

**NAB Community**  
Environment

# Responding to climate change

Carbon Neutral Update 2009



**nab**

# A message from Cameron Clyne, Group CEO, NAB

The world in which we operate has changed. Businesses, governments and communities across the globe are experiencing the unprecedented challenges of economic recession and climate change.

We are managing our response to these challenges and in particular have in place a comprehensive strategy to help mitigate our impact on the environment and build NAB's ability to affect and positively influence change.

The cornerstone of our environment and sustainability agenda is our commitment to reduce emissions from our operations and become carbon neutral by September 2010.

Since commencing work towards this target in March 2007 we've saved around 21,000 tonnes of greenhouse gas emissions, equivalent to that from approximately 1,500 households per annum. Importantly we're on track to reach our 20% reduction target from 2006 levels by September 2010 and looking to exceed this target as well.

I am pleased with this progress and also inspired by the large numbers of our employees who are actively involved, every day, in reducing our carbon footprint.

Sustainability is a big part of NAB's culture and already some 600 employees are part of our voluntary green team community.

Our collective success – whether it is as companies, governments, individuals or the broader community – is reliant on a healthy environment, and I hope that future generations will see NAB's carbon neutral efforts as a legacy of sustainable business practice.

**Cameron Clyne**  
Group CEO, NAB

“Our number one priority is to reduce carbon emissions created by our office energy use and business travel”

Trevor Moore, Head of Environment and Sustainability

### Highlights so far

- On track to deliver 46,000 tonnes annual saving in emissions by 2010 – 21,000 tonnes per annum already saved.
- Ranked equal No 1 among Global 500 companies in the 2008 Carbon Disclosure Leadership Index for non-carbon intensive companies – and highest-scoring Australian bank.
- Construction commenced on \$6.5 million tri-generation plant which will save around 20,000 tonnes of emissions each year – equivalent to that from 1,400 Australian households.
- Major office building refurbishments underway in Melbourne, Sydney, Perth and Adelaide which are expected to reduce future emissions by 20,000 tonnes per annum in total.
- 40 Toyota Prius in car fleet with the aim of increasing to 140 by 2010.
- More than 600 employees participating in NAB’s voluntary green team community.



Completed office refurbishment, 50 Miller Street Sydney

## Introduction

Sustainability matters to NAB and we are working hard to be proactive about reducing our impact on the environment.

As a large global company it is our responsibility to play a part in addressing climate change, and to help our employees, customers and suppliers do the same.

Our climate change strategy focuses on five key elements. The first involves leading by example and includes minimising our carbon emissions and making our operations carbon neutral by September 2010. We are also encouraging our people to take action on climate change, providing advice to our customers, building partnerships with suppliers and government and continuing to better understand risks and opportunities associated with our lending decisions and operations.

Minimising our carbon footprint is a flagship program of our climate change strategy. We have set a reduction target of 20% or 46,000 tonnes from our 2006 carbon emission levels and are on track to exceed this by September 2010.

So far we've reduced emissions by approximately 21,000 tonnes – equivalent to that from 1,500 Australian households.

In addition to reducing emissions from our office energy use and business travel, we are also increasing the amount of renewable energy we purchase and in 2010 will make our operations carbon neutral by offsetting remaining unavoidable emissions.

This update focuses on what we are doing to reduce our carbon footprint in the Australian geography and reports progress towards our 2010 target.

To learn more about NAB Group's broader climate change strategy please refer to our 2008 Corporate Responsibility Report.

