



National Australia Bank Limited ABN 12 004 044 937

# 2020 Sustainability Data Pack

This Data Pack summarises our key non-financial performance information for financial year 2020. It accompanies our 2020 Sustainability Report and forms part of our Annual Reporting suite.

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## Key Information

### Reporting period

The 2020 Sustainability Report and Data Pack have been prepared based on NAB's financial reporting year (1 October to 30 September), unless otherwise stated. Of note, environmental operational performance data is prepared based on NAB Group's environmental reporting year from 1 July to 30 June. The environmental reporting year aligns with regulatory reporting requirements in Australia geography, where the majority of NAB's GHG emissions currently occur.

### Organisational boundary

Performance data and metrics are reported at a NAB Group level, unless otherwise stated. Information is presented on a continuing operations basis, with the exception of environmental operational performance data prepared based on NAB Group's environmental reporting year from 1 July to 30 June. Prior periods have data within the NAB Numbers tables have been restated for Customer, People and Community data to exclude discontinued operations. Workforce data refers to all NAB Group employees as at 30 September. NAB has used an operational control-based approach to establishing its organisational reporting boundary for environmental performance data. In Australia, with respect to the boundary for reporting of relevant Scope 1 and 2 GHG emissions, our organisational boundary meets the requirements of the National Greenhouse and Energy Reporting Act 2007 (Cth). In the UK, the organisational boundary for NAB's relevant Scope 1 and 2 GHG emissions meets the requirements of the Carbon Reduction Commitment Energy Efficiency Scheme (UK).

### Geographic scope

Social Impact (SI) performance data has been reported for NAB Group's operations in Australia, New Zealand, the UK, Asia and the US, where data of a reasonable quality is available, or a reasonable estimate can be made, unless otherwise stated. SI performance data, including environmental performance data, currently excludes a small office in Canada, from which GHG emissions are considered to be immaterial.

### Prior year statements

Where relevant, prior period figures have been restated when more accurate data becomes available or when there have been material changes to the methodologies for data calculation and estimation.

### Baseline for environmental performance targets

The baseline data for the NAB Group's 2020 environmental performance targets and 2025 science-based emissions reduction target is the performance data from the 2015 environmental reporting year. The baseline data for the NAB Group's 2025 environmental performance targets is the performance data from the 2019 environmental reporting year.

### Forward-looking statements

The Sustainability Report and Data Pack contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NAB, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

### Estimation

Where complete information is not available, estimates have been made by extrapolation from known activity data or by applying an uplift based on reconciliation between systems that collect activity data and NAB's financial reporting systems. Estimates are noted where relevant within the Sustainability Report and Data Pack. Across the NAB Group, where there is evidence that a proportion of activity data relevant to the calculation of a GHG emissions source is generated outside corporate systems, an uplift factor is applied to account for this additional business activity. This is to ensure that we do not underestimate our GHG emissions. The uplift factor is calculated based on a reconciliation of activity data in corporate systems compared to another data source e.g. expenditure data. Uplift factors have been applied to data from Australia, New Zealand and the UK.

### Reporting of GHG emissions

All GHG emissions figures reported as part of the NAB Group's environmental performance are in tonnes of carbon dioxide equivalents (tCO<sub>2</sub>-e) and include the main GHGs covered in the Kyoto Protocol – carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs), as relevant. The NAB Group does not have emissions of sulphur hexafluoride (SF<sub>6</sub>). Our Environmental Reporting and Offset Management Policy sets out the decision framework we have used to establish which Scope 3 GHG emissions are included in our carbon inventory.

DNR stands for Did Not Report and applies for metrics which historically were not disclosed and data is not available.

Further information on the methodologies and approaches used by NAB Group to prepare its environmental performance data, particularly energy and greenhouse gas data, is available on our website here: <https://www.nab.com.au/about-us/corporate-responsibility/environment/climate-change>

## CUSTOMER

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## Customers - Numbers

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Customer information	2020	2019	2018	2017	2016
Number of customers (millions) <sup>1</sup>	9.0	9.0	8.9	9.4	9.3
Number of branches and business banking centres <sup>2</sup>	859	892	911	977	1,017
Number of ATMs <sup>3</sup>	1,572	1,601	3,328	3,491	3,472

1. Includes 'unique' Australian and New Zealand customers. Methodology to collect total number of customers was updated in 2018 with third party signatories removed from calculation - prior year numbers have not been restated.

2. Data represents 'points of presence' or physical locations of branches and business banking centres in our global network, to avoid double-counting branches and business banking centres at the same address.

3. Reduction in ATM numbers from 2018 to 2019 reflects the ending of the relationship with RediATM

Online usage <sup>1</sup>	2020	2019	2018	2017	2016
<b>Australia</b>					
% of registered internet banking customers that are active users	67%	68%	75%	74%	73%
<b>New Zealand</b>					
% of registered internet banking customers that are active users	69%	68%	67%	66%	65%

1. 'Active' refers to logging in over the preceding 30 days from September 30 reporting date.

Customer complaints	2020	2019	2018	2017	2016
Total number of customer complaints - Australia	209,482	216,036	226,160	212,081	196,597
Total number of customer complaints - New Zealand	12,945	10,678	10,536	12,930	15,769
<b>Total customer complaints</b>	<b>222,427</b>	<b>226,714</b>	<b>236,696</b>	<b>225,011</b>	<b>212,366</b>
Total number of complaints referred by customers to ombudsmen/external dispute resolution bodies - Australia <sup>1</sup>	4,669	4,233	2,690	2,403	2,437
Total number of complaints referred by customers to ombudsmen/external dispute resolution bodies - New Zealand	19	14	16	14	59
<b>Total complaints referred by customers to ombudsmen/external dispute resolution bodies</b>	<b>4,688</b>	<b>4,247</b>	<b>2,706</b>	<b>2,417</b>	<b>2,496</b>
Total number of complaints referred to the OAIC - Australia <sup>2</sup>	24	9	16	15	14
Total number of complaints referred to Privacy Commissioner - New Zealand	-	-	4	-	1
<b>Total number of complaints referred to OAIC/Privacy Commissioner</b>	<b>24</b>	<b>9</b>	<b>20</b>	<b>15</b>	<b>15</b>

1. These complaints are those received via the Australian Financial Complaints Authority (AFCA).

2. Office of the Australian Information Commissioner (OAIC).

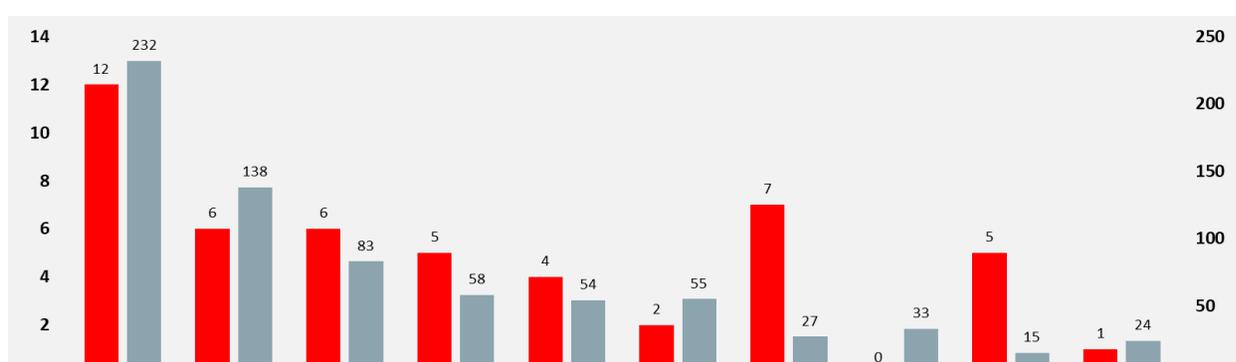
Substantiated complaints received concerning breaches of customer privacy <sup>1</sup>	2020
From the OAIC - Australia	5
From the Privacy Commissioner - New Zealand	-
From ombudsmen/external dispute resolution bodies - Australia	37
From ombudsmen/external dispute resolution bodies - New Zealand	-
<b>Total number of substantiated complaints received concerning breaches of customer privacy from regulatory bodies and other outside parties</b>	<b>42</b>

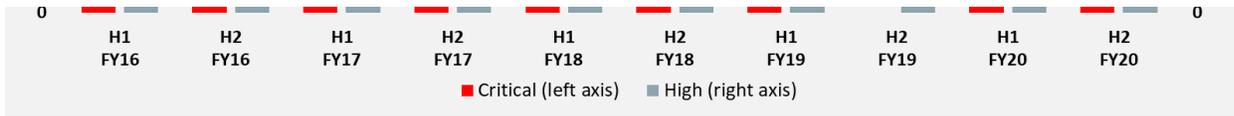
1. A substantiated complaint is a written statement by regulatory or similar official body addressed to the organization that identifies breaches of customer privacy, or a complaint lodged with the organization that has been recognized as legitimate by the organization (as defined in GRI Sustainability Reporting Standards 418 Customer Privacy, relating to GRI disclosure 418-1).

## Number of critical and high priority technology incidents - Australia

Type <sup>1</sup>	2020	2019	2018	2017	2016
Critical (left axis)	6	7	6	11	18
High (right axis)	39	60	109	143	370

1. Critical priority incidents: significant impact or outages to customer facing service or payment channels. High priority incidents: functionality impact to customer facing service or impact/outage to internal systems.





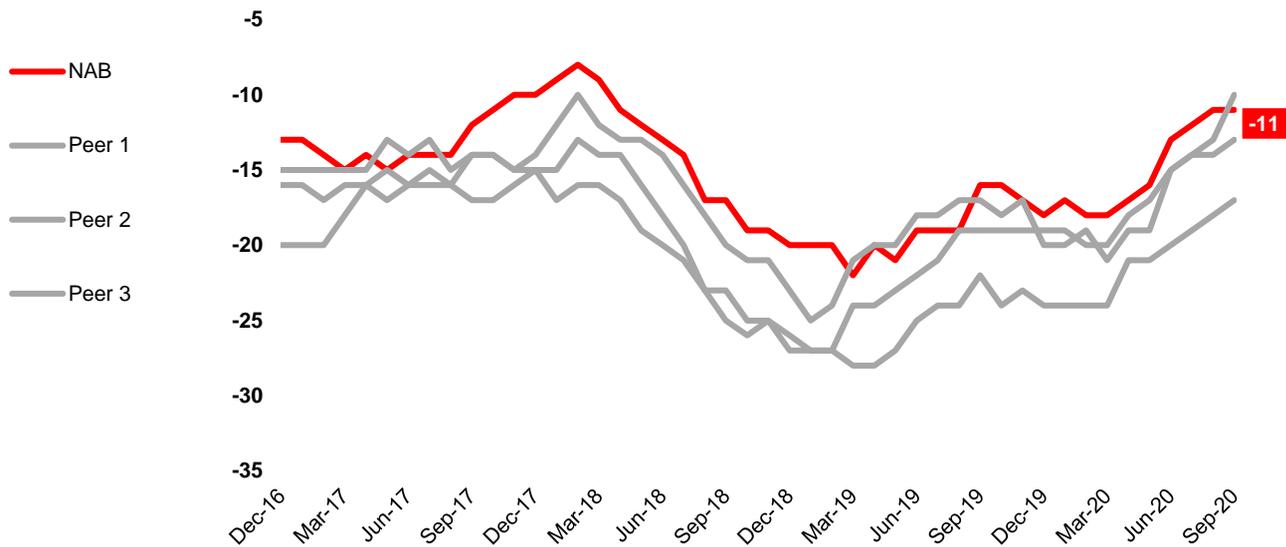
**Customer advocacy – Net Promoter Score results**

NPS score <sup>1</sup>	2020	2019	2018	2017	2016
<b>Australia</b>					
Consumer	-6	-14	-10	-4	-5
Business	-15	-18	-23	-19	-18
Strategic NPS	-11	-16	-17	-12	-12
<b>New Zealand<sup>2</sup></b>					
Starters and Savers (previously Future Value)	41	32	19	16	24
Home Owners	34	26	26	35	23
Investors including High Net Worth	29	23	29	18	16
SME	-19	-6	-4	-2	0

1. Strategic NPS: Sourced from DBM Atlas, measured on a six month rolling average. The overall Strategic NPS result combines Consumer and Business segments within Australia, using a weighting of 50% for each segment. This has replaced "NPS priority segments" as previously reported by NAB, which was a simple average of four customer segments (Home Owners, Investors, Small Business and Medium Business). Data is presented comparing September 2019 to September 2020 figures. Note that data presented in the Remuneration Report in NAB's Annual Financial Report is stated on an August 2019 to August 2020 period. Prior year data has been restated to align to new segments.

2. Source: 1) Camorra Retail Market Monitor 1 October 2019 – 30 September 2020; 2) For SME segment, Kantar TNS Business Finance Monitor Oct-Dec 2019 - July-Sept 2020. Consumer NPS is reported on a 12 month rolling average for priority segments. The September 2019 consumer segments (specifically, Home Owners and Investors including High Net Worth) differ from what was previously reported due to changes in methodology affecting historical data. The restated 2019 figures have not been assured by EY, data for 2018 and earlier is not impacted. For SME, BNZ reports strategic NPS on a 4 quarter rolling average. SME refers to businesses with an annual turnover of <\$20M.

**2020 PRIORITY SEGMENT NPS - AUSTRALIA**



## Financial inclusion by product type and region (Australia and New Zealand)

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Financial inclusion	2020	2019	2018	2017	2016
<b>Australia<sup>1,2</sup></b>					
Number of Australians assisted with microfinance products/services	66,372	71,817	71,032	64,129	55,567
Number of microfinance loans written	31,607	34,215	31,743	26,776	22,886
Value of microfinance loans written (\$m)	36	38	35	29	26
Number of microfinance loans written since inception	274,399	242,792	208,578	176,835	150,059
Value of microfinance loans written since inception (\$m)	329	294	255	221	192
Value of AddsUP accounts savings matched – cumulative (\$m) <sup>4</sup>	2	2	2	2	1
Value of NILS loans provided – cumulative (\$m)	218	190	161	134	112
Value of StepUP loans provided – cumulative (\$m)	68	63	57	51	44
Value of Microenterprise loans provided – cumulative (\$m) <sup>4</sup>	29	29	29	29	28
Number of AddsUP accounts matched – cumulative <sup>4</sup>	3,210	3,210	3,204	3,017	2,446
Number of NILS loans provided – cumulative	238,795	211,534	182,540	153,750	129,417
Number of StepUP loans provided – cumulative	23,457	21,788	19,622	17,504	15,387
Number of Microenterprise loans provided – cumulative <sup>4</sup>	1,940	1,940	1,913	1,884	1,854
<b>New Zealand<sup>3</sup></b>					
Number of NILS loans provided – cumulative	1,387	868	525	307	88
Number of StepUP loans provided – cumulative	1,483	1,049	632	327	175
Total number of microfinance loans provided – cumulative	2,870	1,917	1,157	634	263
Total value of microfinance loans provided – cumulative (NZ\$m)	7.6	5.2	3.0	1.5	0.8

1. Calculation of total NILS loans provided is based on total debits against NILS accounts, divided by an average NILS value updated on a six-monthly basis. NAB and Good Shepherd are working to align reporting systems to provide up-to-date data on a monthly basis.

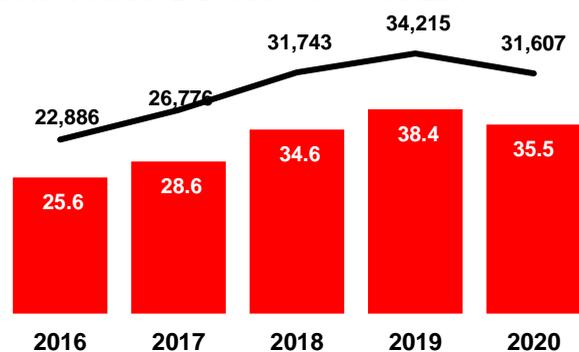
2. Totals include other loans issued through Community Development Finance Institutions and Speckle.

3. In partnership with Good Shepherd New Zealand, cumulative data since 2014.

4. These programs were rationalised prior to 2020 and have had no further impact on total cumulative numbers

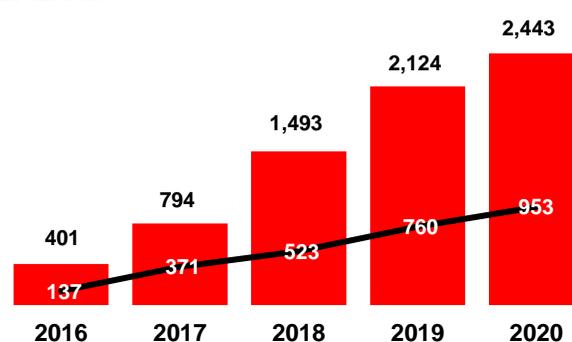
Number and value (\$m) of microfinance loans provided - Australia	2020	2019	2018	2017	2016
Number of loans provided	31,607	34,215	31,743	26,776	22,886
Value of loans provided (\$m)	35.5	38.4	34.6	28.6	25.6

### MICROFINANCE LOANS - AUSTRALIA



Value of loans provided (\$m)  
Number of loans provided

### MICROFINANCE LOANS - NEW ZEALAND



Value of loans provided (\$NZ,000)  
Number of loans provided

Number and value (\$m) of microfinance loans provided - New Zealand	2020	2019	2018	2017	2016
Number of loans provided	953	760	523	371	137
Value of loans provided (\$NZ,000)	2,443	2,124	1,493	794	401

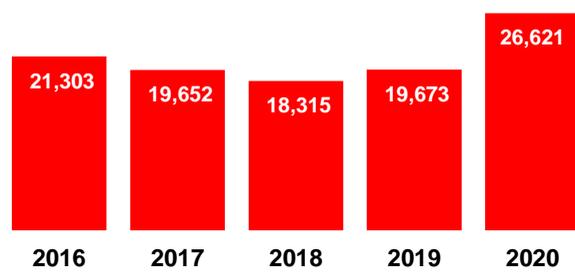
## Hardship assistance

Financial hardship assistance - Australia <sup>1</sup>	2020	2019	2018	2017	2016
<b>Australia</b>					
Number of customers who received hardship assistance	26,621	19,673	18,315	19,652	21,303
Cure rate (percentage of customers with accounts back on track with repayments 30 days after receiving assistance)	86%	90%	90%	90%	88%
Cure rate (percentage of customers with accounts back on track with repayments 90 days after receiving assistance)	94%	96%	97%	97%	93%
<b>New Zealand</b>					
Number of customers who received hardship assistance	414	402	377	384	277

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1. This number reflects customers who have been referred to NAB Assist for hardship assistance, and is not inclusive of customers with an active deferral as at 30 September 2020.

**NUMBER OF CUSTOMERS PROVIDED  
FINANCIAL HARDSHIP ASSISTANCE -  
AUSTRALIA**



## Project finance by sector as a percentage of total portfolio value (expressed as EaD as at 30 September 2020)

Sector	2020	2019	2018	2017	2016
Energy (renewable)	19	19	19	15	11
Energy (coal and gas-fired) <sup>1</sup>	5	6	5	6	6
Economic infrastructure	45	35	36	37	34
Social infrastructure	13	16	16	19	20
Water treatment infrastructure	2	3	4	4	5
Mining and refining (metals and coal) <sup>1</sup>	4	7	7	6	8
Oil and gas	8	11	11	10	12
Other <sup>2</sup>	4	3	2	3	4

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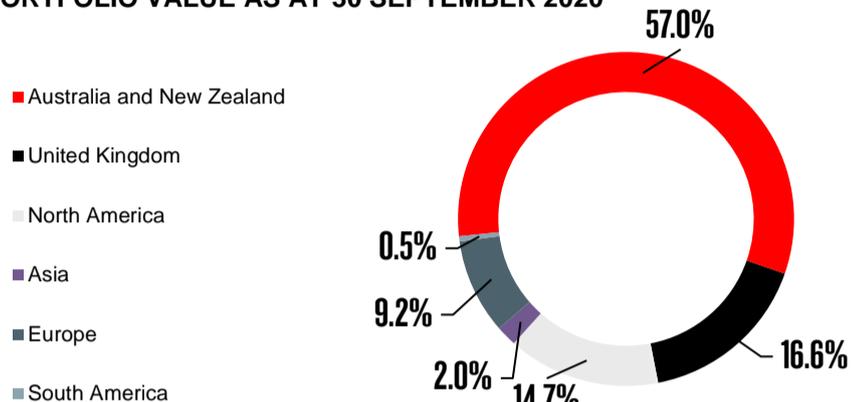
1. In 2020, coal-fired power is 0% and the remaining balance is gas-fired (5%). Coal is 1.1% of mining and refining.

2. Of the 4% that constitutes "other", 0.4% is related to waste management

## Project finance by region (% of portfolio by value as EaD)

Region	2020
Australia and New Zealand	57.0%
United Kingdom	16.6%
North America	14.7%
Asia	2.0%
Europe	9.2%
South America	0.5%

## PROJECT FINANCE BY REGION AS A % OF TOTAL PORTFOLIO VALUE AS AT 30 SEPTEMBER 2020



## Project finance deals by Equator Principles categories (as at 30 September 2020)

Equator principle category	Number of projects	Projects as a % of total portfolio value
A	6	6%
B	86	43%
C	24	13%
Pre-EP adoption (pre 2007)	8	4%
Project finance to which EPs do not apply	62	34%

## Environmental finance by lending category

Environmental finance category	Total (\$bn) <sup>1</sup>
<b>Lending activity</b>	
<b>Lending for green commercial buildings</b> This is financing for green commercial buildings. These buildings rate within the top 15% NABERS energy efficiency rating and contribute towards an overall reduction in energy demand. Improving building performance is widely regarded as one of the most cost-effective opportunities to deliver energy and greenhouse gas emission reductions.	1.2
<b>Specialised lending, corporate and securitisation finance for projects that reduce emissions and assist with climate change adaptation and lending to other low carbon businesses</b> This lending includes large-scale renewable energy generation projects (e.g. wind and solar farms), finance for adaptation projects such as desalination and water recycling plants and water efficiency initiatives, and low emissions transport infrastructure. This category also includes finance for low carbon businesses such as renewable energy retailers, providers of solar and energy storage systems and solar installers.	10.3
<b>Asset finance</b> We provide finance for our customers to lease assets that improve energy efficiency or generate renewable energy.	0.3
<b>Green term deposits</b> Money deposited by customers into the UBank Green term deposits is allocated towards lending for projects and assets such as renewable energy, transport, low carbon buildings, energy efficiency and nature-based assets.	0.4
<b>Debt market activity</b>	
<b>Green bonds</b> The proceeds of green bonds issued and arranged by NAB are used for investments in renewable energy, low-carbon public transport, low-carbon buildings, energy efficiency and nature-based assets which are eligible under the Climate Bonds Taxonomy and contribute to the sustainable development goals.	4.8
<b>Advisory activities, underwriting and arranging</b> Advisory, underwriting and arranging activities are included in our environmental financing commitment when they are related to activities such as renewable energy, low-carbon public transport (e.g. electrified rail), energy efficiency, sustainable agriculture, sustainable water infrastructure and adaptation infrastructure.	6.1
<b>Progress towards 2025 target of \$35 billion</b>	<b>23.1</b>
<b>Lending to support development of 6-Star Residential properties<sup>2</sup></b> This is cumulative lending flow (since 1 October 2015) for construction and significant renovations of homes that meet a minimum NatHERS 6-Star (or equivalent) standard. This supports the low carbon transition in a key segment of Australia's economy and assists in reducing residential energy demand and greenhouse emissions.	19.4
<b>Progress towards 2025 target of \$35 billion</b>	<b>19.4</b>
<b>Progress towards aggregated 2025 target of \$70 billion</b>	<b>42.5</b>

1. Represents total cumulative flow of new environmental financing from 1 October 2015. Further details on how we calculate our environmental financing numbers are available here:

<https://www.nab.com.au/about-us/social-impact/environment/climate-change>

2. Along with new home construction, this amount includes residential financing provided for activities where the identified loan purpose is 'Construction'. This typically includes major renovation activity in which the borrower undertakes a progressive drawdown of the loan amount. For major renovations, State building requirements for such construction activity generally require the overall home to meet a 6-star NatHERS rating (or equivalent).

## Affordable and specialist housing

Affordable and specialist housing (\$m)	2020
Progress toward 2023 commitment of \$2 billion	11.6

1. Affordable and specialist housing includes affordable housing, specialist disability accommodation, sustainable housing. Progress is based on total lending facilities committed, where first drawdown occurred during the commitment period. This number does not reflect debt balance.

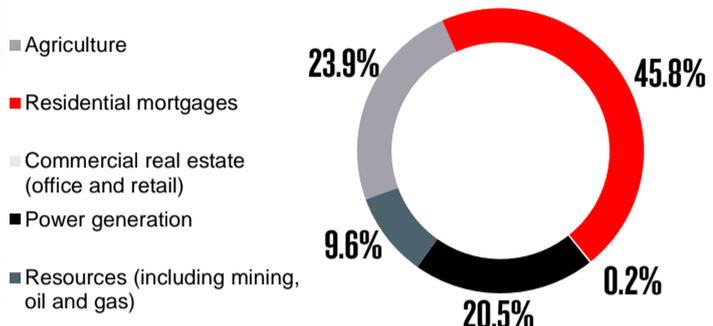
### Emerging Technology

Emerging Technology (\$m)	2020
Progress toward 2025 commitment of \$2 billion	1,239

### Financed Emissions<sup>1</sup>

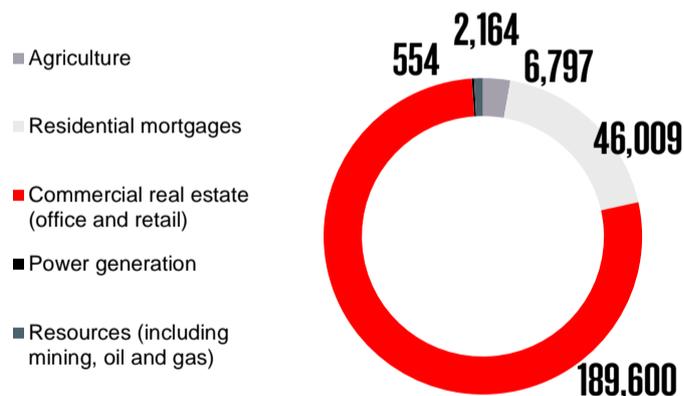
Industry sector	% of estimated attributed emissions <sup>2</sup>	Emissions intensity (EAD / tCO <sub>2</sub> -e)
Agriculture <sup>3</sup>	23.9%	6,797
Residential mortgages <sup>4</sup>	45.8%	46,009
Commercial real estate (office and retail) <sup>5</sup>	0.2%	189,600
Power generation <sup>6</sup>	20.5%	554
Resources (including mining, oil and gas) <sup>7</sup>	9.6%	2,164
All sectors estimated	100%	23,320

### % OF ESTIMATED ATTRIBUTED EMISSIONS<sup>2</sup>



- Further details including key assumptions and information notes about the methodology used to estimate the financed emissions are available on the Group's website: <https://www.nab.com.au/about-us/social-impact/environment/climate-change>
- Coverage was not 100% for all sectors, further details of coverage is available in the footnotes to this table and in our detailed methodology document referenced in the URL in Footnote 1 of this table.
- NAB developed a primarily top-down approach for estimating its attributable financed emissions from agriculture. NAB will work to refine this approach in future estimates as data availability and quality improves. To support this approach, NAB applied an average debt-to-equity ratio of 11.2% provided in the survey data published under the Australian Bureau of Agricultural and Resource Economics and Sciences (Source: Agricultural sector emissions have been sourced from the National Inventory performed by the Department of Industry, Science, Energy and Resources (Source: <https://ageis.climatechange.gov.au/ANZSIC.aspx>). This inventory has been evaluated as complete and should cover all Australian agriculture sub-sectors. As there was some uncertainty with respect to the estimation of dairy emissions, the NAB Group took a conservative approach and uplifted total emissions by 12% to ensure adequate coverage of dairy sector emissions. Using this approach, 100% of emissions from Australian agriculture attributable to NAB were covered.
- The total 2020 number of dwellings for each state and territory was estimated by applying a correction factor of 5% to the number of dwellings reported by the Australian Bureau of Statistics (ABS) from the 2016 ABS census based on population growth per state and territory.
- Where commercial real estate (office and retail) emissions were not available for financed buildings, an average state NABERS emissions intensity factor per sqm was sourced from the National Australian Built Environment Rating System (NABERS), and emissions were calculated from the building area to estimate emissions for the remaining 28% of commercial real estate (office and retail) exposures.
- Coverage: 50% of NAB's power generation customers in Australia had reported emissions (under the NGER Act) and company valuations to enable calculation of financed emissions attributable to NAB. For the balance of power generation customers, where the NGER emissions, market capitalisation or global facility limits were unavailable these were excluded from the assessment.
- Coverage: 56% of NAB's resources (including coal, oil and gas) customers in Australia had reported emissions (under the NGER Act) and company valuations to enable calculation of financed emissions attributable to NAB. For the balance of power generation customers, where the NGER emissions, market capitalisation or global facility limits were unavailable these were excluded from the assessment. Scope of reporting includes Mining Services. If Mining Services was removed, coverage would increase to 73%.

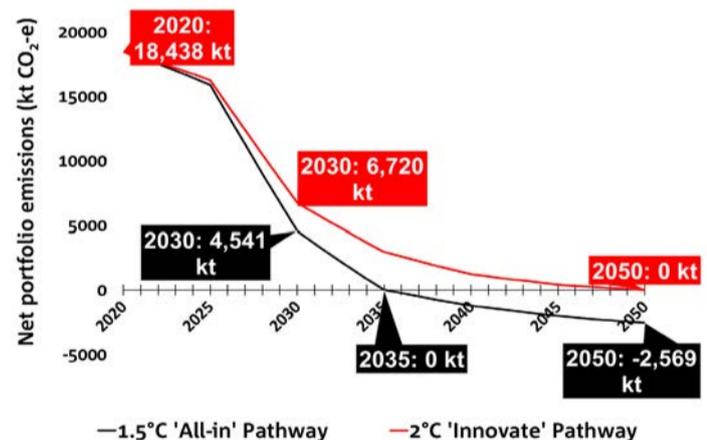
### DOLLARS LENT (EAD) IN AUSTRALIA PER TONNE OF EMISSIONS (tCO<sub>2</sub>-e) GENERATED: INITIAL SECTOR ESTIMATE



**Note:** The above chart shows the carbon intensity of our lending represented by dollars lent per tonne of carbon emitted. The chart represents relative intensity for the five sectors which were analysed.

The data indicates that of the five segments for which financed emissions have been estimated, relative to Exposure at Default. Power generation is the most carbon intensive at around \$500/tCO<sub>2</sub>-e, followed by resources (including coal, oil and gas) at around \$2,200/tCO<sub>2</sub>-e, agriculture at around \$6,800, residential property at around \$46,000/tCO<sub>2</sub>-e and commercial property at around \$189,600/tCO<sub>2</sub>-e. Of the absolute emissions estimated for the five segments, 90.2% are associated with residential property at ~46%; agriculture at ~24% and power generation at ~21%. The remaining 9.8% are associated with commercial real estate (office and retail) and resources (including coal, oil and gas). For power generation, coal and gas-fired power accounts for 89.25% of estimated GHG emissions.

### INDICATIVE AUSTRALIAN LENDING PORTFOLIO EMISSIONS TRAJECTORY



**Note:** The two low carbon pathways illustrated by these scenarios represent aggregated emissions trajectories for the five segments included in the financed emissions estimate. In the 2°C scenario some sectors are expected to decarbonise faster than others. Scenarios show that a net zero economy following the 1.5°C scenario achieves net zero emissions 15 years faster than a trajectory which follows the 2°C pathway.

### Level 2 Regulatory Group<sup>1</sup> Exposure at Default (EaD) by Level 1 ANZSIC classification (\$m)<sup>2</sup>

Industry	Net EaD			Gross EaD	
	2020	2019	2018	2017	2016
Accommodation, Cafes, Pubs and Restaurants	10,049	10,504	9,433	9,344	9,101
Agriculture Forestry, Fishing and Mining	56,987	56,310	51,823	53,450	50,115
Property and Business Services	23,257	24,172	21,328	19,403	18,396
Commercial Property	73,062	73,871	75,135	75,751	74,517
Construction	11,620	11,600	10,665	10,296	10,170
Finance and Insurance <sup>3</sup>	130,329	115,394	111,075	261,080	240,836
Manufacturing	19,713	20,624	19,130	19,780	20,160
Personal	13,710	15,778	16,997	17,404	17,775
Residential Mortgage	388,578	388,315	387,073	378,208	362,872
Retail and Wholesale Trade	30,546	32,081	30,796	30,599	30,934
Transport and Storage	28,202	24,881	22,358	21,145	19,526
Other <sup>4</sup>	106,094	92,920	85,531	81,664	77,375
<b>Total</b>	<b>892,146</b>	<b>866,450</b>	<b>841,344</b>	<b>978,124</b>	<b>931,777</b>

1. The Level 2 regulatory group comprises NAB and the entities it controls, excluding superannuation and funds management entities, insurance subsidiaries and securitisation special purpose vehicles to which assets have been transferred in accordance with the requirements for regulatory capital relief in APS 120 securitisation. Prior years figures have been restated to align with those reported in NAB's Pillar 3 report.

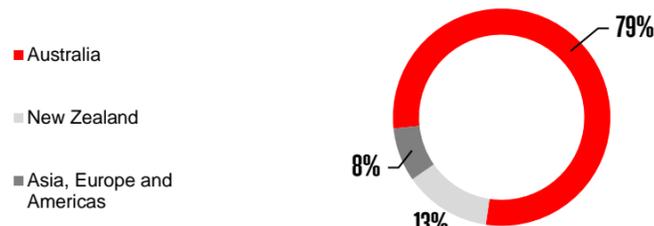
2. Prepared in accordance with NAB's methodology (based upon the 1993 ANZSIC codes) on a net EaD basis for 2017-2020, and on a gross EaD basis for 2016 & 2017.

3. Now includes Exchange Settlement account with RBA. Historical figures restated.

4. Other category includes Government and Public Authorities, Utilities and Other

Group Exposure at Default (EaD) by region (%)	2020
Australia	79%
New Zealand	13%
Asia, Europe and Americas	8%

### GROUP EXPOSURE AT DEFAULT BY REGION (%)



### Industries of interest

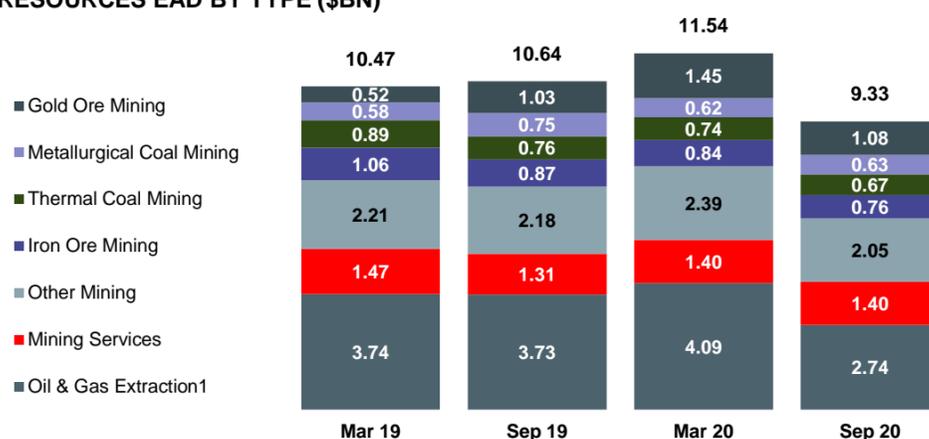
Resources Exposure <sup>1</sup> at Default by type (\$bn)	Sep 20	Mar 20	Sep 19	Mar 19
Oil & Gas Extraction <sup>1</sup>	2.74	4.09	3.73	3.74
Mining Services	1.40	1.40	1.31	1.47
Other Mining	2.05	2.39	2.18	2.21
Iron Ore Mining	0.76	0.84	0.87	1.06
Thermal Coal Mining	0.67	0.74	0.76	0.89
Metallurgical Coal Mining	0.63	0.62	0.75	0.58
Gold Ore Mining	1.08	1.45	1.03	0.52
<b>Total</b>	<b>9.33</b>	<b>11.54</b>	<b>10.64</b>	<b>10.47</b>

Resources Exposure at Default by type (%)	Sep 20	Mar 20	Sep 19	Mar 19
Oil & Gas Extraction <sup>1</sup>	29%	36%	35%	36%
Mining Services	15%	12%	12%	14%
Other Mining	22%	21%	21%	21%
Iron Ore Mining	8%	7%	8%	10%
Thermal Coal Mining	7%	6%	7%	8%
Metallurgical Coal Mining	7%	5%	7%	6%
Gold Ore Mining <sup>2</sup>	12%	13%	10%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

1. A significant contributor to the reduction of \$1.3bn in the Resources portfolio since Sep-19 is AUD currency appreciation of USD denominated exposures and lower mark-to-market positions of treasury related products in the Oil & Gas extraction sector.

2. September 2019 half year includes the impact of the introduction of standardised approach for measuring counterparty credit risk exposure (SA-CCR) of \$0.8bn, largely off-set by a reduced level of Treasury related financial activity.

### RESOURCES EAD BY TYPE (\$BN)



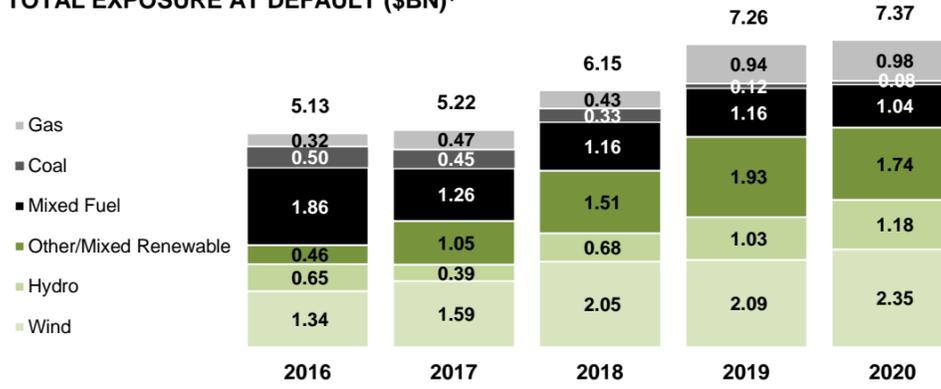
Electricity generation Exposure at Default by fuel source (\$bn) <sup>1</sup>	2020	2019	2018	2017	2016
Wind	2.35	2.09	2.05	1.59	1.34
Hydro	1.18	1.03	0.68	0.39	0.65
Other/Mixed Renewable	1.74	1.93	1.51	1.05	0.46
Mixed Fuel	1.04	1.16	1.16	1.26	1.86
Coal	0.08	0.12	0.33	0.45	0.50
Gas	0.98	0.94	0.43	0.47	0.32
<b>Total</b>	<b>7.37</b>	<b>7.26</b>	<b>6.15</b>	<b>5.22</b>	<b>5.13</b>

Electricity generation Exposure at Default by fuel source (%) <sup>1</sup>	2020	2019	2018	2017	2016
Wind	32%	29%	33%	30%	26%
Hydro	16%	14%	11%	8%	13%
Other/Mixed Renewable	24%	26%	25%	20%	9%
Mixed Fuel	14%	16%	19%	24%	36%

Coal	1%	2%	5%	9%	10%
Gas	13%	13%	7%	9%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

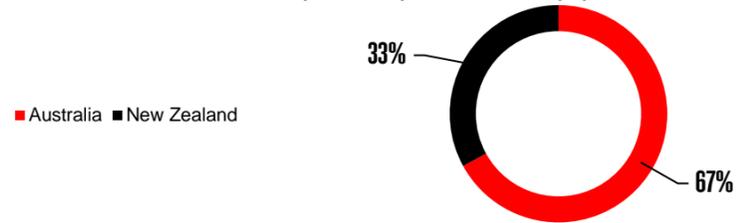
1. Prepared in accordance with NAB's methodology (based upon the 1993 ANZSIC codes) at net EaD basis. Excludes exposure to counterparties predominantly involved in transmission and distribution. Vertically integrated retailers have been included and categorised as renewable where a large majority of their generation activities are sourced from renewable energy.

**POWER GENERATION EXPOSURES BY FUEL SOURCE (%) AND TOTAL EXPOSURE AT DEFAULT (\$BN)<sup>1</sup>**



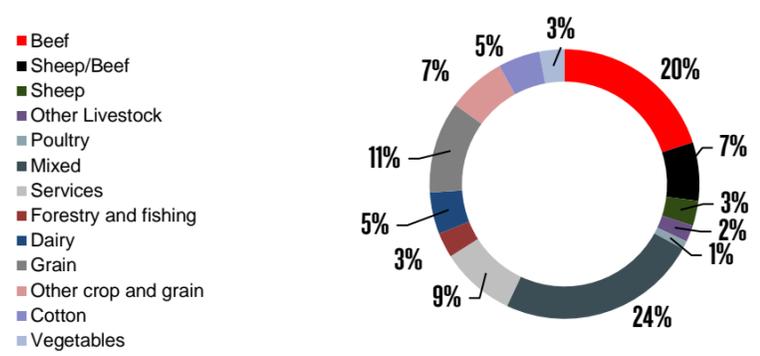
Group agricultural, forestry and fishing exposures by region (%)	2020
Australia	67%
New Zealand	33%

**GROUP AGRICULTURAL, FORESTRY AND FISHING EXPOSURE AT DEFAULT (\$47.7BN) BY REGION (%)**



Australian agricultural, forestry and fishing exposures by sector (%)	2020
Beef	20%
Sheep/Beef	7%
Sheep	3%
Other Livestock	2%
Poultry	1%
Mixed	24%
Services	9%
Forestry and fishing	3%
Dairy	5%
Grain	11%
Other crop and grain	7%
Cotton	5%
Vegetables	3%

**AUSTRALIAN AGRICULTURAL, FORESTRY AND FISHING EXPOSURE AT DEFAULT (\$31.8BN) BY SECTOR (%)**



## Socially responsible investment

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Fund (\$m)	2020	2019	2018	2017	2016
AMP Capital Investors Sustainable Future Australian Share Fund - Class A	0.10	0.15	0.23	0.39	0.60
AMP Capital Investors Responsible Investment Leaders International Share Fund - Class A	1.42	1.72	2.57	2.87	3.88
Australian Ethical Smaller Companies Trust Class B	13.72	11.17	9.89	9.73	6.67
Australian Ethical Larger Companies Trust - Class B	0.39	0.42	0.41	0.50	0.49
BT Ethical Share Fund	8.93	8.44	8.48	8.50	8.39
Hunter Hall Australian Value Trust - Class B Units	0.03	0.07	0.87	1.16	2.22
Hunter Hall Global Ethical Trust - Class B Units	5.32	5.97	6.45	6.90	9.91
Hunter Hall Value Growth Trust	10.79	12.52	14.60	20.16	48.39
Pengana WHEB Sustainable Impact Fund	3.96	1.06	0.01	0.01	0.01
Hunter Hall Global Value Share	N/A	N/A	N/A	3.20	0.14
Perpetual's Wholesale Ethical SRI Fund	315.87	408.88	491.05	499.58	447.43
Generation Wholesale Global Share Fund	24.82	35.37	35.97	35.10	19.95
Alphinity Wholesale Socially Responsible Share Fund	9.95	3.84	2.77	2.35	2.56
Australian Ethical Balanced Trust	N/A	N/A	N/A	1.21	1.28
Candriam Sustainable Global Equity	12.93	7.70	5.43	3.05	N/A
Russell Australian Responsible Investment ETF	2.28	N/A	N/A	0.29	N/A
BetaShares Australian Sustainable Leaders ETF	4.72	N/A	N/A	N/A	N/A
BetaShares Global Sustainability Leaders ETF	5.40	N/A	N/A	N/A	N/A
Vanguard Ethically Conscious International Shares Fund ETF	1.14	N/A	N/A	N/A	N/A
Pendal Sustainable Australian Fixed Interest Fund	4.33	N/A	N/A	N/A	N/A
Robeco Emerging Conservative Equity Fund	19.60	16.21	8.30	2.34	0.80
Legg Mason Martin Currie Ethical Values with Income Fund	3.21	2.98	N/A	N/A	N/A
Altius Sustainable Bond Fund	2.51	1.51	N/A	N/A	N/A
Nanuk New World Fund	3.62	N/A	N/A	N/A	N/A
PIMCO ESG Global Bond Fund	1.25	N/A	N/A	N/A	N/A
<b>Total SRI Funds (\$m)</b>	<b>456.30</b>	<b>518.11</b>	<b>588.00</b>	<b>597.00</b>	<b>553.00</b>
<b>Total funds under management (\$m)</b>	<b>110,795.82</b>	<b>160,783.62</b>	<b>159,964.00</b>	<b>152,219.00</b>	<b>144,030.00</b>
<b>SRI funds as a percentage of total funds under management (%)</b>	<b>0.41</b>	<b>0.32</b>	<b>0.37</b>	<b>0.39</b>	<b>0.38</b>

## PEOPLE

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Basic salary female to male ratio (by location)	<a href="#">Remuneration</a>
New Zealand basic salary female to male ratio (using local pay scale bands)	<a href="#">Remuneration</a>
Performance-related compensation as a percentage of total compensation	<a href="#">Remuneration</a>
Colleagues covered by collective bargaining agreements	<a href="#">Remuneration</a>
No. consultations/negotiations with trade unions over organisational change	<a href="#">Remuneration</a>
Employment pathways and development programs	<a href="#">Training</a>
Average training hours per colleague	<a href="#">Training</a>

## Our workforce

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Full-time equivalent (FTE) colleagues <sup>1, 2</sup>	2020	2019	2018	2017
FTE (spot)	34,944	34,370	33,283	33,422
FTE (average)	34,841	33,950	33,747	33,746

1. Includes all full-time colleagues, part-time, temporary, fixed term and casual colleague equivalents, as well as agency temporary colleagues and external contractors either self-employed or employed by a third party agency. Note: This does not include consultants, IT professional services, outsourced service providers and non-executive directors.

2. Total Group FTE including discontinued operations. Excluding discontinued operations, FTE (spot) for 2020 is 31,372 (2019: 30,776) and FTE (average) for 2020 is 31,204 (2019: 30,532)

Workforce by contract type and gender (headcount)	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
Permanent full-time	13,010	16,338	12,803	15,915	12,609	15,108	12,816	14,894
Permanent part-time	3,918	612	4,158	662	4,610	634	5,143	681
<b>Total permanent workforce</b>	<b>16,928</b>	<b>16,950</b>	<b>16,961</b>	<b>16,577</b>	<b>17,219</b>	<b>15,742</b>	<b>17,959</b>	<b>15,575</b>
Fixed term full-time	211	310	206	303	174	235	162	212
Fixed term part-time	58	49	90	23	62	17	89	25
Casuals	629	213	733	287	740	239	790	275
External/temporary colleagues/contractors	3,089	5,696	3,337	6,831	3,240	6,735	2,896	6,407
<b>Total workforce</b>	<b>20,915</b>	<b>23,218</b>	<b>21,327</b>	<b>24,021</b>	<b>21,435</b>	<b>22,968</b>	<b>21,896</b>	<b>22,494</b>

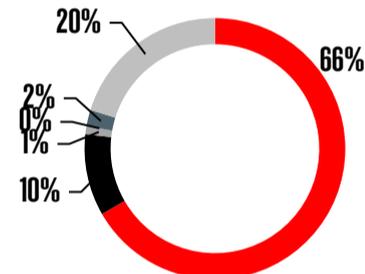
Workforce by contract type and gender (%) <sup>1</sup>	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
Permanent full-time	29.4	36.9	28.1	34.8	28.0	34.0	29.0	34.0
Permanent part-time	8.9	1.4	9.3	1.5	10.0	1.0	12.0	2.0
Fixed term full-time	0.5	0.7	0.5	0.7	0.4	0.5	0.4	0.5
Fixed term part-time	0.1	0.1	0.2	0.1	0.1	0.0	0.2	0.1
Casuals	1.4	0.5	1.5	0.5	2.0	1.0	2.0	1.0
External/temporary colleagues/contractors	7.0	12.9	7.4	15.4	7.0	15.0	7.0	14.0

1. Total percentages may not equal 100 due to rounding.

Colleague distribution (%) by employment type	2020
Permanent full-time	66%
Permanent part-time	10%
Fixed term full-time	1%
Fixed term part-time	0%
Casual	2%
External (e.g. Contractor, Temp, Consultant)	20%

### EMPLOYEE DISTRIBUTION (%) BY EMPLOYMENT TYPE

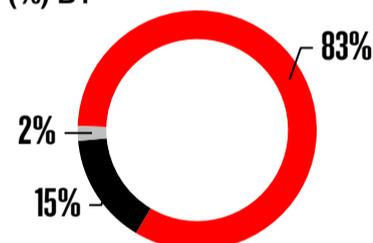
- Permanent full-time
- Permanent part-time
- Fixed term full-time
- Fixed term part-time
- Casual



Colleague distribution (%) by geographic region	2020
Australia	83%
New Zealand	15%
UK, USA and Asia	2%

### EMPLOYEE DISTRIBUTION (%) BY GEOGRAPHIC REGION

- Australia
- New Zealand
- UK, USA and Asia



## Permanent workforce metrics

### Gender equality table - 2020 female representation objectives

Measurable objective <sup>1</sup>	2020	2020 target	Status	2019	2018	2017
NAB Board (non-executive directors)	44%	40-60%	Achieved	33%	33%	25%
NAB Group Subsidiary Boards	40%	40%	Achieved	39%	39%	39%
Executive Management (Salary Groups 6 & 7)	36%	40%	Not Achieved	33%	31%	31%
Senior Management (Salary Group 5)	34%	40%	Not achieved	34%	32%	30%
Management (Salary Group 4)	37%	40-60%	Not Achieved	37%	38%	38%
Non-management (Salary Groups 1 – 3)	56%	40-60%	Achieved	55%	57%	59%
Australian talent population <sup>2</sup>	43%	50%	Not achieved	41%	41%	59%
Australian graduate program intake <sup>3</sup>	50%	50%	Achieved	46%	46%	56%
<b>Total organisation</b>	<b>50%</b>	<b>40-60%</b>	<b>Achieved</b>	<b>51%</b>	<b>52%</b>	<b>54%</b>

1. NAB's 2020 gender equality targets were set in FY17. Representation for Non-management, Management, