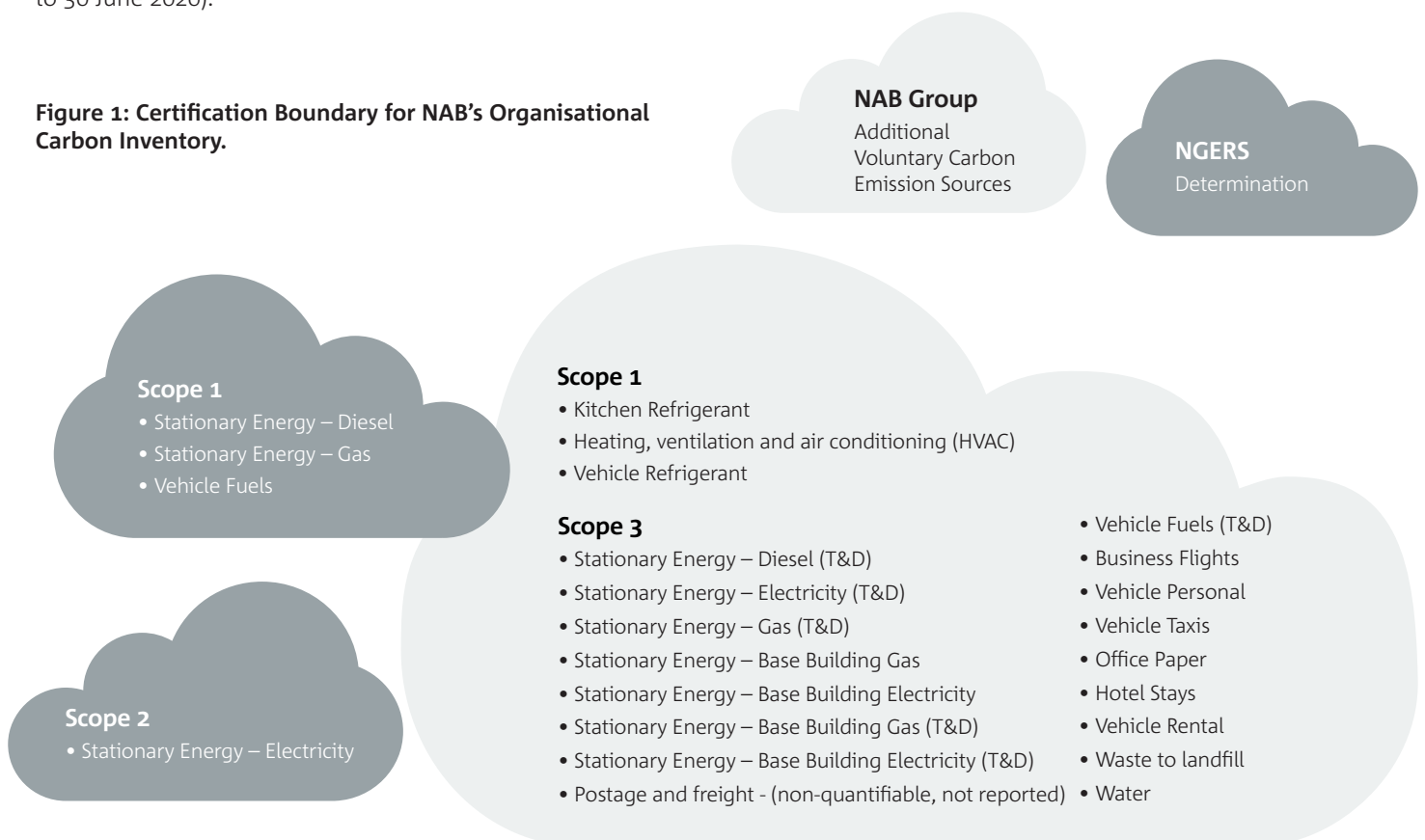
NAB² was the first Australian bank to be certified carbon neutral under the National Carbon Offset Standard (NCOS) Carbon Neutral Program³. Understanding and managing our carbon footprint and operating on a carbon neutral basis, for our defined carbon inventory, is part of NAB's response to the issue of climate change, and our broader Environmental Agenda (which can be accessed at nab.com.au/environment).

This report provides an overview of NAB's approach to maintaining our NCOS carbon neutral certification and achievements in managing our carbon emissions⁴. The NCOS requirements for periodic auditing of the NAB Group carbon footprint have been met and a copy of the the most recent independent NCOS assurance report is available on the [NAB website](#). The next independent NCOS assurance is due for the 2020 environmental reporting year (1 June 2019 to 30 June 2020).

EMISSION SOURCES WITHIN CERTIFICATION BOUNDARY

NAB's certification under the NCOS is for a defined inventory of carbon emissions resulting from the activities of its Australian-based business. NAB generally uses an operational control approach consistent with that required under the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER Act). Full details regarding our quantified Australian carbon emissions sources can be found [here](#). Figure 1 below outlines the certification boundary for NAB's Organisation Carbon Inventory.

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



¹ NAB Group has a very small subsidiary operating in Canada, which is excluded from NAB Group's carbon inventory as it is not material as a proportion of NAB Group's carbon emissions.

² For the remainder of this document the word "NAB" refers to the Australian operations of National Australia Bank Limited and its controlled entities.

³ NAB achieved this milestone in 2010.

⁴ The term 'carbon emissions' covers greenhouse gas emissions from all relevant Kyoto Protocol gases and some CFCs and HCFCs under the Montreal Protocol.

NCOS lists a number of optional carbon emission sources for reporting. Where sources are not considered relevant to an organisation’s operation (as a result of the NCOS relevance test), an organisation may choose to exclude these from their reporting.

On this basis, there are several sources of carbon emissions that have been excluded from NAB’s Emissions Inventory. The impact of excluding these sources is not expected to materially affect NAB’s overall total emissions. Excluded

emission sources for NAB include the following sources:

- Food and catering – Not relevant
- Cleaning services – Not relevant
- Staff commuting – Not relevant

In addition, we do not currently include an uplift for radiative forcing as per the Department of Business, Energy and Industrial Strategy (DBEIS) guidelines.

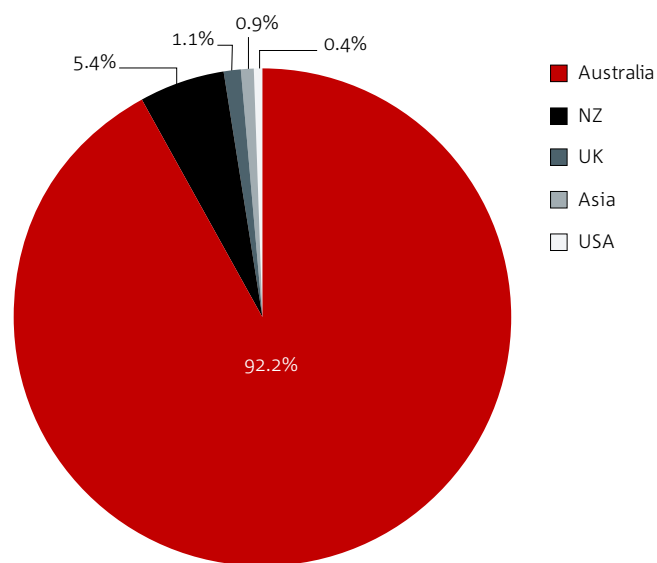
2. EMISSIONS REDUCTION MEASURES

OUR GLOBAL CARBON EMISSIONS

NAB Group’s global carbon emissions (net of UK certified renewable electricity, Large Generation Certificates (LGCs) surrendered and carbon neutral paper purchased in Australia and New Zealand) for the 2019 environmental reporting year (1 July 2018 - 30 June 2019) were 168,175 tCO₂-e. Our net Australian carbon emissions account for around 92% of net Group emissions, or 155,060 tCO₂-e. See Figure 2 below.

Figure 2: Regional Distribution of NAB Group 2019 Carbon Inventory*

GROUP NET GHG EMISSIONS BY REGION %



*Figure 2 is based on NAB Group’s global carbon emissions (net of UK certified renewable electricity, LGC certificates surrendered and carbon neutral paper purchased in Australia and New Zealand).

EMISSIONS OVER TIME

Over time, the reduction in NAB’s carbon emissions has largely been due to improvements in the energy efficiency of our buildings.

SUMMARY OF CHANGES TO THE CALCULATION METHODOLOGY

Changes made to carbon emissions sources and methodologies applied to NAB’s carbon inventory since NAB’s initial NCOS certification in 2010, have been the inclusion of refrigerants in 2011 and water in 2016.

This year we moved away from using our own model to determine emission factors for hotel stays to using emission factors for hotel stays as published by the New Zealand Ministry of Environment. Both methodologies cover global hotel stays and are both based on the Edinburgh Centre for Carbon Management.

SUMMARY OF CHANGES TO THE CARBON INVENTORY

NAB’s overall total Scope 1, 2 and 3 carbon emissions decreased by 3% in the 2019 environmental reporting period (1 July 2018 – 30 June 2019) in comparison to the previous environmental reporting year (1 July 2017 - 30 June 2018).

The most significant change to NAB’s carbon emissions in the 2019 environmental reporting year was a 7% reduction in Scope 2 carbon emissions related to electricity use in our buildings. This was primarily due to the consolidation of some of our sites.

Scope 1 carbon emissions relating to our Australian-based business have remained constant from the prior reporting

Table 1. NAB’s Australian emissions since base year

	NCOS BASE YEAR (2010)	2015	2016	2017	2018	2019
Scope 1	11,858	12,291	11,774	15,052	15,205	15,238
Net Scope 2	148,666	130,096	115,454	100,316	94,526	84,766
Scope 3	94,630	74,092	69,661	57,532	56,965	55,056
Total (tCO₂-e)	255,154	216,479	196,890	172,901	166,695	155,060

year (0.2% increase). A 6% reduction in HVAC and vehicle refrigerant usage as well as a decrease in the vehicle refrigerant leakage rate, was offset by an increase (2.4%) in business travel from work use vehicles (petrol, diesel and hybrid) as our bankers travel to meet our customers face to face.

Scope 3 carbon emissions decreased by 3% when compared with the prior reporting year. Emissions from air travel decreased despite an increase in the number of flights taken, due to a decrease in emissions factors. The decrease in air travel was offset by an increase in hotel stays emissions.

Electricity generated by solar Photo Voltaic installations has increased (55%) across the reporting period compared with 2018, as we received the benefit of a full 12 months of operation from solar PV systems installed in prior years. In the 2019 reporting period, there were 75 sites generating solar, compared with 58 sites in 2018.

CARBON EMISSION REDUCTION MEASURES

NAB has a well-established governance framework to ensure oversight of our environmental performance, including our carbon neutral commitment. This includes detailed review at a business unit level, in addition to review by Group Compliance and an independent assurance provider. Executive level oversight is provided by NAB's Group Non-Financial Risk Committee.

As per our *Environmental Reporting and Offset Management Policy*, the NAB Group defines carbon neutrality as a process involving five steps:

- defining and measuring our carbon inventory or footprint;
- reducing our carbon emissions through energy efficiency and demand management (employee behavioural change);

- avoiding carbon emissions by increasing the amount of energy we purchase from renewable sources where practicable (and where we are allowed by Government rules or standards to apply a zero emissions factor to the renewable electricity purchased);
- offsetting remaining carbon emissions by purchasing quality accredited carbon offsets; and
- verifying and reporting on our progress by:
 - regularly assessing our progress towards meeting our commitment and targets;
 - obtaining external assurance over our carbon accounts (inventory and offsets) underlying our carbon neutral commitment; and
 - reporting regularly to key internal stakeholders and annually to external stakeholders.

Reducing our carbon emissions and achieving our resource efficiency targets are key elements that support delivery of our Environmental Agenda. Table 2 below outlines carbon emission reduction measures implemented in the 2019 environmental reporting period. Further information regarding our performance towards our targets can be found in our [2019 Sustainability Report](#).

In 2019, we surrendered our first LGC's for electricity generated through both onsite solar, as well as from Crowlands Wind farm as part of the Melbourne Renewable Energy Project. This resulted in 3% of NAB's electricity consumption being sourced from renewables in the 2019 environmental reporting period.

In addition to the emission reduction measures implemented in the 2019 environmental reporting year, we continue to purchase an NCOS Carbon Neutral product – Australian Paper's Reflex 100% Recycled Carbon Neutral A3 and A4 office paper. If this purchase did not occur, our carbon footprint for 2019 would have increased by 548 tCO₂-e.

Table 2. NAB's Carbon Emission Reduction Measures Implemented in the 2019 Reporting Period (1 July 2018 to 30 June 2019)

EMISSION REDUCTION ACTIVITY TYPE	REDUCTION MEASURE*	EMISSION SOURCE AND SCOPE	STATUS	EXPECTED ANNUAL REDUCTION tCO ₂ -e
Low carbon energy Installation	Installing solar panels on our branches	Electricity consumption Scope 2 & 3	Implemented	1,392
Energy efficiency: Building Services	Improving energy efficiency through supplementary HVAC installation.	Electricity consumption Scope 2 & 3	Implemented	15
Energy efficiency: Building Services	Upgrading and optimising lighting assets within our buildings.	Electricity consumption Scope 2 & 3	Implemented	230
Energy efficiency: Building Services	Cooling tower upgrade	Electricity consumption Scope 2 & 3	Implemented	54
Total emission reductions implemented in this reporting period				1,691
Total expected emission reductions in future reporting periods from currently identified opportunities				9,662

*Data in this table has been calculated by direct metering, invoiced data and extrapolation.

3. CARBON EMISSIONS SUMMARY

NAB's 2019 Australian carbon inventory is summarised in Table 3. A more detailed breakdown of carbon emissions sources and activity data is provided in our [2019 Sustainability Report](#).

Table 3. NAB's Carbon Emission Reduction Measures Implemented in the 2019 Reporting Period (1 July 2018 to 30 June 2019)

SCOPE	EMISSION SOURCE	tCO ₂ -e*
1	Building-based refrigerants - HVAC, refrigerators	1,372
1	Business travel - Work-use vehicles fleet: diesel, petrol, ethanol	4,993
1	Stationary energy - combustion of fuel: diesel, gas, propane	8,803
1	Work-use vehicle fleet - air conditioning refrigerant	70
2	Stationary energy - electricity	87,831
Total Scope 1 and Scope 2 emissions		103,069
3	A4 and A3 paper purchased	4
3	A4 & A3 Climate Active carbon neutral paper	0
3	Base-building energy - combustion of fuel: diesel, gas	1,730
3	Base-building energy - electricity	16,652
3	Business travel - air	16,020
3	Business travel - employee vehicle: work purpose claims	1,456
3	Business travel - hotel stays	3,415
3	Business travel - rental cars	122
3	Business travel - taxi use	850
3	Business travel - Work-use vehicles fleet: diesel, petrol, ethanol (T&D losses)	260
3	Transmission Losses - base-building energy: diesel, gas, electricity	2,018
3	Transmission Losses - stationary energy: diesel, gas, electricity	9,974
3	Waste to Landfill	2,115
3	Water	441
Total Gross Emissions (Scope 3)		55,055
Total Gross Emissions (Scope 1, 2 & 3)		158,124
GreenPower or LGC Reductions (tCO₂-e)		3,065
Total Net Emissions		155,060

*Numbers may not sum due to rounding.

4. CARBON OFFSETS

At NAB, we manage our offsets on a consolidated Group basis. *Our Environmental Reporting and Offset Management Policy* provides guidance on the purchase of quality offsets to ensure that any purchase of offsets meets the objective of our Group carbon neutral commitment and any related carbon neutral accreditation or certification processes.

We apply a forward purchasing model to meet our carbon neutral commitment. This means that in 2019 we calculated our forecast carbon emissions for the 2020 environmental reporting year using the actual carbon emissions reported in our 2019 carbon inventory. We have then allocated retired⁵ carbon offsets in advance of the 2020 environmental reporting year estimated carbon emissions occurring (refer to Table 5).

This also means at the end of each environmental reporting year, we need to reconcile the forecast carbon emissions

and retired offsets and ensure this reconciles with the actual position. If there is any shortfall of offsets at this time, we allocate additional offsets from our bank of retired offsets for the relevant environmental reporting period. In 2018, we retired 180,950 offsets in advance to cover forecast global carbon emissions for the 2019 environmental reporting year. Following reconciliation of actual carbon emissions for the 2019 environmental reporting year, only 168,175 offsets were required for retirement (refer to Table 4). This meant that 12,775 tonnes of these offsets have been transferred to our offsets bank for use in future years. Having a bank of retired offsets enables us to have offsets available should our reconciliation process identify carbon emissions volumes which vary from our forecasts. This avoids us having to access the market at short notice and therefore limits our exposure to supply risk or the price implications of this (refer to Table 6).

⁵ The term "retire" is used throughout, including where the offset has been cancelled or surrendered.

Table 4. Retired Carbon Offsets for Actual 2019 Group Carbon Emissions⁶

OFFSET TYPE	REGISTRY	SERIAL NUMBER	VINTAGE	QUANTITY (tCO ₂ -e)
Forestry	NZ Emissions Unit Register	50053032267-50053033271*	2018	1,005
RE – Biogas Utilisation	ANREU	4,627,416 – 4,628,478*	2013	1,063
RE – Geothermal	APX VCU Registry	<u>5010-209176585-209240965-VCU-005-APX-ID-1-144-01042014-31122014-0</u>	2014	64,381
RE – Run of River Hydropwer	APX VCU Registry	<u>5708-256005601-256011043-VCU-034-APX-IN-1-483-01092015-31122015-0</u>	2015	5,443
RE – Solar	EU Climate Registry	CN-5-1014691099-2-2-0-9291-CN-5-1014699375-2-2-0-9291*	2014	8,277
RE – Solar	EU Climate Registry	CN-5-1014700549-2-2-0-9291-CN-5-1014718403-2-2-0-9291*	2014	17,855
RE – Wind	Markit	GS1-1-TW-GS472-12-2014-4605-75828 to 137622*	2014	61,795
Savanna burning	ANREU	3769835480-3769843835*	2017	8,356
Total				168,175

*Original purchase split over multiple years

Table 5. Carbon Offsets Retired in Advance for Forecast 2020 Group Carbon Emissions

OFFSET TYPE	REGISTRY	SERIAL NUMBER	VINTAGE	QUANTITY (tCO ₂ -e)
RE – Biomass	Markit	GS1-1-CN-GS2503-9-2015-6012-45543 to 69860*	2015	24,318
RE – Geothermal	APX VCU Registry	<u>5011-209240966-209246584-VCU-005-APX-ID-1-144-01012015-31122015-0</u>	2015	5,619
RE – Geothermal	APX VCU Registry	<u>5734-257275298-257285067-VCU-005-APX-ID-1-144-01012015-31122015-0*</u>	2015	9,770
RE – Run of River Hydropwer	VCS Project Database	<u>5706-255982354-256004975-VCU-034-APX-IN-1-483-01012016-31122016-0</u>	2016	22,622
RE – Solar	EU Climate Registry	CN-5-1014652231-2-2-0-9291-CN-5-1014691098-2-2-0-9291*	2014	38,868
RE – Solar	APX VCU Registry	<u>6647-329216685-329232121-VCU-034-APX-IN-1-1762-01012017-31122017-0</u>	2017	15,437
RE - Wind	Markit	GS1-1-TW-GS472-12-2014-4605-137623 to 145121*	2014	7,499
RE - Wind	Markit	GS1-1-TW-GS472-12-2015-4604-56136 to 68392*	2015	12,257
RE - Wind	Markit	GS1-1-TW-GS472-12-2015-5121-92411 to 124195*	2015	31,785
Total				168,175

*Original purchase split over multiple years

⁶ The offsets in this table (168,175 tCO₂-e) cover NAB Group's global emissions, including the Australian operations' NCOS obligation (155,060 tCO₂-e). Any non-NCOS units do not relate to our Australian operations.

Table 6. Retired Carbon Offsets Banked for Future Use

OFFSET TYPE	REGISTRY	SERIAL NUMBER	VINTAGE	QUANTITY (tCO ₂ -e)
RE - Biomass	Markit	GS1-1-CN-GS2503-9-2016-6011-41759 to 87440*	2016	45,682
RE - Geothermal	APX VCU Registry	<u>5734-257285068-257345297-VCU-005-APX-ID-1-144-01012015-31122015-0*</u>	2015	60,230
RE - Run of River Hydropwer	VCS Project Database	<u>5707-256004976-256005600-VCU-034-APX-IN-1-483-01012018-31012018-0</u>	2018	625
RE - Run of River Hydropwer	VCS Project Database	<u>5709-256011044-256041213-VCU-034-APX-IN-1-483-01012017-31122017-0</u>	2017	30,170
Re - Solar	APX VCU Registry	<u>6646-329154366-329216684-VCU-034-APX-IN-1-1762-01012018-25042018-0</u>	2018	62,319
RE - Wind	Markit	GS1-1-TW-GS472-12-2016-5120-2430 to 28387*	2016	25,958
RE - Wind	VCS Project Database	<u>6494-323911901-323981900-VCU-034-APX-CN-1-717-01012017-31122017-0</u>	2017	70,000
Total				294,984

*Original purchase split over multiple years

USE OF TRADE MARK

Table 7. Trade mark register

WHERE USED	LOGO TYPE
NCOS PDS 2019	Certified organisation