### Did you know?

The energy used in a single 20 storey office block generates about 4,000 tonnes of greenhouse gas each year – about the same amount of greenhouse pollution from 1,000 cars

## Our carbon footprint

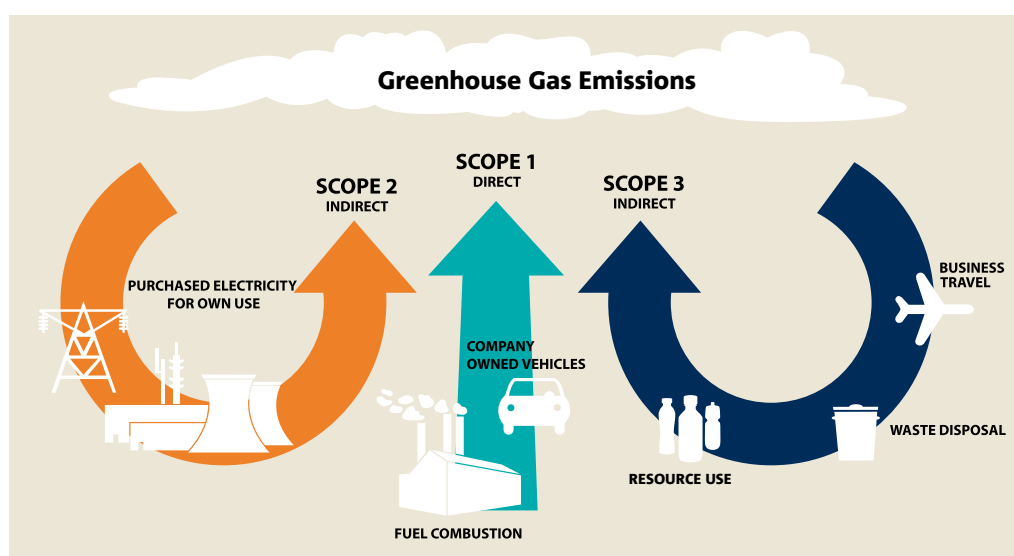
With around 25,000 employees in Australia and some 1,000 operational locations across the country, the sheer size and scale of our operations present challenges in reducing and neutralising our emissions.

We have used the Greenhouse Gas Protocol, along with other standards and guidelines, to map our carbon footprint. Developed by the World Business Council for Sustainable Development and the World Resources Institute, the Protocol provides a clear, transparent and credible accounting framework and divides corporate emissions into three categories:

- **Direct (Scope 1) emissions** – generated directly from our operations and include emissions from gas and diesel combustion in our buildings, and fugitive emissions from our air conditioning and refrigeration systems;

- **Electricity indirect (Scope 2) emissions** – generated from the purchase of electricity for our data centres, offices and branches;
- **Other indirect (Scope 3) emissions** – generated from sources which we do not control but can directly reduce or mitigate like emissions from business travel, resource use and waste disposal<sup>1</sup>

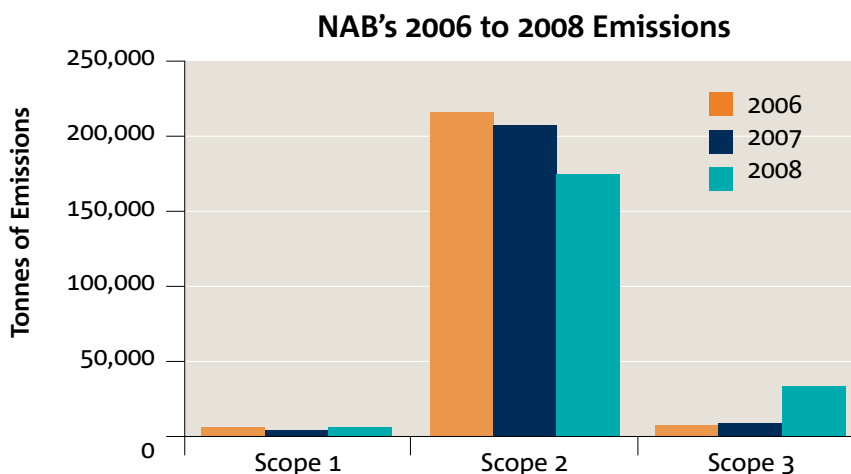
Using the Greenhouse Gas Protocol, Scope 1 and 2 emissions must be included in an organisation’s carbon accounts. Scope 3 emissions are optional.



Source: Hot Climate, Cool Commerce: A service guide to greenhouse gas management, WRI Report, May 2006

The base year against which we calculate our emission reductions is 2006. For the Australian geography our carbon footprint in 2006 was 230,000 tonnes CO<sub>2</sub>-e (carbon dioxide equivalent).

The diagram below shows growth in Scope 3 emissions for 2008 compared to previous years. This increase reflects inclusion of new sources for which we now have data like our resource use and waste disposal. The intention is to continue to review our Scope 3 contribution as more data becomes available for emissions we can directly influence and report against.



1. Our Carbon Inventory Guidelines set out the full set of criteria used to determine the boundary of our carbon footprint. It also sets out our commitment to working with our customers, employees and value chain to reduce emissions that are not in our inventory but which we have some ability to influence.

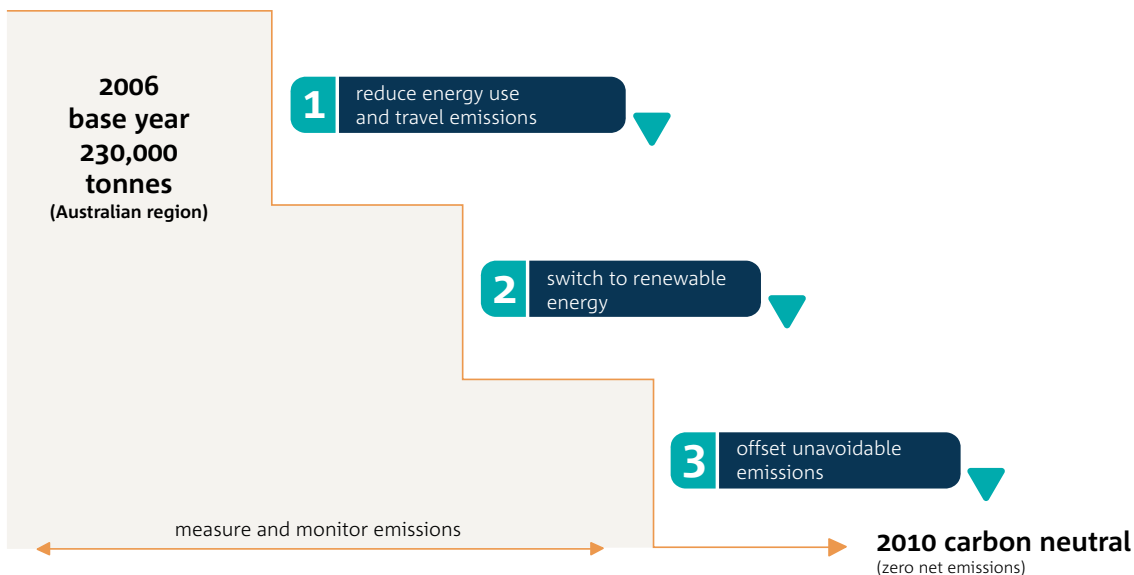


## The carbon reduction strategy

To reduce our carbon footprint, we have developed a simple strategy which addresses the following areas:

1. Reduce emissions from our buildings, data centres and business travel,
2. Increase the amount of energy we purchase from renewable sources where appropriate, and
3. Purchase carbon credits to offset our remaining unavoidable emissions.

### NAB's carbon reduction strategy



Responsibility for achieving our carbon reduction strategy rests with NAB's Environment and Sustainability Team in Commercial Services Australia, which is part of Group Business Services. This team is charged with identifying, prioritising and implementing initiatives that will reduce emissions from our operations. The team is also responsible for procurement of renewable energy and carbon credits to offset emissions we cannot avoid through our reduction program.

#### Did you know?

Australian cars produce 81% of the greenhouse gases attributable to transport

# 1 Reduce energy use and travel emissions

We are investing around \$12 million over three years to improve our energy efficiency.

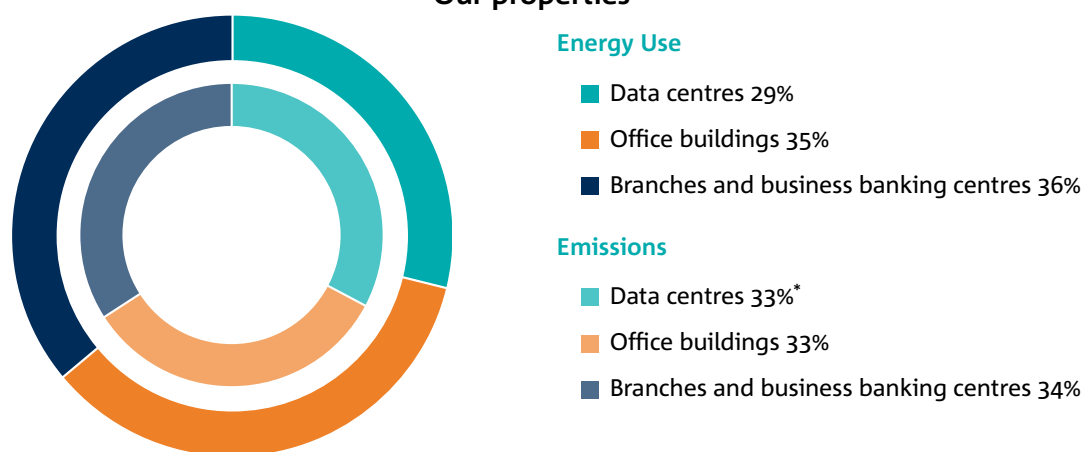
And while there are costs in acting now, the costs of delayed action would be even bigger. Being more efficient with our energy by using less is a viable and sensible business proposition for us.

We estimate that our energy efficiency program will deliver operational savings of around \$4.5 million per annum from energy use savings and the avoided cost of purchasing carbon offsets.

Most of our emissions come from electricity used in the buildings we occupy. Given the diversity of our property portfolio of around 1,000 buildings, our energy efficiency program has identified specific strategies to reduce energy use in our data centres, major office buildings, branches and business banking centres.

The distribution of energy use and emissions across these properties is illustrated below:

## Our properties



\*Related emissions for our data centres are higher because they are based in Victoria where the emissions intensity of grid electricity is significantly higher than the national average.

### Data centres

Increasing demand for technology processing and storage capacity at our data centres has resulted in a commensurate increase in energy use at these sites.

Addressing and reversing this trend is a priority and we have a number of projects in place to improve both energy demand and supply management at our data processing centres.

For the demand side, we are introducing more energy efficient practices and architecture in our server fleet. The opportunity to apply virtualisation, whereby each server manages multiple applications, will allow our technology team to reduce the total number of servers required and the energy necessary to run them. Having fewer servers also means we need less cooling infrastructure.

In addition, we have upgraded the cooling infrastructure at our main data centre which is delivering significant emission reductions.

Outside of data centre energy consumption, Technology’s key initiative to date is the introduction of automated control of PC power consumption. Phase 1 of this program has seen PC’s in all commercial buildings, branches and business banking centres across the country shutdown automatically after software downloads are completed each evening. This initiative is delivering an annual saving of around 10,000 tonnes. Phase 2 of the program is underway which will see further savings by allowing all NAB PC’s to go into an energy-efficient “sleep mode” when not in use.

### Office buildings

Energy performance targets have been assigned to all major office buildings. This is allowing us to prioritise activity and direct efforts to where the greatest savings can be realised.

We've also revised our property design guidelines to incorporate best practice ecologically sustainable design principles, and assist us in achieving our objective of a minimum four star Green Star rating for building refurbishments across Australia.

In 2008 major refurbishments were completed at 100 Creek Street in Brisbane and 50 Miller Street North Sydney. One of our largest projects is underway at 500 Bourke Street, Melbourne where we are applying our ecologically sustainable property design guidelines to 34 floors. Key aspects of the refurbishment include use of environmentally friendly paints, carpets and workstations, energy efficient lighting and improved air conditioning controls in large meeting rooms. On completion this refurbishment is expected to save 10,000 tonnes annually.

By September 2010 we will have completed major refurbishments of our head offices in all states, significantly improving the energy efficiency of our property portfolio with a combined annual saving of 20,000 tonnes.

### Branches and business banking centres (BBCs)

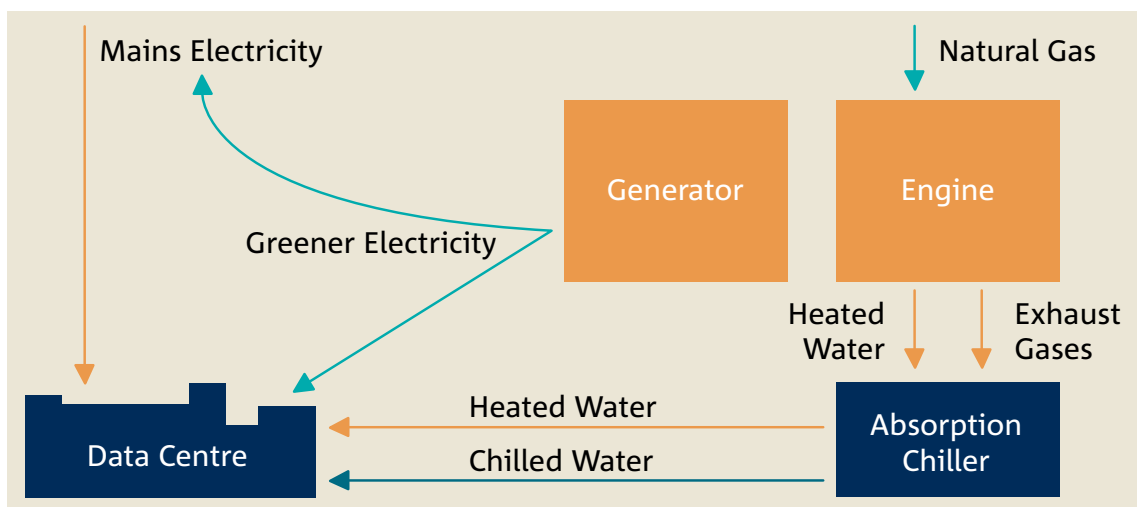
Our branches and BBCs account for approximately 36% of NAB's total energy consumption.

Over the last 12 months our energy efficiency program has focused on introducing low energy-use signage and lighting. In the coming months we will continue to rollout a range of energy efficiency measures that improve building performance. Initiatives include air conditioning time control, insulation and smart metering. Our program plans to address 200 sites by September 2009 and will target our most inefficient sites first.

### Generating our own electricity

One of our most significant energy efficiency investments is the development of a tri-generation facility for one of our Victorian data centres.<sup>2</sup> This \$6.5 million onsite gas-fired generator will supply the site with nearly 80% of its total energy requirement in a much more carbon efficient manner than grid supply. This plant will reduce our emissions at the site by more than 20,000 tonnes of carbon each year – equivalent to that from 1,400 households. The plant will come online in September 2009 and is expected to cut NAB's energy costs by \$2 million per annum.

### Tri-generation Process Overview



2. Tri-generation produces three types of energy. The system's facility uses natural gas to generate electricity. Heat created through this process is then used to heat the building or, through a process of energy transfer, used to cool the building.



“I’m doing lots of simple things – minimising my printing and paper use, switching off electrical items and I avoid flying to meetings by using video conferencing”

Andrea Demartini, Development Advisor, Lending Services

### Sustainable transport and travel

We are continuing to reduce the environmental impact of NAB’s vehicle fleet by phasing out inefficient six cylinder vehicles and increasing the number of low-emission vehicles.

In 2008 we made the Toyota Prius our ‘car of choice’ for job required vehicles in metro areas. Being a hybrid petrol-electric car, the Prius needs less fuel to run and therefore produces fewer greenhouse gas emissions. Currently there are 40 Prius’ in the fleet and we’re aiming to increase this to 140 by September 2010. One hundred employees have also completed a fuel efficiency driver training course.

At the end of 2007 we introduced a target to reduce our air travel emissions by 20% by September 2010. Air travel is one of the most greenhouse intensive activities any individual can participate in and our travel patterns are dependent on the decisions of our people and needs of our customers.

While our emissions increased to December 2008 we have seen a marked reduction in the number of kilometres flown between January 2009 and March 2009.

This is a trend we will work hard to make a long term behaviour change through education programs and improved provision of alternatives like video conferencing.

In October 2008 we surveyed our people about their travel habits and received more than 5,000 responses. The findings revealed that 49% of respondents commute via public transport five days a week, which is significantly higher than the national average of 19%<sup>3</sup>.

In response we’ve strengthened our suite of initiatives that promote affordable, sustainable travel. We have an interest free public transport loan for employees based in Melbourne and Sydney and we’re improving our bike and shower facilities in our major office buildings. Currently we have over 800 bike racks installed across Australia.

We also now offer a national car pooling tool which aims to connect employees who wish to share car travel as they commute to and from work or travel between offices.

3. Australian Social Trends 2008, Australian Bureau Statistics

### Tips & hints

Replace your regular light bulbs with long life compact fluorescent light bulbs that use less energy and last up to 10 times longer





## 2 Switch to renewable energy

As part of our carbon reduction strategy we have purchased 5% of our total electricity requirements from renewable sources for 2008-09.

This purchase, which is generated by Victorian wind farms, is powering our Docklands tenancy and part of our Victoria Parade building in Melbourne.

Our renewable energy purchase is accredited under the under the government GreenPower program and NAB is one of more than 850,000 Australian households and businesses supporting renewable energy uptake.

Purchasing GreenPower not only cuts our emissions but also increases demand for renewable energy, encouraging further development of the industry. It is also helping to reduce water consumption as renewable energy generators use much less water than coal and gas powered stations.

A further purchase will be made in 2009-10 to increase our total renewable energy supply to 10%. This supply will be distributed across other NAB buildings as it comes online.

## 3 Offset unavoidable emissions

Becoming carbon neutral means making the net emissions associated with our activities zero. To achieve this we will need to purchase carbon offsets to neutralise emissions we cannot avoid through our energy efficiency program or by purchasing GreenPower.

In July 2008, we made a purchase of Greenhouse Friendly Federal Government accredited offsets. A total of 17,000 tonnes CO<sub>2</sub>-e was acquired to offset air and car travel emissions in the Australian geography for the 2007-08 reporting year<sup>4</sup> These offsets were produced through household energy efficiency projects like installation of energy efficient lighting and water efficient showerheads. We will make a similar purchase for 2008-09.

From the beginning our intention has been to use our purchase of carbon offsets to support emission reduction projects that are aligned with our customer, employee and community values. Importantly we want to ensure that our stakeholders can relate to the offset projects we select.

We commenced a global procurement process in March 2009 to establish a panel of preferred offset providers for short and longer term offset purchases across the entire NAB Group. In 2010 we expect to purchase around 180,000 tonnes of offsets to cover all unavoidable emissions resulting from our activities in the Australian geography.

4. Year ending 30 June

### Did you know?

Travelling in peak hour traffic can increase fuel consumption by up to 15% due to increased start-stop travel

“I recycle as much as possible at home and also encourage my team at the Whitfords branch to reduce their paper, cardboard and electrical perishables use”

David Stevens, Branch Manager, Whitfords





Talking carbon neutrality at NAB's first Enviro Expo in April 2008



Celebrating National Ride to Work Day 2008

## Employee engagement

Our commitment to do something meaningful about our carbon footprint has tapped into our employees' environmental sensibilities and encouraged them to be environmentally active and engaged.

More than 600 people across the organisation are involved in a viral-like network of green team champions. These employees are taking action to reduce our environmental impact through implementation of education and behaviour change activities.

Volunteering their time and energy on a regular basis, they have been instrumental in supporting campaigns like Earth Hour and Ride to Work as well as encouraging our people to switch to NAB Smart Statements (online statements).

In addition to our green team community there has been a range of other opportunities for people to get involved.

Other highlights over the last 12 months include our first Environmental Expo in April 2008 which was attended by more than 2,000 people. The Expo brought together 20 exhibitors who shared NAB's commitment to raising awareness on climate change and making our businesses and homes more sustainable.

We also participated in National Ride to Work Day in October 2008 and celebrated the event by hosting 12 breakfasts across Australia. More than 470 employees rode their bikes to work, ranking NAB as the third highest corporate participant.

During December 2008 we piloted a free home lighting retrofit program. The program was offered to employees through two Melbourne-based green teams at 120 Spencer Street and 383 King Street. Some 60 employees signed up and our program partner, Fieldforce, sent trained technicians to their homes to replace incandescent globes with energy efficient compact fluorescents.

Most recently we switched off lights in our CBD based buildings and branches to support Earth Hour for a third consecutive year. To help encourage employee involvement at home we ran a competition offering people the chance to win up to \$1,000 to spend on a home energy project of their choice. So far, eight employees have received \$1,000 each and this has gone towards the purchase of energy efficient whitegoods, a rain water tank and solar panning.

## What our employees think and do!

We are continuing to monitor our employees' attitudes and behaviours when it comes to the environment.

Research conducted in February 2009 shows that employees have become much more aware of environmental initiatives occurring at NAB. Awareness levels have increased from 74% in February 2008 to 80% this year.

In line with growing awareness, 63% are aware of specific changes or initiatives in their building, up from 44% 12 months ago.

More employees are also practicing certain green activities in the workplace. Compared to last year, a higher proportion are printing double sided (87% compared to 79%), recycling bottles/cans (80% compared to 72%), recycling paper (80% compared to 74%), avoiding printing by using soft copies (78% compared to 71%) and using teleconferencing or video conferencing (54% compared to 42%).

When it comes to having enough information about NAB's environment program, 60% say they have enough which is significantly higher than 46% last year.

### Tips & hints

Keep your showers under four minutes rather than the eight minute average and you'll save up to half a kilogram of greenhouse gas emissions every minute!

## Small steps, big changes from our green teams!

While the main focus of our carbon reduction strategy is to use less energy, NAB's green teams are helping minimise our impact on the environment in lots of other ways too. Below are just a few examples of what these teams are doing to reduce waste and improve resource management at work, and also help protect biodiversity in the Asia Pacific region.

### Back to nature

A key highlight in 2008 for Docklands based Small Green Steps was the launch of the Earthwatch Fellowship Program across nabTechnology. Through this initiative, funded by nabTechnology, three employees joined scientific research expeditions throughout the Asia Pacific region. The projects ranged from studying the effect of climate change on butterfly populations in Vietnam to discovering the prehistory of an ancient seafaring people on an archeological dig in Fiji and surveying frogs and their habitats to find out why frogs are declining worldwide.

### Cleaning up Australia

NAB's greenkeepers<sup>255</sup> has been instrumental in reducing waste and paper usage at our 255 George Street, Sydney office. They generated whole-of-building support for this year's Business Clean Up Day and also hosted a VISY recycling roadshow to improve people's understanding of appropriate waste management practices. On the community front, they joined forces with Plunge Dive Shop and organised a Clean Up Australia Day dive in Sydney Harbour's Chowder Bay. Over 20 scuba divers focused on cleaning up the harbour's waterway while 10 volunteers assisted with removing rubbish from the beach.

### Recycling 101

Based at our 120 Spencer Street building in Melbourne, recycling was the focus in 2008 for our S.A.V.E Crew (Staff Assisting our Valuable Environment). The team's Recycling Awareness Campaign was designed to influence behaviour change by educating our people on 'why' and 'how to' recycle paper, bottles and cans, mobile phones, printer waste/cartridges/toners and stationery. Paper recycling bins were delivered to employees and posters displayed to prompt people where there's opportunity to recycle or reduce consumption. The campaign delivered a 5% increase in recycling for 120 Spencer Street, and saved around one tonne in waste.

### Spreading the word

The GreenKeepers of MLC's sites in Miller Street, North Sydney maintained an 'energetic' focus throughout 2008. Working closely with the building management team of the heritage Campus MLC building, they supported the implementation of a new lighting system that has significantly reduced evening energy use. Another initiative across both North Sydney sites has been the introduction of commingled recycling and supporting education to reduce waste to landfill from these premises.



500 Bouke Street refurbishment – break out area on level 2

## Responding to climate change – what else are we doing?

Leading by example to reduce our carbon footprint and engaging our employees are just two of the elements that make up NAB's climate change strategy.

Understanding and supporting our customers is also a priority and NAB's Carbon Solutions Group (CSG) has been working closely with clients to identify and respond to commercial opportunities emerging from the climate change challenge. This includes focusing on issues relating to carbon emissions trading, pricing frameworks and the evolving regulatory environment.

In August 2008 CSG hosted a forum for key corporate clients involving Senator the Hon. Penny Wong, Federal Minister for Climate Change and Water. The forum explored the commercial impact of the Federal Government's Carbon Pollution Reduction Scheme due to commence in 2011 and the opportunities it will generate.

Building key partnerships with stakeholders is another element of our climate change strategy. Over the last 12 months, we have been working with suppliers to identify opportunities to reduce our carbon footprint. This includes partnerships with Toyota to introduce Prius vehicles into our car fleet and United Group Services, who are helping manage our energy and greenhouse gas data and information, and reduce the environmental impact of our buildings.

NAB has been, and will continue to be, actively involved in the Federal Government's consultation process for development of a National Carbon Offset Standard and the Carbon Pollution Reduction Scheme. In addition, we are a pilot company for the National Energy and Greenhouse Reporting System being developed by the Department of Climate Change.

In December 2008, we were signatories to the Poznan Communiqué - a message from business leaders of 140 global companies (including NAB) to the United Nations Climate Change Conference (COP 14) which took place in Poznan, Poland. The Communiqué put forward a view from business on the key elements that should be included in the next international agreement on climate change.

The fifth area of our strategy is to grow our understanding of climate risks and opportunities. In November, NAB's Group Economics team completed a high level industry review to identify the industry sectors most exposed to climate change risks including physical risk such as weather events and regulatory risk such as emissions trading. Work has also begun to include climate change in our risk scenario planning process, and we're reviewing our current lending exposure levels in industry segments most likely to be impacted by the introduction of emissions trading.

Our climate change strategy extends across NAB's global operations, particularly through our United Kingdom (UK) and New Zealand (NZ) businesses. Some recent highlights from these businesses include completion of two sustainable buildings in NZ and a carbon neutral certification for our Leeds Office in the UK. In addition Yorkshire Bank became the first UK high street bank to achieve the Carbon Trust Standard accreditation in April.

Our 2009 Corporate Responsibility Report will provide further information on what we are doing to respond to climate change and reduce NAB's impact on the environment.

For more information:  
Email: [climatechange@nab.com.au](mailto:climatechange@nab.com.au)  
Visit: [nab.com.au/environment](http://nab.com.au/environment)



Front cover: Artist impression of 500 Bourke Street refurbishment

