

Environment
Dig Deeper paper



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Committed to the environment

We are committed to managing the impact of our business on the environment. We have a role to play in the long-term sustainability of our planet and its natural resources by reducing the direct and indirect environmental effects of our operations. A sustainable approach to managing our business is important not only for the environment but also for the long-term growth and resilience of our business.



ENVIRONMENTAL ISSUES

Working to manage the direct impact of our operations and the indirect impacts we have through our customers and supply chain.

Environmental impact of operations

Managing exposure to environmental Risk

Financing environmental innovation

Business, environmental products and services.

THE PURPOSE OF OUR DIG DEEPER PAPERS

2011 is our second year producing an integrated report on our business – combining our previously separate Shareholder Review and Corporate Responsibility Review.

To inform the content of our report, we undertake an annual CR materiality process to assess the most significant issues in each of our CR segments. We then focus on including metrics in the report related to these issues (for more on our CR materiality process, visit our website www.nabgroup.com/cr).

We understand, however, that we have a diverse range of stakeholders, with a wide range of interests in our business. In the interest of transparent reporting, and to add more detail to the data included in the Annual Review, we have produced a series of *Dig Deeper* papers. It provides a broader suite of data for each of our CR segments and more information on methodologies and calculations where required.

The content of these papers is informed by the Global Reporting Initiative Sustainability Reporting Guidelines (G3), as well as our own CR issues map and materiality process.

Further information on how we manage key issues, along with program details, case studies and news stories, can be found at www.nabgroup.com/cr.

If you have any feedback or want more information on our performance data, please let us know by emailing corporate.responsibility@nab.com.au

National Australia Bank Limited is a listed public company and has operations in Australia, New Zealand, the United Kingdom, the United States and Asia. The principal activities of the Group are banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management, funds management, life insurance, and custodian, trustee and nominee services.

All figures quoted in this *Dig Deeper* paper are in Australian dollars, unless otherwise stated. A reference to '\$' is to an amount in Australian dollars and a reference to '£' is to an amount in British pounds sterling.

References to 'nab', 'NAB', the 'National', 'National Australia Bank' or the 'Company' are to National Australia Bank Limited ABN 12 004 044 937. The 'Group' refers to the National Australia Bank Limited and its controlled entities. All references are as at 30 June 2011, except where otherwise stated. Any references to changes (including an increase or decrease) relate to the previous year, unless otherwise stated.

Forward-looking statements, including targets, are not guarantees of future performance.

Highlights

- Listed number 3 on Newsweek's 2011 Global Green Rankings
- Launched our Beyond Carbon Neutral resource efficiency program
- Launched energy efficiency financing for commercial buildings in the form of environmental upgrade agreements, in collaboration with Low Carbon Australia and Eureka Funds Management
- Continued to be recognised as leaders on the Carbon Disclosure Project's Global 500 Disclosure & Performance Leadership Indices
- Attained our first National Australian Built Environment Rating System (NABERS) Energy certificate for 100 St Georges Terrace, Perth
- Launched our new Green Action Program champion network with our employees in Australia
- Increased employee environmental volunteer days in Australia by around 35% compared to 2010, from 1,706 to 2,296 days
- Increased the number of Toyota hybrids (Prius and Camry) in our Australian car fleet to over 400 vehicles (or 45%)
- Won the following environmental awards:
 - 2011 United Nations Association of Australia (UNAA) World Environment Day Awards for Sustainability Leadership (Large Organisation)
 - Clean Glasgow – Business Award – awarded to Clydesdale Bank
- Became finalists in the following awards:
 - 2011 Banksia Awards: Category finalist for Leading in Sustainability (Setting the Standard for Large Organisations)
 - Finalists in the New Zealand Sustainable 60 awards
 - Finalists in the New Zealand Sustainable Business Network awards
 - Finalists in the NSW Government's annual Green Globe Sustainability Awards in the Climate Change Leadership Category
- Implemented a new carbon and environmental management system in New Zealand
- Developed a new supplier sustainability resource kit to help New Zealand suppliers improve their sustainability
- Became a signatory to the Australian Government's Fluorocycle Scheme
- Launched a recycling campaign within our Asian operations.

MESSAGE FROM THE CHAIR, GROUP CLIMATE CHANGE & ENVIRONMENT COMMITTEE

I am pleased to report on the progress we are making in delivering on our climate change strategy and reducing our environmental footprint during 2011.

As a provider of capital, we recognise the important role we have to play in helping our customers to move towards a lower carbon way of doing business. We have expanded our range of environmental finance products and services during 2011 and have continued our support of renewable energy development through project finance.

Our operational focus in 2011 has expanded Beyond Carbon Neutral to more explicitly include initiatives targeted at reducing resource consumption and waste. This is supported by our focus on Kaizan and the Beyond Carbon Neutral reduction targets we have put in place to date in Australia and the UK. We will expand to other regions in 2012. Additionally, we have continued to increase our focus on sustainable supply chain management.

Employee engagement continues to be very important to us. It is our growing network of workplace champions that help us deliver our programs. We continue to identify new ideas to reduce our environmental impact and assist our customers in reducing theirs.

We hope you find our Environment *Dig Deeper* of interest and welcome your feedback on our performance.



MICHAELA HEALEY
Group Executive – Governance

Governance, strategy and targets

GOVERNANCE

Environmental governance is provided through our Group Climate Change and Environment Committee (GCC&EC), chaired by the Group Executive – Governance. Membership of the Committee includes representatives from key businesses across the Group in Australia, New Zealand, the UK, Asia and the US.

The GCC&EC reports through to both:

- our Group Risk Management Committee – which reviews our environmental risks and performance along with other corporate responsibility-related matters and approves all Group-wide environmental policies; and
- the Board.

Environmental management across the Group is undertaken on a regional basis due to differences in regional regulatory requirements and operating practices, with reporting through to regional management committees. Our environmental management policies and practices are aligned to the ISO 14000 framework. In the UK, our business maintains ISO 14001 certification for its Merrion Way Customer Support Centre.

Our environmental governance framework is supported by embedded resources and specialists within each of our businesses.

STRATEGY

In 2011, we launched a new operational commitment to go Beyond Carbon Neutral in reducing our environmental impact. This maintains a focus on energy efficiency and further extends operational programs to improve our resource efficiency. Beyond Carbon Neutral initiatives address greenhouse emissions, waste, paper consumption and water use. Through our Beyond Carbon Neutral commitment, we are working towards a broader understanding of the impact of our operations on the environment, including ecosystems and biodiversity.

NAB Group considers that responding to the risks and opportunities of climate change through our Climate Change Strategy is part of sound business management. We recognise that climate change is one of the most complex challenges facing governments, business and communities. This complexity means our response requires consideration of a range of economic, social, technological and global issues, and that we need to act in collaboration with others.

Our Group-wide Climate Change Strategy has five key elements:

1. Developing products and services to help our customers respond to, and manage the impacts of, climate change;
2. Understanding and management of climate risks and opportunities – including consideration of the impact of climate change in our lending and investment decisions, as well as other areas of relevant operational policy;
3. Advocacy, communication and third party validation;
4. Leadership through our own actions – reducing our own carbon footprint and sharing our experience with others; and
5. Engaging and assisting our people.

TARGETS

In December 2010, following the review of our Group Climate Change Strategy and environmental programs, we published our new Group greenhouse gas emissions reduction target. In addition, our Australian and UK businesses committed to further reducing our environmental footprint through a range of Beyond Carbon Neutral targets¹.

GROUP TARGET

NAB has committed to reducing GHG emissions from stationary energy in buildings by 9.2% per FTE against a 2010 baseline by 30 June 2013. This target assumes the use of 2010 emissions factors and levels of business activity equivalent to the baseline year (2010). This is equivalent to a targeted greenhouse emissions reduction of 453 kgCO₂-e per FTE and a net total GHG emissions reduction of around 18,800 tCO₂-e across the Group.

This Group target will be achieved through reductions in three of our businesses over a three-year period (1 July 2010 to 30 June 2013), against a 2010 baseline year, including:

- a 10% reduction in building energy emissions (from electricity, gas and diesel) in Australia
- a 3% reduction in building energy emissions (from electricity) in New Zealand
- a 5% reduction in building energy usage (from electricity and gas) in the United Kingdom.

Our businesses have also set, or are in the process of setting, additional environmental performance targets to reduce our materials and resource consumption. The additional targets set to date include the following:

BEYOND CARBON NEUTRAL TARGETS*

AUSTRALIA

- 20% reduction per FTE in paper use
- No increase in water use per FTE
- 20% reduction per FTE in waste generated. Diversion targets are being set at a building level for major offices.

UNITED KINGDOM

- Achieve a reduction to 700 air miles per FTE
- Achieve a minimum of 90% coverage of water metering across the property portfolio (m²)
- Achieve a minimum diversion of waste from landfill of 80%.

*All targets have a 2010 baseline year, except for the Australian paper reduction target, which has a 2009 baseline to align to the Australian PaperCuts program. All targets are to be achieved by 30 June 2013.

¹ These Australian and UK targets are set against a 2010 baseline year, unless otherwise stated. BNZ and Great Western Bank are in the process of reviewing their environmental performance and are developing additional environmental reduction targets, which will be communicated when they have been finalised.

Environmental policy, risk management and compliance

OUR ENVIRONMENTAL POLICY

The Group manages its environmental programs and performance in a manner that is aligned to the ISO 14000 framework.

Our Group Environmental Policy ('the Policy') acts as the global reference point for our environmental commitments and management practices. The Policy includes details of our global commitments, it recognises key legislative compliance requirements, and covers our approach to environmental management and performance, including:

- direct (operational) and indirect (via customers and suppliers) environmental impacts;
- public reporting and assurance;
- employee awareness and community involvement;
- consultation and feedback; and
- governance.

A copy of our Policy is provided on our Group website at: www.nabgroup.com

Our most significant direct environmental aspects and impacts include the following:

- energy use and greenhouse emissions;
- waste production and material use (in particular paper); and
- business travel.

Indirectly, we also recognise we can have an impact through our purchasing choices and supply chain management and through the customers with whom we do business.

In addition to the Policy, the Group has:

- *Carbon Inventory Guidelines* and *Carbon Offset Acquisition Guidelines*, which set an agreed internal standard for our approach to carbon neutrality; and
- environmental reporting guidelines, which are reviewed on a regular basis (aligned with reporting and assurance cycles) to reflect evolving environmental management and reporting practices.

KPMG provides assurance services across the Group for key aspects of our voluntary and regulatory environmental and carbon reporting.

RISK MANAGEMENT

The Group maintains a risk governance and oversight framework that originates at Board level and cascades down the organisation through the Group Chief Executive Officer delegations. Identification, assessment, management and reporting of material risks, and opportunities, are guided by comprehensive Group-wide risk management requirements and an operating model that differentiates accountabilities for risk across three lines:

- Management – who own the risks;
- Risk – who provide appetite, oversight and insight; and
- Internal Audit – who provide independent assurance.

The Group maintains a Group Risk Inventory, which represents management's identification of the key categories of risk the Group is exposed and the systems in place to identify, assess, measure, monitor, mitigate and report against these risks on a consistent basis.

GRI owners are responsible for identifying how various risks, including those caused by environmental factors, manifest in their risk category and for establishing relevant risk appetite, policies, frameworks, processes and tools to manage and mitigate such risks within the parameters set by the Board-approved Strategy and Risk Appetite. Criteria and thresholds for risk materiality vary by Group Risk Inventory category and include a mix of qualitative and quantitative settings and measures.

Individual businesses are accountable for managing risk arising from their activities (in accordance with Group Risk Inventory requirements). Businesses are supported by risk advisers and partners.

Monitoring of risks (and changes in the external and internal environment, including stakeholder expectations) is an ongoing process at both the Group and business level. Various risk reports are compiled on a periodic or regular basis and provided to relevant internal and external stakeholders.

Environmental factors, including climate change, can impact the Group's risk profile at an enterprise, business unit and asset level and across a number of the Group's Group Risk Inventory Risk Categories. Environmental, Social and Governance (ESG) Risk Principles are currently being finalised and when approved will further assist Group Risk Inventory owners in embedding ESG factors into their respective risk categories to assist our businesses with their everyday decision making.

In 2011, we completed an internal risk review of the environmental factors, standards, commitments and regulations that currently impact, or could impact, our businesses to ensure they are being appropriately identified and managed. This review considered factors such as:

- extreme weather events, coastal flooding and wildfires;
- systemic long-term temperature risk;
- land degradation;
- water scarcity and quality;
- air quality and noise pollution;
- biodiversity and ecosystem services (loss and habitat change);
- resource availability, waste and materials management;
- man-made disasters (e.g. chemical spills);
- natural disasters (e.g. earthquakes and tsunamis); and
- voluntary standards, commitments and regulatory compliance.

As a result of the review, we have identified a number of areas where we can continue to improve and strengthen our management of environmental risk.

COMPLIANCE

The Group is subject to a range of environmental regulatory requirements in the countries in which we operate. The most significant include the:

- *National Greenhouse and Energy Reporting Act 2007* (Cth) (Aust.);
- *Energy Efficiency Opportunities Act 2006* (Cth) (Aust.);
- *Environmental Protection (Environment and Resources Efficiency Plan) Regulations 2007* (Vic) (Aust.); and
- *Carbon Reduction Commitment Energy Efficiency Scheme* (UK).

Our 2011 Annual Financial Report in the Report of the Directors under the sub-heading environmental regulation provides further information on our key regulatory requirements.

In the 2011 environmental reporting period:

- The Group was not subject to any environmental fines or penalties; and
- There were no significant spills from any Group storage facility.

Carbon neutral and beyond – our environmental initiatives

In 2010, NAB became the first Australian-owned bank to achieve carbon neutrality. Following on from this achievement in 2011, our focus has been on implementing programs to further reduce our environmental impact. We recognise that implementing carbon neutrality is a small part of addressing a broader range of environmental issues – this has been encapsulated in our commitment to move Beyond Carbon Neutral.

CARBON NEUTRAL – WHAT DOES IT MEAN TO US?

NAB Group defines carbon neutrality as a process involving five steps:

1. Defining and measuring our carbon (greenhouse gas) inventory
2. Reducing our greenhouse gas emissions through energy efficiency, demand management (employee behavioural change) and transitioning to lower emissions energy sources (where it is practicable)
3. Avoiding emissions through the purchase of renewable energy (where it is necessary to support our strategy to invest in local emissions abatement)
4. Offsetting unavoidable emissions through the purchase of quality carbon offsets
5. Verifying and reporting on our progress by:
 - regularly assessing progress towards meeting our commitment and targets;
 - obtaining annual external verification and assurance of our carbon accounts (inventory and offsets) and carbon neutral commitment; and
 - reporting regularly to key internal stakeholders and annually to external stakeholders.

Further detail is provided in our Group Carbon Inventory Guidelines, available at www.nabgroup.com

EMISSIONS MANAGEMENT AND REDUCTION

As energy use and greenhouse emissions are one of the key environmental impacts of our operations, our Climate Change Strategy is focused on leading through our own actions, including setting the reduction targets outlined on page 2.

Energy efficiency is a key priority across the Group as a result of our carbon neutral commitment. In Australia, the UK and New Zealand, where our energy efficiency programs are more mature, we have included minimum ecologically sustainable design requirements as we have revised our Property Design and Performance Standards. Application of these Standards results in buildings occupied by the Group being designed to operate efficiently and with a reduced environmental impact, where commercially practical.

In Australia, we have used the requirements of the *Energy Efficiency Opportunities Act 2006* (Cth) as a tool to give structure and discipline to our approach to energy efficiency opportunities and we have developed a pipeline of energy efficiency opportunities across our branch network and commercial building portfolio. Additionally, the requirements of the *Victorian Environment Protection (Environment and Resource Efficiency Plans) Regulations 2007* mean that for our main Victorian data centre we have implemented energy efficiency and environmental opportunities with a three-year or less payback.

A summary of the cumulative² and 2011 emissions reductions achieved in Australia is provided in the table below. In 2011, we implemented 98 energy efficiency projects in Australia alone.

As a consequence of our carbon neutral commitment, and our voluntary purchase of carbon offsets, we have an internal price on carbon, which reflects the price we pay for offsets in the voluntary market. This is built into the business case for our energy

efficiency opportunities, including the refurbishment of old buildings and the design of new buildings, and has assisted in bringing energy efficiency investments forward. Our internal carbon price has demonstrated that a price on carbon can be an effective tool to incentivise investment in emissions reductions.

In Australia, we have also used a specialist energy consultant to assist us in using data from energy efficiency assessments we have conducted to identify investment opportunities and build a marginal abatement cost curve for our operations. This is an effective tool to help us determine the best investments we can make when we must make choices to maximise emissions reductions within available capital and operational budgets.

THIRD PARTY CERTIFICATION

In Australia and the UK, we have chosen to seek third party certification for our carbon management. This is to give our stakeholders confidence in the credibility of our approach to carbon management.

In Australia, we have achieved certification under the National Carbon Offset Standard (NCOS) Carbon Neutral Program for the emissions inventory we are monitoring and reporting for our Australian operations.

In the UK, we have chosen to be certified under the Carbon Trust Standard (CTS). We first achieved CTS certification in 2008. CTS certification is now included as an early action metric under the UK Government's Carbon Reduction Commitment Energy Efficiency (CRC EE) Scheme requirements. Our UK operations will undergo the CTS certification process again early in the 2011–12 reporting year, with the aim of ensuring that we hold certification as part of our approach to meeting the requirements of the CRC EE Scheme.

EMISSIONS MANAGEMENT AND REDUCTION MEASURES

	Emissions reductions (tonnes CO ₂ -e)
Sub-total: reductions measures implemented between 1 July 2006 and 30 June 2010	59,200
Sub-total: reductions measures implemented between 1 July 2010 and 30 June 2011, comprising:	
• Data Centre Opportunities – 1,400 tCO ₂ -e	
• Commercial Building Opportunities – 500 tCO ₂ -e	4,800
• Call Centre Delamping – 500 tCO ₂ -e	
• Other – 2,400 tCO ₂ -e	
TOTAL	64,000

GRI Reference: EN5 – Energy saved due to conservation and efficiency improvements.

2 In Australia, we have been tracking reductions achieved from energy efficiency initiatives since 2007, against a 2006 baseline. For further information, also see our 2011 Energy Efficiency Opportunities report at: www.nabgroup.com

Carbon neutral and beyond – our environmental initiatives

SUPPORT FOR EMISSIONS ABATEMENT

Since 2007, NAB has sourced a component of its Australian energy use from government, certified renewable energy sources (GreenPower™) to reduce greenhouse emissions and support emissions abatement in Australia. In 2011, over 10% of our Australian electricity consumption came from GreenPower™.

During 2011, NAB participated in consultation undertaken by the Australian Government in regard to the establishment of the Carbon Farming Initiative (CFI)³. The CFI will provide an alternative source of domestic carbon abatement in the Australian marketplace. In light of this potential new source of local carbon offsets, we took the opportunity to review where our future investment in Australian emissions abatement (via our carbon neutral program) is best directed for the three-year period 2013–2015.

NAB continues to be a significant supporter of renewable energy development in Australia via its project finance portfolio. Therefore, we consider that transitioning from our investment in GreenPower™ to the purchase of offsets created through the CFI will enable us to diversify our support for local emissions abatement and support land-based carbon reduction through an industry sector that is important to our business – agriculture.

INITIATIVES TO REDUCE OUR ENVIRONMENTAL FOOTPRINT

During 2011, in addition to our energy efficiency initiatives, we implemented a range of other environmental activities and programs across the Group to deliver on our commitment to reduce our environmental impact Beyond Carbon Neutral. These initiatives included:

- launching a four-week My PaperCuts Online Challenge which engaged close to 1,500 of our employees in reducing our paper consumption in Australia
- introducing a PaperCuts program in Japan
- planting around 21,000 trees, shrubs and grasses through employees participating in our Australian Plant Your Paper Back volunteering program
- supporting the Australian and New Zealand Climate Change & Business Conference for the 6th consecutive year
- continuing our promotion of paperless statements in Australia and New Zealand
- continuing our UK R22⁴ replacement program by installing new air conditioning systems using the latest inverter technologies. This is also providing an average energy efficiency saving of around 30% per installation. Replacement has been completed in 42 retail sites and five major office sites
- becoming a signatory to the Australian Government's Fluorocycle Scheme
- developing an online environmental behavioural learning module – My Wasteline – to help promote our waste reduction message
- incorporating environmental, social and governance risk into a module of Risk Awareness Training for employees (to be rolled out in October 2011)

- installing seven 25 kL water tanks to harvest rain water at our main Australian data centre, to offset water consumption required by our tri-generation plant
- supporting the development of thought leadership in the form of a *Changing the Carbon Conversation* White Paper and associated stakeholder forums
- updating our supplier due diligence criteria in New Zealand to request information on Scope 1 and 2 carbon emissions from key suppliers
- continuing to provide a range of opportunities assist our employees to reduce their own environmental impact, including interest free loans for annual public transport tickets and access to discounted environmental products such as water tanks and solar hot water
- offering our shareholders an opportunity to receive their shareholder statements electronically. Around 105,000 shareholders have selected this channel for receipt of their account statements. This is reducing emissions by around 2 tonnes tCO₂-e per annum.

Further information on our environmental performance is provided in our environmental performance summary and the associated notes on pages 9 to 16.

PARTICIPATION IN CONSULTATION PROCESSES

In 2011, we continued to participate in consultation processes related to the development of carbon policy. Our Group CEO, Cameron Clyne, was a member of the Australian Government's Business Roundtable on Climate Change and specialists from our environmental teams participated in a number of industry working groups including the Carbon Working Group of the Australian Financial Markets Association.

³ The Australian Parliament passed legislation to establish the CFI in August 2011 and it has subsequently received royal assent. The CFI will be operational from December 2011.

⁴ R22 is an HCFC (also known as chlorodifluoromethane) refrigerant gas that must be phased out under the Montreal Protocol.

Products and services

NAB recognises that in addition to reducing our own environmental footprint, significant opportunities exist to help our customers as they transition to a lower carbon way of operating, and adapt to, and manage, the risks of climate impacts, natural resource constraints, biodiversity losses and changing environmental policy and regulatory requirements.

Business opportunities, such as the provision of environmental products and services, are identified and prioritised through the strategic planning process both at the Group and business line level.

During 2011, we have worked on a number of new product initiatives, including:

- energy efficiency financing for commercial buildings in the form of environmental upgrade agreements in collaboration with Low Carbon Australia and Eureka Funds Management;
- asset finance solutions for energy efficiency products such as LED lighting and solar systems;
- support for small-scale renewable energy projects for wind power in the agricultural and community sectors in the UK;
- financing forestry developments utilising carbon revenue streams in New Zealand.

We have also continued to develop ideas for how capital markets can best support the significant infrastructure demands of a lower carbon economy and expect to launch further products over the coming year.

Additionally, we have provided:

- project finance for an additional 600 MW of renewable energy generation projects. After accounting for projects removed from our project finance portfolio in 2011, this resulted in a net increase in the design rated megawatt (MW) generation capacity of projects financed from 2,361 MW to 2,397 MW. Our project finance portfolio represents 1.46% of Group gross, loans and advances, including acceptances. Refer to our Customer *Dig Deeper* paper at www.nabgroup.com for further information;

- advisory and financing work around Clean Development Mechanism and Carbon Farming Initiative projects;
- six Kauri bond issues (refer to page 7 for further information);
- seminars for clients in New Zealand to help them understand the New Zealand ETS;
- personal banking customers in Australia (NAB) and New Zealand (BNZ) with the option of selecting to receive their account information via electronic e-statements. As at 30 September 2011, around 755,000 customers in Australia, and around 328,800 customers in NZ, had opted into paperless statements⁵;
- assistance with transactions to help clients reduce their carbon footprint and to understand the implications of the changing carbon policy landscape;
- UK credit and debit card customers with cards made using plastic that is certified as carbon neutral.

Our Environmental Treasury Solutions (ETS) team continued to build carbon market trading capability, which currently includes Renewable Energy Certificates, Certified Emission Reduction Units and European Union Allowances. They also assisted in the purchase of voluntary carbon offsets for NAB's own offset portfolio. In addition, ETS participated in a range of other activities to support development of market-based products, including the Victorian Government's Carbon Export Cluster.

NAB also commissioned ClimateWorks (an Australian environmental NGO) to undertake research on the marginal abatement cost curve for carbon reduction and energy efficiency opportunities in the retail and healthcare sectors.

FINANCING RENEWABLE ENERGY IN THE UK

NAB Wholesale is part of a banking syndicate that developed a non-recourse finance package for a large number of solar photovoltaic (PV) rooftop systems to be installed on social housing stock in multiple locations around the southern UK in 2011–12.

The project uses an innovative special purpose financing vehicle (SPV) to enable private finance to assist in the delivery of a public policy initiative. By working in collaboration with social housing providers, the low income tenant receives the benefit from the renewable electricity generated by the PV system, while the SPV receives the income from the feed-in-tariff.

⁵ This is equivalent to an estimated reduction of 33.1 tCO₂-e in Australia and around 36.4 tCO₂-e in New Zealand p.a. for the lifetime of the customer with NAB and BNZ.

Biodiversity and ecosystems

All companies are dependent on ecosystem services, either through their supply chains, around their operating sites or via their customers. Our planet's biodiversity and ecosystems face tipping points, beyond which we may see collapse of the systems on which we rely and take for granted. Managing natural value includes the economic valuing of ecosystem services and the natural environment – that is, recognising the impact and dependency of biodiversity and ecosystem services and accounting for them within traditional business frameworks and the way we do business.

At a more granular level applying to our business, this means incorporating consideration of biodiversity and ecosystem services into our business policies and procedures, from risk assessments to operations and supply chain decisions, both to meet our corporate responsibilities and ensure we better understand the materiality of risk exposure and revenue dependencies. Without a natural value lens across our decision making, we may be blind to significant risks and threats to our future business sustainability.

Eventually, as business decisions become more informed by natural value considerations, it will be easier to place actual financial value on nature (bringing it explicitly into the balance sheet) and start to adjust the way we think about growth strategies, future value businesses and real impacts on sustainability.

NAB has been investigating these issues and is starting to explore how we can review our business models.

“What I put at the centre of the environmental challenge is resource efficiency and ensuring the sustainability of biodiversity and the services we derive from nature’s ecosystems. These are important because without nature’s resources and services many business operations, including our own, and in fact our entire economic system, will not be sustainable. We have a very complex system built up over time that is robust and adaptable, but the further we narrow the resource base the more vulnerable it essentially becomes. Working out how to respond to this challenge is complex, but essential, and is something to which we can all contribute.”

MARK JOINER

Executive Finance Director

Our initial work on biodiversity and ecosystem services has been to identify areas where it can be incorporated into our existing risk management framework as part of our consideration of environmental, social and governance (ESG) risks.

In areas of our business such as project finance, projects would typically require an Environmental Impact Assessment (EIA) to obtain relevant approvals and licences; an EIA will address biodiversity as per the terms of the EIA, Local, State and/or Federal Government requirements on a project-specific basis. For example, in Australia, the Federal Government's *Environment Protection and Biodiversity Conservation Act 1999* (Cth) may apply and the relevant studies would be undertaken. In addition, our project financing activities in non-OECD or OECD countries not designated as High Income are required to be compliant with our internal policy requirements and signatory status to the Equator Principles, and hence are also reviewed against the relevant aspects of the International Finance Corporation's Performance Standards and Environmental Health and Safety Guidelines. For our Equator Principles reporting, refer to our Customer *Dig Deeper*.

In addition to this, we have funded research, developed biodiversity-related products and services in New Zealand and engaged our employees in Australia and New Zealand in biodiversity and ecosystems conservation and research activities, including the following⁶:

FLORA AND FAUNA INTERNATIONAL AUSTRALIA

In conjunction with Deutsche Bank, NAB has supported *Flora and Fauna International Australia* undertaking a 'strategic review' of biodiversity conservation in Australia. The review has identified challenges to, and opportunities for, more efficient and effective conservation activity in Australia.

BNZ KAURI FOREST

As a leading player in the Kauri bond market, the BNZ Debt Capital Markets team has committed itself to forests both old and new. BNZ sees itself not just a pioneer in developing the Kauri bond market for supranational, semi-government and agency (SSA) issuers, but also in supporting the rejuvenation of the market's namesake – the kauri tree. In conjunction with The Kauri Trust 2000, we created the BNZ Kauri Forest. Since its inception in 2008, the project has seen 2,700 seedlings planted, with BNZ committed to planting 100 Kauri for every Kauri bond issued.

SAVE THE KIWI TRUST

For nearly two decades, BNZ has been a passionate supporter in the kiwi's fight for survival. The BNZ Save the Kiwi Trust is a partnership between the Department of Conservation, the Royal Forest and Bird Protection Society and BNZ. Over time, this team effort has made genuine inroads into protecting the kiwi and its natural habitat as well as increasing the kiwi's numbers through comprehensive breeding programs. BNZ meets all of the costs of running the Trust and provides a funding pool which is distributed to community-based projects that are saving New Zealand's national icon. BNZ's financial support is complemented by employee volunteer efforts and facilitation of customer donations via eftpos card accounts. Collectively this is making a real difference.

The BNZ Save the Kiwi EFTPOS card has been offered since 2003 and generates around \$170,000 a year for this cause, with a further \$50,000 from our Kiwi cheque books.

Further information on BNZ Save the Kiwi is available at www.savethekiwi.org.nz

EARTHWATCH FELLOWSHIPS

NAB has partnered with Earthwatch since 2007, contributing 51 employees to local and overseas conservation and research programs that look to address threats to biodiversity. In the last year, 20 employees have been involved in a range of projects such as Project Manta in Queensland, Conserving Koala Country in Victoria, Wildlife of the Mongolian Steppe in Mongolia, Origins of Angkor in Thailand, Freshwater Turtles of the Kimberley in Western Australia, Climate Change and Landscape in Borneo's rainforest and Sustainable Forest Management in China.

PLANT YOUR PAPER BACK

NAB launched its *Plant your Paper Back* initiative in 2010, in an effort to improve employees' awareness of the impact of their paper use in relation to the natural environment. The initiative encourages employee volunteering in conjunction with Conservation Volunteers Australia, Landcare and other conservation organisations. In the last year, 2,296 employees chose to dedicate their volunteer days to conservation activities such as working with Landcare to plant trees on land set aside as part of fire recovery programs, and as part of World Environment Family Tree Planting Day in Victoria and NSW, which saw just over 2,300 trees and shrubs planted. Overall *Plant your Paper Back* has seen over 30,000 trees planted in 2010, and so far, 21,000 in the 2011 calendar year. This number of trees is just under 42% equivalent of NAB Australia's annual paper use.

⁶ GRI Reference: EN11/12/13/14.

NAB operations are all located in urban built environments and therefore have no direct impacts on biodiversity-rich habitats.

performance summary*

STATEMENT OF POSITION FOR THE GROUP

Indicator	Units	Notes	2011	2010	2009	2008	2007	2006
Employee numbers [^]	FTE		45,146	43,285	38,544	39,041	38,927	38,850
Property space occupied	m ²		1,133,041	1,222,142	1,064,482	1,075,805	1,124,696	1,123,583
Operating expense [~]	\$m		(7,977)	(7,862)	(7,580)	(7,276)	(7,428)	(7,647)
Underlying profit [~]	\$m		9,620	8,776	9,376	8,138	7,142	7,581
Water consumption (estimate)**	kL	7	840,156	753,107	772,799	871,988	550,369	601,073
Waste to landfill (estimate)**	tonnes	5	3,277	3,514	3,620	3,637	NR	NR
A3 & A4 office paper purchased	tonnes	4	2,066	2,199	2,177	1,958	NR	NR
Net energy consumption	GJ	2	1,144,876	1,115,506	1,001,087	955,748	1,043,292	1,069,359
Gross GHG emissions	tCO ₂ -e	3	320,776	320,839	266,750	263,261	266,212	278,640

SUMMARY OF GROUP GREENHOUSE GAS (GHG) EMISSIONS

(tCO ₂ -e emissions)	Notes	2011 performance	2010	2009	2008	2007	2006	% change from 2010 to 2011
Scope 1 emissions	3, 6	25,688	22,084	16,019	15,335	19,089	19,396	16%
Scope 2 emissions	3	174,437	186,479	193,709	207,020	210,018	243,262	-6%
Gross Scope 1 and 2 GHG emissions		200,125	208,563	209,728	222,355	229,107	262,658	-4%
Scope 3 emissions	3, 4, 5, 6	120,651	112,276	57,022	40,906	37,105	15,982	7%
Gross GHG emissions		320,776	320,839	266,750	263,261	266,212	278,640	0%
Renewable Electricity (RE)	9	(21,970)	(27,068)	(37,103)	(28,935)	(13,331)	(25,687)	-19%
Voluntary carbon offsets purchased (offsets)	9	(298,806)	(42,040)	(18,314)	(16,000)	0	0	611%
Net GHG emissions (after RE and offsets)	9	0	251,731	211,333	218,326	252,881	252,953	

SUMMARY OF GROUP PROGRESS AGAINST 2013 REDUCTION TARGET

Target	Notes	2010 baseline	2011 performance		2013 target		Status
		tCO ₂ -e/FTE	tCO ₂ -e/FTE	% reduction	tCO ₂ -e/FTE	% reduction	
A 9.2% reduction in GHG emissions from stationary energy in buildings per FTE against 2010 baseline by 30 June 2013	8	4.95	4.34	-12.3%	4.50	-9.2%	on track

*KPMG has provided assurance on specified GHG emissions and offset data since 2009.

[^]2011 employee numbers are based on a monthly average for the period 1 July to 30 June. All prior years are reported as at 30 June.

^{**}2011 water consumption and waste to landfill figures include United States in addition to Australia, United Kingdom and New Zealand. All prior years are based on Australia, United Kingdom and New Zealand.

[~]For financial year ending 30 September.

Unless otherwise stated, all data in this *Dig Deeper* is reported for the period 1 July to 30 June and all graphs represent Group-wide data from internal sources. In this report, 'US' refers to the performance and data from our New York branch and Great Western Bank operations.

INTEGRITY OF REPORTING

Senior Management of the NAB Group have a responsibility in relation to the preparation and presentation of the NAB Group's 2011 Environment *Dig Deeper*. This involves establishing and monitoring internal controls relevant to the preparation and presentation of the information with the objective of ensuring that the information is free from material misstatement.

Notes to the environmental performance summary

Note 1: Reporting policies

REPORTING PERIOD

This *Dig Deeper* paper has been prepared based on a reporting year from 1 July to 30 June, unless otherwise stated. This environmental reporting year has been established to align with regulatory reporting requirements in the Australian geography, where the bulk of the Group's emissions currently occur. It should be noted that this is not the same as the Group's financial reporting period, which has a year end of 30 September.

ORGANISATIONAL BOUNDARY

NAB Group reports its environmental performance data using an operational control approach to define its organisational boundary.

In Australia, the organisational boundary for our relevant Scope 1 and 2 greenhouse gas emissions meets the definitional requirements of the *National Greenhouse and Energy Reporting Act 2007* (Cth).

In the UK, the organisational boundary for our relevant Scope 1 and 2 greenhouse gas emissions meet, the requirements of the *Carbon Reduction Commitment Energy Efficiency Scheme* (UK).

In addition to reporting on aspects of our environmental performance over which we have operational control or can exert a significant degree of influence, NAB Group is committed to playing an influencing role with employees, customers and suppliers to assist and encourage them to reduce their own environmental footprint.

GEOGRAPHIC SCOPE

Environmental performance data has been reported for NAB Group's operations in Australia, New Zealand, the United Kingdom (UK), Asia and the US, where data of a reasonable quality is available or a reasonable estimate can be made.

BASELINE FOR 2013 TARGETS

The baseline data for environmental reduction targets is the data prepared for the 2010 environmental reporting period, except in the case of our Australian paper reduction target, which was established 12 months earlier off a 2009 baseline.

PRIOR YEAR STATEMENTS

Where relevant and applicable, prior year figures have been restated when more accurate data becomes available. Restatements are noted where relevant as footnotes in this *Dig Deeper* paper.

ESTIMATION

Where complete information is not available, estimates are made by extrapolation from known activity data or by applying an uplift based on reconciliation between systems that collect activity data and our financial reporting systems. Estimates are footnoted where relevant within this *Dig Deeper* paper.

REPORTING OF GREENHOUSE GAS EMISSIONS

All greenhouse gas (GHG) emissions figures reported as part of the Group's environmental performance are in tonnes of carbon dioxide equivalents (CO₂-e) and include the main GHGs covered in the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs), as relevant. The Group does not have emissions of sulphur hexafluoride (SF₆).

Our *Group Carbon Inventory Guidelines* set out the decision framework we have used to establish which Scope 3 GHG emissions are included in our carbon inventory.

All Scope 1 and 2 emissions from our direct operations in Australia, the United Kingdom and New Zealand are included in NAB Group's carbon inventory. For our smaller operations in the US and Asia, Scope 2 data is included and data for Scope 1 emissions is included where it is available and of a reasonable quality.

NAB Group's Scope 3 emissions include those Scope 3 emissions identified as mandatory for reporting under the framework of the World Resources Institute (WRI) provided in *Hot Climate, Cool Commerce: A Service Sector Guide To Greenhouse Gas Management*. It also includes other voluntary sources of emissions which are relevant to our business, which we have determined to include using the principles and tests provided in the *WRI Service Sector Guide* and presented in the highlight box on page 10.

The GHG emissions associated with NAB's carbon inventory and the activities noted within this *Dig Deeper* paper have been determined on the basis of measured or estimated energy and fuel use, and relevant activity data, and multiplied by relevant GHG emission factors.

Where possible, fuel or energy use is based on direct measurements, purchase invoices or actual activity data; in other cases, it has been necessary to make estimates. Where estimates or extrapolations have been used, this is noted.

Relevant published national government emissions factors were used to calculate GHG emissions wherever possible. In the absence of such national factors, we have also used emissions factors provided in reporting guidelines produced by voluntary reporting initiatives, or we have used emissions factors developed by consultants with specialist expertise.

Notes to the environmental performance summary

Note 1: Reporting policies

PRINCIPLES AND TESTS FOR GUIDING DECISIONS REGARDING THE INCLUSION OF EMISSIONS IN NAB GROUP'S CARBON INVENTORY⁷

General principles – applying to Scope 1, 2 and 3 emissions

1. Relevance
2. Completeness
3. Consistency
4. Transparency
5. Accuracy

Tests for relevance – applying to Scope 3 emissions

- a. Is the emission causing activity significant or believed to be significant relative to the NAB Group's Scope 1 and Scope 2 emissions?
- b. Is the emission-causing activity crucial to the NAB Group's core business?
- c. Do NAB Group's key stakeholders believe that it is important to account for particular emission-causing activities?
- d. Can NAB Group reduce or mitigate some of the emissions?
- e. Are the emissions from an outsourced activity that would have been previously categorised as producing Scope 1 emissions?
- f. Is NAB Group able to readily find reliable data for the emission-causing activity?

REPORTING METHODOLOGIES

NAB Group's carbon inventory has been prepared with reference to the following methodology descriptions and sources of emissions factors:

- National Greenhouse and Energy Reporting (Measurement) Determination, Compilation 30 June 2010
- National Greenhouse Accounts (NGA) Factors, July 2011
- 2011 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting
- For office paper – the emissions factors have been taken from *Greenhouse Gas Emission Factors for Office Copy Paper Publication 1374*, May 2011. Prepared for EPA Victoria by Tim Grant and Leyla Acaroglu of Life Cycle Strategies, Richmond, Victoria
- For refrigerants – our method reflects the GHG Protocol worksheet titled hfc-pfc (1) – Worksheet 3: Screening Method for HFC and PFC Emissions from Refrigeration/AC Equipment: Emission Factor Based Approach: Step 2: Determine Net Gross HFC and PFC Emissions from Operation of Refrigeration/AC Equipment. Some additional Global Warming Potentials (GWPs) have also been taken from ASHRAE Standard 34 – Table 1: GWPs of Common Greenhouse Gases and Refrigerants
- For hotel stays – the method used incorporates information and factors from the CIBSE Guide F – Energy Efficiency in Buildings, the 2011 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting – Table 6I, and the International Energy Agency – CO₂ Emissions From Fuel Combustion Highlights (2010 edition)
- Guidance for Voluntary, Corporate Greenhouse Gas Reporting – Data and Methods for the 2009 Calendar Year. New Zealand Ministry for Environment, May 2011
- The US Climate Registry – General Reporting Protocol V1.1 May 2008, including updates and clarifications released July 15, 2011; and 2011 Climate Registry Default Emissions Factors, released January 14, 2011, with relevant updates provided on June 13, 2011.

In Australia, where there is evidence that a proportion of activity data relevant to the calculation of our carbon inventory occurs outside corporate systems, an uplift factor is applied to incorporate this additional business activity to ensure that we do not underestimate our GHG emissions. This uplift factor is calculated based on a reconciliation of activity data in corporate systems compared to expenditure data. The uplift factors that have been applied are as follows:

- A4 and A3 paper purchased: An uplift of 2% is added for paper not ordered through our corporate stationery provider
- Business travel – air: an uplift of 25% is added for flights not booked through our corporate travel provider
- Business travel – hotel stays: an uplift of 5% is applied for hotel stays not booked through our corporate travel provider
- Business travel – rental cars: an uplift of 15% is applied for rental cars not booked through our corporate rental car provider.

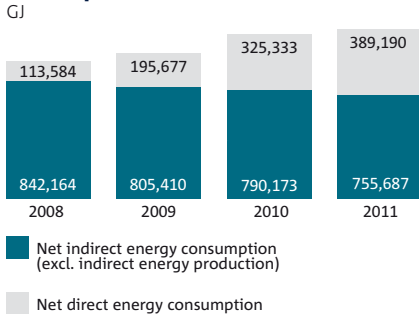
Further information about our methodologies for reporting our carbon neutrality is available in the carbon neutral section of our Group website at www.nabgroup.com

⁷ These principles are taken from the *Hot Climate, Cool Commerce: A Service Sector Guide to Greenhouse Management* by the World Resources, Institute May 2006.

Notes to the **environmental performance summary****Note 2. Energy consumption and production*****DIRECT AND INDIRECT ENERGY CONSUMPTION AND PRODUCTION**

(GJ)	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Direct energy consumption	389,190	325,333	223,747	162,192	65,110	80,049	52,343	58,182	47,879	24,911	110	NR
Indirect energy consumption	804,198	808,679	504,677	519,433	152,493	160,467	76,908	79,658	65,866	45,745	4,253	3,377
Gross energy consumption	1,193,387	1,134,012	728,424	681,624	217,604	240,516	129,251	137,839	113,745	70,656	4,363	3,377
Indirect energy production (tri-generation)	(48,511)	(18,506)	(48,511)	(18,506)	0	0	0	0	0	0	0	0
Net energy consumption	1,144,876	1,115,506	679,913	663,119	217,604	240,516	129,251	137,839	113,745	70,656	4,363	3,377

*Figures in this table may not sum to total due to rounding.

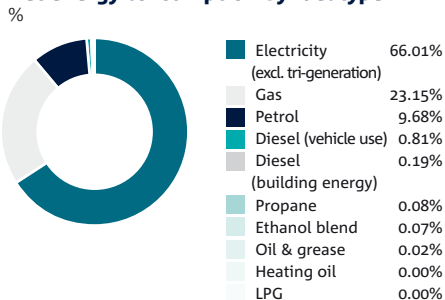
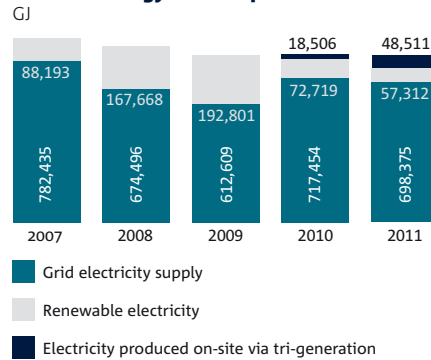
Net direct and indirect energy consumption

- *NR* means not reported. Data unavailable in reporting period.
- *Direct energy consumption* refers to energy from fuel used in buildings for heating and back-up power generation, as well as fuel used in our vehicle fleet.
- *Indirect energy consumption* refers to electricity consumption, from grid supply, and from tri-generation.
- *Indirect energy production* refers to electricity generated through tri-generation.
- *Net energy consumption* refers to Gross energy consumption minus indirect energy production.

GRI REFERENCE:

EN3 – Direct energy consumption.

EN4 – Indirect energy consumption.

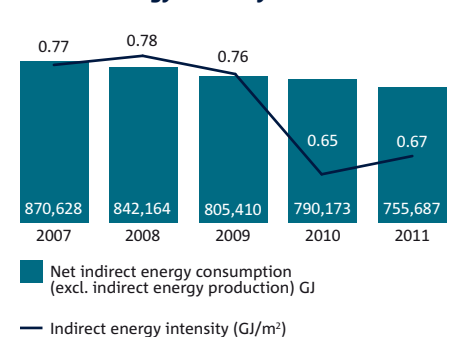
Net energy consumption by fuel type**Indirect energy consumption mix**

The Group's net energy consumption in 2011 was 1,144,876 GJ representing a 3% increase in energy consumption compared to 2010.

This increase was due primarily to the expansion of Great Western Bank operations in the United States (US). In June 2010, GWB acquired the banking franchise of TierOne Bank in Nebraska.

Direct energy consumption increased in Australia due to the implementation of our tri-generation facility at our main Australian data centre. This involved switching from electricity (indirect energy) to gas (direct energy) – a lower emission fuel source. Our energy usage in Asia also increased due to an expansion of our operations in the Asian region in support of our growth agenda.

Indirect and direct energy usage associated with buildings in New Zealand (NZ) decreased as a result of unoccupied buildings following the Christchurch earthquake and the implementation of energy-reduction initiatives in the property portfolio. Over half of BNZ's workforce occupy one of three GreenStar-rated office buildings. Our Quay Park and 80 Queens Street sites have both achieved a 5 GreenStar certification for design, build and fit-out, while our Harbour Quays site achieved a 5 GreenStar certification for design, and was the first site in New Zealand to achieve a 6 GreenStar certification for fitout during 2011.

Indirect energy intensity

A decrease in reported energy consumption occurred in the United Kingdom (UK) as a result of improved asset monitoring, metering and subsequent improved data capture.

During 2011, NAB purchased a quantity of 57,312 GJ of government-accredited GreenPower™ as Renewable Energy Certificates (RECs). This represented over 10% of our Australian purchased electricity in the 2011 reporting period. The RECs have been purchased with the help of NAB's Environmental Markets team. NAB has forward purchased 57,312 GJ of accredited GreenPower™ as RECs for the 2012 year.

The indirect energy intensity of our portfolio increased as a result of an increased number of employees occupying a reduced building portfolio area, because our operations in both Australia and New Zealand consolidated their building portfolios. This consolidation is expected to continue in Australia with plans to occupy a new building under construction in the Docklands precinct of Melbourne.

Notes to the **environmental performance summary****Note 3. GHG emissions*****GROSS GHG EMISSIONS BY SCOPE**

	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(tCO₂-e emissions)												
Scope 1 emissions	25,688	22,084	14,882	11,858	4,175	4,770	3,746	4,009	2,878	1,447	8	NR
Scope 2 emissions	174,437	186,479	135,408	148,666	20,605	22,470	3,397	4,315	14,213	10,249	814	779
Scope 3 emissions	120,651	112,276	98,144	94,630	12,855	10,217	5,418	4,771	2,960	1,712	1,275	946
Gross GHG emissions	320,776	320,839	248,433	255,154	37,635	37,457	12,561	13,095	20,051	13,409	2,097	1,724

*Figures in these tables may not sum due to rounding.

GROSS GHG EMISSIONS BY SCOPE

	Group		Australia	United Kingdom	New Zealand	United States	Asia
	2011	2010	2011	2011	2011	2011	2011
(tCO₂-e emissions)							
Scope 1							
Building-based refrigerants – in HVAC and refrigerators	2,965	2,623	2,283	97	168	416	0
Business travel – work-use vehicles fleet (diesel, petrol, ethanol)	8,177	8,868	4,537	378	3,156	99	8
Work-use vehicle fleet – air conditioning refrigerant	194	145	90	64	38	3	0
Business travel – status-use vehicle fleet (UK only)	439	472	0	439	0	0	0
Status-use vehicle fleet – air conditioning refrigerant (UK only)**	142	40	0	142	0	0	0
Stationary energy – combustion of fuel: including diesel, gas and propane	13,772	9,935	7,972	3,057	384	2,360	0
Scope 2							
Stationary energy – electricity	174,437	186,479	135,408	20,605	3,397	14,213	814
Scope 3							
Business travel – air	37,026	30,874	29,134	3,299	2,981	689	923
Business travel – employee claims for use of personal vehicles for work purposes	4,659	4,224	2,138	1,620	223	678	0
Business travel – hotel stays	5,257	3,445	3,781	544	535	284	113
A4 and A3 paper purchased	1,246	4,247	51	502	675	0	19
Business travel – rental cars	628	468	473	14	70	71	0
Business travel – taxi use	1,911	1,349	1,674	14	210	0	13
Business travel – rail (UK only)	377	224	0	377	0	0	0
Supplier business travel (UK only)	603	253	0	603	0	0	0
Waste to landfill	3,552	4,092	2,226	796	219	312	0
Base-building energy – electricity not under NAB's operational control	32,905	34,185	32,762	0	144	0	0
Base-building energy – combustion of fuel: including diesel, gas and propane not under NAB's operational control	1,398	1,546	1,398	0	0	0	0
Transmission losses – stationary energy (diesel, gas, propane) and electricity	25,581	22,286	19,255	4,845	348	926	207
Transmission losses – base-building energy (diesel, gas, propane) and electricity not under NAB's operational control	4,908	4,656	4,894	0	14	0	0
Transmission losses – work-use vehicle fleet (diesel, petrol, ethanol)	455	397	359	96	0	0	0
Transmission losses – status-use vehicle fleet (diesel, petrol, ethanol)	111	NR	0	111	0	0	0
Water consumption (UK only)	34	31	0	34	0	0	0

NR means not reported. Data unavailable in reporting period.

The following categories of emissions sources were estimated for some Asian branches (China, India, Singapore) based on Hong Kong emissions by applying tCO₂-e/FTE extrapolation:

- A4 and A3 paper purchased
- Business travel – air
- Business travel – hotel stays
- Electricity
- Transmission losses – electricity
- Business travel – taxi use.

The following categories of emissions sources were estimated for the United States based on Great Western Bank emissions by applying tCO₂-e/FTE extrapolation:

- Building-based refrigerants – in HVAC and refrigerators
- Business travel – rental cars
- Business travel – work-use vehicle fleet (diesel, petrol)
- Work-use vehicle fleet – air conditioning refrigerant.

**In 2011, our UK business selected a different refrigerant to estimate its vehicle fleet air conditioning GHG emissions. The refrigerant selected was a more conservative choice as it has a higher Global Warming Potential, which contributed to an increase in GHG emissions calculated from this source. Work is underway in the UK to improve data capture and the refrigerant inventory associated with vehicle use. This will mean further changes are made to our reporting of this emissions source in 2012.

Notes to the environmental performance summary

Note 3. GHG emissions

The Group's gross GHG emissions in 2011 were 320,776 tCO₂-e. This is a small decrease of 63 tCO₂-e compared to 2010.

The key reasons for this included:

- (i) a decrease in electricity usage in Australia resulting from the implementation of tri-generation at our major data centre;
- (ii) a decrease in emissions associated with electricity usage in NZ due to changes in the grid mix and associated emissions factors;
- (iii) a decrease in building energy usage in the UK as a result of improved asset monitoring/metering; and
- (iv) a decrease in paper consumption across the Group coupled with a decrease in associated emissions factors.

The downward trends noted above were largely offset by (i) an increase in overall emissions across the US due to the acquisition of the banking franchise of TierOne Bank in Nebraska; and (ii) an increase in business travel emissions in relation to air travel, hotel stays and car fleet usage across the Group. Business travel increased as a result of acquisitions and expansion of our operations in Asia and Australia. For example, our car

fleet in Australia has expanded as we have grown our personal banking and wealth franchises to help out frontline employees provide services directly to our customers.

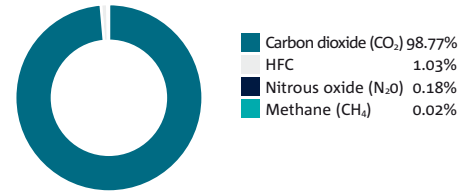
The Australian business contributes around 77% of the Group's emissions. This is illustrated in the pie chart opposite. The next largest contributors are our businesses in the UK and US.

Building-related energy use (stationary energy) is the largest source of emissions across the Group (around 78%). This includes energy use from our data centres, which represents 19% of the Group's emissions. The second most significant source of emissions is the indirect emissions we generate as a result of our air travel.

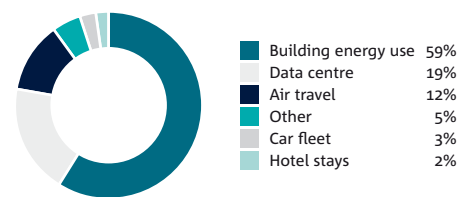
GRI REFERENCE:

- EN16 – GHG emissions.
- EN17 – Other relevant indirect GHG emissions.
- EN 19 – Emissions of ozone-depleting substances included in inventory.
- EN 20 – Emissions from fuel combustion includes NOx.

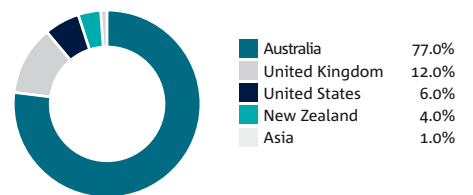
Group GHG emissions by gas type
%



Group GHG emissions by generating activity
%



Group GHG emissions by region
%



Note 4. Office paper purchased*

	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
A3 and A4 office paper purchased (tonnes)	2,066	2,199	1,175	1,264	346	360	530	560	NR	NR	15	15
A3 and A4 office paper purchased containing recycled content (%)	22.04%	22.70%	0.00%	0.02%	98.79%	99.05%	21.49%	25.47%	NR	NR	0.00%	0.00%
A3 and A4 office paper purchased per FTE (kg/FTE)	46	51	40	45	38	42	113	124	NR	NR	42	45

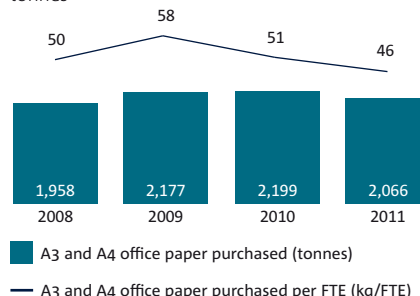
*Figures in this table may not sum to total due to rounding.

Group purchase of A3 and A4 paper in 2011 decreased by 6% compared to 2010.

This was primarily due to improved data collection methods and our PaperCuts initiative in Australia. The Australian PaperCuts initiative is focused on: (i) avoiding paper use through electronic communication and process improvements; (ii) reducing paper through changing employee behaviours; and (iii) recycling paper. Initiatives implemented include improved uptake of online statements; encouraging shareholders to choose electronic communications instead of paper-based communications; and moving printed reports online. In Australia, 97% of office paper purchased was carbon neutral certified under the National Carbon Offset Standard Carbon Neutral Program.

In New Zealand, there was also a decrease in the amount of paper purchased as a result of BNZ's 'Paperless Office' initiative, which delivered a subsequent reduction in branch purchases of paper.

A3 and A4 office paper purchased
tonnes



NR means not reported. Data unavailable in reporting period. Greenhouse gas emissions resulting from A3 and A4 office paper purchased are reported in Note 3. GHG emissions.

In 2010, we expanded reporting of our office paper purchased to include A3 paper stock. Across the Group, all A3 and A4 office paper purchased used either ECF or TCF bleached pulp fibre.

In the United Kingdom all A3 and A4 office paper stock purchased contained a minimum of 20% de-inked post consumer waste content. In Australia, the recycled paper stock contained a minimum of 65% post consumer waste, while virgin paper stock was Carbon Neutral NCOS Carbon Neutral Program certified paper. In New Zealand recycled paper stock contained 50% post consumer waste.

GRI REFERENCE:

- EN1 – weight of materials used.
- EN2 – Materials used with recycled content.

8 The 'Other' category in the pie chart showing Group GHG emissions by generating activity includes emissions from A3 and A4 office paper purchased, waste to landfill, fugitive emissions from refrigeration and HVAC in buildings and cars, employee vehicle claims, taxi use and rental cars – each of which represents no greater than 2% of total emissions.

Notes to the **environmental performance summary****5. Waste to landfill and recycle***

TOTAL WASTE PRODUCED												
	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(estimate)												
Waste to landfill (tonnes)	3,277	3,514	2,024	2,170	707	1,063	270	281	277	NR	NR	NR
Materials sent to recycle (tonnes)	4,694	4,916	2,904	2,683	1,216	1,538	558	690	NR	NR	16	6
Total waste produced (tonnes)	7,971	8,430	4,928	4,853	1,923	2,601	827	971	277	NR	16	6

WASTE TO RECYCLE												
	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(estimate)												
Paper collected and recycled (tonnes)	4,007	4,502	2,571	2,424	970	1,463	458	611	NR	NR	8	5
Other waste recycled (tonnes)	687	414	333	259	246	75	100	79	NR	NR	8	0
Materials sent to recycle (tonnes)	4,694	4,916	2,904	2,683	1,216	1,538	558	690	NR	NR	16	6
Percentage waste diverted from landfill (%)	59%	58%	59%	55%	63%	59%	67%	71%	NR	NR	NR	NR

WASTE TO LANDFILL												
	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(estimate)												
Waste to landfill (tonnes)	3,277	3,514	2,024	2,170	707	1,063	270	281	277	NR	NR	NR
Waste to landfill per FTE (kg/FTE)	73	81	69	77	78	123	57	62	170	NR	NR	NR

In 2011, our business produced less waste.

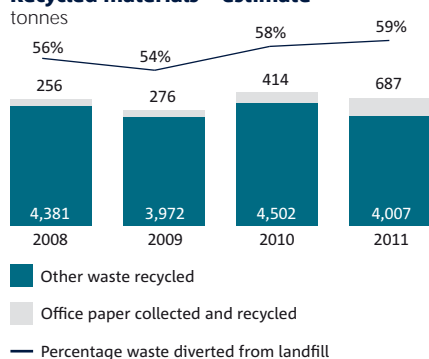
The percentage of waste diverted from landfill to recycling remained similar, with a small increase to 59% (a 1% increase compared to 2010).

Total materials recycled across the Group decreased by 11% in 2011 compared to 2010.

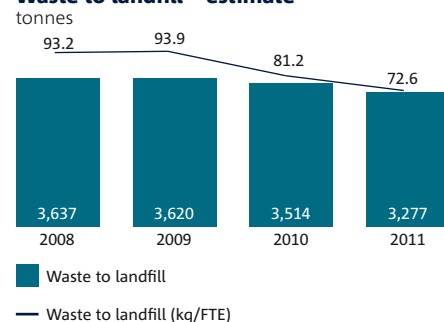
This was driven by BNZ's waste-reduction initiatives, which included: (i) a rollout of recycling bins across refurbished branch sites; (ii) implementation of BNZ's 'Paperless Office' initiative, which has led to a reduction in paper waste; and (iii) increased sustainability requirements in cleaning contracts. The downward trend noted in the UK was largely driven by improvements in data-collection methods.

Total waste to landfill across the Group decreased by 6.7% in 2011 compared to 2010.

This was primarily as a result of better waste management practices in the UK, where management has introduced dedicated Mixed Dry Recycling (MDR) bins throughout all Head Office locations. All retail sites have a dedicated collection service for MDR. GWB has collected waste to landfill data for the first time this year.

Recycled materials – estimate

- NR means not reported. Data unavailable in reporting period.
- Other waste recycled includes:
 - Australia – printer cartridges, co-mingled recycled, mobile phones, cardboard and food;
 - New Zealand – co-mingled recycled, cardboard and food;
 - United Kingdom – co-mingled recycled, cardboard, metal and other materials; and
 - Asia – printer cartridges.

Waste to landfill – estimate

- Greenhouse emissions resulting from waste to landfill are reported in Note 3. GHG emissions.

GRI REFERENCE:

EN22 – Waste disposal.

Notes to the **environmental performance summary****Note 6. Transport and travel*****TRANSPORT AND TRAVEL**

	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
No. of work-use vehicles	1,725	1,632	1,019	931	194	177	496	507	15	17	1	1
Fuel consumption – work-use vehicles (kL)	3,537	3,804	2,002	2,182	158	185	1,330	1,395	43	39	3	3
Air travel ('000 pkms)	160,916	145,159	123,375	110,493	13,200	13,473	16,478	13,974	3,434	3,378	4,428	3,842
Hotel stays (nights)	100,146	81,673	66,024	52,720	14,348	14,010	12,380	10,098	5,306	3,185	2,088	1,660

*Figures in this table may not sum to total due to rounding.

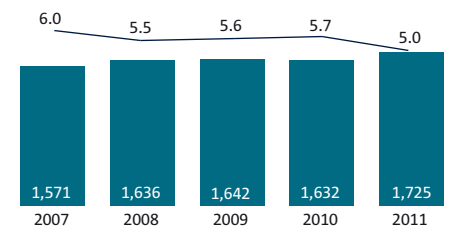
Vehicle fleet statistics indicate a Group-wide decrease in fuel consumption of 7% compared to 2010.

While there has been an increase in total number of vehicles, the percentage of hybrid vehicles (45%) in Australia's vehicle fleet has led to less fuel being consumed.

In NZ, our preferred tyre supplier, Bridgestone, has developed a new Eco-friendly tyre called the Ecopia, which is to be fitted to Mazda vehicles ordered by BNZ. In addition, a diesel vehicle option was introduced into BNZ's vehicle policy earlier this year, resulting in lower carbon emissions being generated.

Group-wide travel increased by 22.6% for hotel stays and 10.9% for air travel compared to 2010.

The key reasons for this included: (i) increased business activity in both Australia and NZ; (ii) increased travel activity in support of our increased presence in Asia; (iii) increased activity across the US due to the acquisition of the banking franchise of TierOne Bank in Nebraska; and (iv) additional improvements in data capture as a result of enforced travel policy and subsequent use of corporate travel service providers across all businesses.

Air travel and hotel stays**Work-use vehicle GHG intensity**

■ No. of work-use vehicles
— GHG emissions per vehicle (tCO₂-e/vehicle)

• Note: Fuel consumption in the UK is derived from recorded distance travelled and vehicle efficiency information provided by our UK fleet manager because fuel cards are not used by our UK business.

GRI REFERENCE:

EN29 – Environmental impact of logistics.

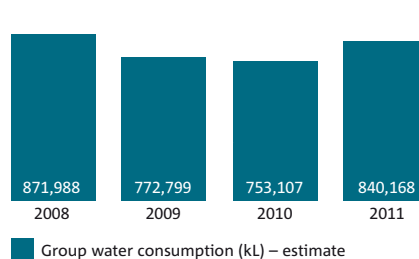
Note 7. Water consumption and trade effluent discharge**WATER CONSUMPTION**

	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Water consumption (kL) – estimate	840,168	753,107	544,116	536,344	99,354	104,996	80,171	111,767	116,526	NR	NR	NR

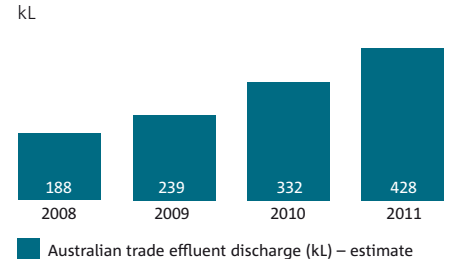
The Group's reported water consumption increased by 12% compared to 2010.

This was a result of (i) the inclusion of US water data for the first time; (ii) a small increase in Australia's water use due to the cooling requirements of the tri-generation plant; and (iii) improved data quality. At our major data centre, where our tri-generation facility is located, the site facility management team is implementing both a water harvesting system for use in the cooling towers and a cooling tower waste recirculation process to avoid discharge to the sewer. Since January 2010, our water harvesting system has collected over 1,000 kL of rainwater for reuse.

Discharge of trade effluent in Australia increased in 2011 by 29% compared to 2010 as a result of three additional cooling towers being installed mid-year at our data centre. This installation is part of the tri-generation project, through which our Australian business has delivered GHG emission reductions.

Group water consumption – estimate

- NR means not reported. Data unavailable.
- Access to reliable water data is an ongoing issue across the Group and we are continuing to work with our suppliers to improve our access to actual site-based water consumption. Water data is not always available as it is often covered by a general charge in rental outgoings.
- The 2010 water consumption (estimate) for Australia was updated as a result of accuracy improvements achieved through a data cleansing exercise.

Australian trade effluent discharge – estimate**GRI REFERENCE:**

EN8 – Water consumption.

EN21 – Water discharge.

Notes to the **environmental performance summary****Note 8. Reduction targets*****BUILDING GHG EMISSION TARGETS**

	Group			Australia			United Kingdom			New Zealand		
	2010 baseline	2011	Target	2010 baseline	2011	Target	2010 baseline	2011	Target	2010 baseline	2011	Target
GHG emissions (tCO ₂ -e)	205,051	187,192		172,096	162,635		28,198	20,672		4,757	3,885	
Employee numbers (FTE)	41,439	43,151		28,278	29,412		8,646	9,037		4,515	4,702	
GHG emissions tCO ₂ -e per FTE	4.95	4.34	4.50	6.09	5.53		3.26	2.29		1.05	0.83	
GHG emission reduction (%)		-12.3%	-9.2%		-9.1%	-10.0%		-29.9%	-5.0%		-21.6%	-3.0%

BEYOND CARBON NEUTRAL TARGETS

Australia	Units	Baseline†	2011	2013 target	Status
A 20% reduction per FTE in paper use from a 2009 base year	kg/FTE	174.7	150.8	150.1	on track
No increase per FTE in water use from a 2010 base year	kL/FTE	20.4	18.5	19.0	on track
A 20% reduction per FTE in waste generated from a 2010 base year	kg/FTE	184.9	167.5	137.3	on track
United Kingdom	Units	2010 baseline	2011	2013 target	Status
Achieve a reduction to 700 air miles per FTE	miles/FTE	968	908	700	slow progress
Achieve a minimum of 90% coverage of water metering across the property portfolio	%	88%	88%	90%	slow progress
Achieve a minimum diversion of waste from landfill of 80%	%	59%	63%	80%	on track

We are on track to meet our Group GHG emission reduction target of 9.2% per FTE by 2013.

The key reasons for this include: (i) a decrease in emissions intensity and electricity usage in Australia driven by the tri-generation project; (ii) a decrease in emissions associated with electricity usage in NZ due to changes in the energy supply grid mix and associated emissions factors; and (iii) a decrease in building energy usage in the UK as a result of improved asset monitoring/metering.

Regional environmental targets are also on track, with improvements noted across all target areas.

The Group GHG emission target will be achieved through reductions in Australia, New Zealand and the UK over the next three years, against a 2010 baseline, as set out in the highlight box on page 2.

FTE refers to employee numbers as reported in the performance summary on page 8.

Paper use refers to A3 and A4 office paper purchased, and paper usage associated with customer statements, internal business reports, proprietary printing and purchased notepads in Australia.

Water use refers to water consumption (kL) – estimate as reported in Note 7. Water consumption and trade effluent discharge.

Waste generated refers to total materials recycled/diverted from landfill and total waste to landfill (tonnes) as reported in Note 5. Recycled Materials and Waste.

Air miles refers to total air travel ('000 pkms) as reported in Note 6. Transport and travel.

Water metering across the property portfolio refers to percentage of total property space occupied (m²) where water metering is operational.

Diversion of waste from landfill refers to percentage of total waste which has been recycled/diverted from landfill as reported in Note 5. Waste to landfill and recycle.

*Targets are to be achieved by 30 June 2013 (refer to page 2).

†The FTE data used to calculate Australian 2010 baseline BCN targets was a 12-month average.

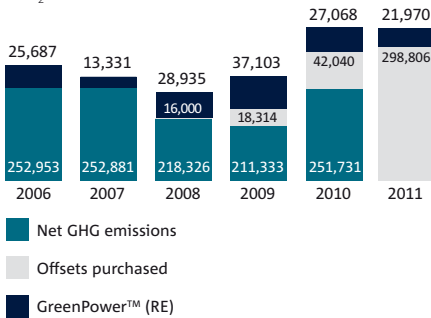
Notes to the environmental performance summary continued

Note 9. Offsetting activities*

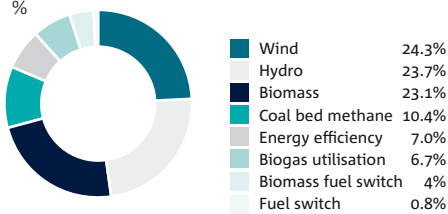
OFFSETTING ACTIVITIES

	Group		Australia		United Kingdom		New Zealand		United States		Asia	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
GreenPower™ (tCO ₂ -e)	(21,970)	(27,068)	(21,970)	(27,068)	0	0	0	0	0	0	0	0
Voluntary carbon offsets (tCO ₂ -e)	(298,806)	(42,040)	(226,463)	(35,629)	(37,635)	(6,411)	(12,561)	0	(20,051)	0	(2,097)	0

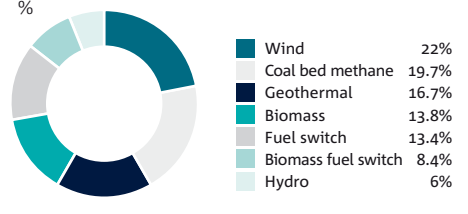
Group GHG emissions (showing net GHG emissions after RE purchased and offsets)
tCO₂-e



Offset portfolio by project type for actual 2011 GHG emissions
%



Offset portfolio by project type for 2012 forecast GHG emissions
%



A total of 298,806 tCO₂-e of offsets has been retired to cover Group-wide net GHG emissions occurring in the 2011 reporting period.

At the end of the 2011 year, we undertook a reconciliation process of forecast to actual greenhouse gas emissions (net of GreenPower™). Given the shortfall of offsets, we allocated an additional 2,003 tCO₂-e of retired offsets to the 2011 reporting period to neutralise our actual greenhouse gas emissions for the 2011 period. After reconciliation, the total number of offsets retired for 2011 was 298,806 tCO₂-e. We have obtained external assurance of our GHG emissions inventory for the year ending 2011 and the reconciliation of reported emissions to retired offsets.

NAB has developed *Group Carbon Offset Acquisition Guidelines* to guide its purchase of quality offsets. Our Environmental Finance Solutions team managed NAB Group's offset portfolio in 2011 to ensure it met the Group's portfolio diversity and quality requirements.

NAB has adopted a forward purchasing model to meet its carbon neutral commitment. This means we have calculated our forecast greenhouse gas emissions for the 2012 year using the actual greenhouse gas emissions reported in our 2011 carbon inventory. We have then purchased and retired a total of 298,806 tCO₂-e of carbon offsets in advance for our 2012 forecast emissions.

One of our key assumptions in adopting the forward purchasing model is that the forecast 2012 emissions have been based upon the 2011 actual greenhouse gas emissions, with a safety net provided by our GHG reduction target. Additionally, we will reconcile actual versus forecast emissions at the end of the 2012 reporting period.

*Figures in this note may not sum to total due to rounding.

Assurance

NAB considers that independent assurance and third party validation of its performance is an important means to provide management and stakeholders with confidence in its reported performance data and information. Therefore, a range of annual assurance processes are undertaken, including:

- Reasonable level assurance over Scope 1 and 2 data submitted under the Australian Government's *National Greenhouse and Energy Reporting Act 2007*;

- Reasonable level assurance over Scope 1 and 2 data submitted under the UK Government's *Carbon Reduction Commitment Energy Efficiency Scheme*; and
- Limited level assurance over additional Scope 1, 2 and 3 data and information associated with the Group's carbon neutral commitment (not already covered by assurance for regulatory reporting requirements). A copy of this assurance report is included below.

Copies of all KPMG's assurance reports are available on our Group website at: www.nabgroup.com/0,,102205,00.html

In addition, we also undertake a range of accreditation and certification processes. These are listed on the final page of this *Dig Deeper* paper.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE NATIONAL AUSTRALIA BANK LIMITED

We have been engaged by the National Australia Bank Limited (NAB) to provide limited assurance over specified greenhouse gas (GHG) emissions and offset data of the NAB and its subsidiaries ("NAB Group"). The specified data relates to Scope 1, Scope 2 and selected Scope 3 GHG emissions and offset data relating to NAB operations in Australia, New Zealand, United Kingdom, United States and Asia.

The specified GHG emissions and offset data have been prepared by the NAB Group for the purpose of assessing its carbon neutrality in accordance with the NAB Group's Carbon Inventory Guidelines, Carbon Offset Acquisition Guidelines and reporting methodologies, which take into account relevant regulatory requirements and government reporting guidelines in jurisdictions in which the NAB Group operates (together referred to as "the Framework"). A summary of the Framework is available on the NAB Group website at www.nabgroup.com.

The specified GHG emissions and offset data as presented on 17 October 2011 comprises the following:

- Actual consolidated net GHG emissions for the year ended 30 June 2011 of 298,806 tCO₂-e;
- Actual quantity of carbon offsets purchased and retired of 298,806 tCO₂-e for the year-ended 30 June 2011.
- Estimated consolidated net GHG emissions for the future year ending 30 June 2012 of 298,806 tCO₂-e; and
- Actual quantity of carbon offsets purchased and retired of 298,806 tCO₂-e for the future year-ending 30 June 2012.

MANAGEMENTS' AND DIRECTORS' RESPONSIBILITIES

The Management and Directors of NAB are responsible for the preparation and presentation of the specified GHG

emissions and offset data in accordance with the Framework. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the specified GHG emissions and offset data that is free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion to the NAB on the preparation and presentation of the specified GHG emissions and offset data.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board, in order to state whether we have become aware of any matter that would lead us to believe that the specified greenhouse gas emission and offset data has not, in all material respects, been prepared in accordance with the Framework.

ISAE 3000 requires us to comply with the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and to plan and perform the engagement to obtain limited assurance as to whether the specified GHG emissions and offset data is free from material misstatement.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the management, monitoring and preparation of the specified GHG emissions and offset data, and applying analytical and other evidence gathering procedures, as appropriate. The key procedures we performed were:

- Visits to the following NAB businesses, which were selected on the basis of a risk analysis, including the consideration of both quantitative and qualitative criteria:
 - NAB Australia, Melbourne
 - National Australia Group Europe, United Kingdom

- Great Western Bank, United States
- Bank of New Zealand, New Zealand

- Interviews with senior management and relevant employees across the NAB Group concerning the Climate Change Strategy, Carbon Neutral Program and policies for material issues, and the implementation of these across the business
- Interviewing the employees responsible for the collection and reporting of specified GHG emissions and offset data across the NAB Group
- Reviewing the Framework and other relevant documentation, including NAB Group policies, management and reporting structures, documentation and systems used to collect, analyse and aggregate the specified GHG emissions and offset data
- Performing tests on a sample basis of evidence supporting specified GHG emissions and offset data concerning completeness, accuracy and existence
- Undertaking analytical procedures over the specified GHG emissions and offset data
- Understanding the reporting processes for the capture of the GHG emissions and offset data including the consolidation process of the data at the aggregate level
- Reconciliation of the reported consolidated net GHG emissions with the offset data
- Review of the quantity of carbon offsets purchased and retired as at 30 June 2011
- Vouching of carbon offsets purchased to certificates from third party verifiers on a sample basis, to confirm and evidence the retirement of those offsets.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance so that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance or audit opinion.

Assurance

We disclaim any assumption of responsibility for any reliance on this report, or the specified GHG emissions and offset data to which it relates to any person, other than NAB, or for any purpose other than that for which it was prepared.

INHERENT LIMITATIONS

Non-financial information, such as the specified GHG emissions and offset data, possesses a greater inherent risk of misstatement than financial data, due to the nature of the information and the uncertainties inherent in the methods used for determining such information, including the:

- absence of a significant body of established practice on which to draw that allows for the selection of different but acceptable measurement techniques, particularly with respect to Scope 3 GHG emissions, which can impact comparability. The precision of different measurement techniques may also vary
- nature and methods used to determine such information, as well as the measurement criteria and precision thereof, may change

over time. The quantities of GHG emissions derived from estimates may differ to actual emissions

- methodology applied to convert energy data into GHG emissions that is based upon information and factors provided by either independent third parties and/or as detailed in the Framework. Our assurance work has not included an assessment of these emissions factors provided by third parties, in relation to certain GHG emissions.

The limited assurance conclusion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our limited assurance engagement, we have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

APPLICATION OF THE FRAMEWORK

Without modifying our conclusion, we draw attention to the Framework which describes the basis of preparation of the

specified GHG emissions and offset data. A summary of the Framework is available on the NAB website at www.nabgroup.com. Consideration of the Framework is fundamental to understanding the methods and assumptions applied in the preparation of the specific GHG emissions and offset data as part of our assurance conclusion.

CONCLUSION

Based on the procedures performed, as described above, nothing has come to our attention that would lead us to believe that the specified GHG emissions and offset data, as identified above, has not, in all material respects, been prepared and presented in accordance with the Framework.



KPMG

Melbourne
17 October 2011

Glossary

Carbon footprint – the measure of the impact that activities in an organisation's carbon inventory will have on the environment; measured in units of carbon dioxide equivalent.

Carbon inventory – a defined list of greenhouse gas emission sources that an organisation uses to calculate its carbon footprint.

Carbon offset – a credit that is purchased to negate an amount of carbon included in a carbon footprint.

CO₂-e (carbon dioxide equivalent) – greenhouse gas emissions are expressed in tonnes (tCO₂-e) or kilograms (kgCO₂-e) of carbon dioxide equivalent to enable consistent comparison and measurement.

ECF or TCF – elemental chlorine free or totally chlorine free.

FTE – Full-Time Equivalent. A measure for reporting employee numbers.

Greenhouse gas (GHG) emissions – gaseous pollutants released into the atmosphere that amplify the greenhouse effect. Gases responsible include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Project Finance – a method of funding in which the lender looks primarily to the revenues generated by a single project both as the source of repayment and as security for the exposure.

Renewable energy – energy taken from sources that are renewable, for example, wind, water, solar, geothermal energy, and biomass.

Scope 1 greenhouse gas emissions – this includes direct emissions from:

1. Combustion of fuel in boilers, furnaces or generators that are owned or controlled by the reporting company.
2. Generation of electricity, steam or heat in equipment that is owned or controlled by the reporting company.
3. Business travel in vehicles such as company cars or corporate jets that are owned or controlled by the reporting company.
4. Employee commuting in company-owned or -controlled vehicles, such as company cars.
5. HFC emissions from company-owned or -controlled refrigeration or air-conditioning equipment.

Scope 2 greenhouse gas emissions – this includes indirect emissions from consumption of purchased electricity, steam or heat.

Scope 3 greenhouse gas emissions – this includes indirect emissions from:

1. Business travel in non-company-owned or -controlled vehicles, such as rental cars, employee cars, rail and commercial planes.

2. Combustion of fuel in boilers or furnaces not owned or controlled by the reporting company.

3. Employee commuting in vehicles not owned or controlled by the reporting company, such as light rail, rail, buses and employees' cars.

4. Third party production or manufacture of materials and resources used by the reporting company, such as furniture, paper, and equipment.

Spill – accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, ground water and property.

Stationary energy – energy other than that used in transport. It includes emissions from fuel consumption for electricity generation, fuels consumed in the manufacturing, construction and commercial sectors, and other sources like domestic heating.

Trade effluent – waste water discharged from industrial and commercial operations to the sewerage system. This may include waste water discharged from cooling towers, boiler systems, grease traps in kitchens and canteens.

KEY MEMBERSHIPS :



CARBON DISCLOSURE PROJECT



WE PROVIDE SUPPORT TO:



NAB GROUP IS INCLUDED IN THE FOLLOWING INDICES:



- Carbon Disclosure Project Disclosure Index
- Carbon Disclosure Project Performance Index

CERTIFICATIONS:



- ISO 14001 for our Merrion Way Customer Support Centre
- NAGE is the first financial services organisation to achieve Silver Level accreditation to the European Code of Conduct for Energy Efficiency from the British Computer Society for our main UK Data Centre.

WE ARE SIGNATORIES TO:

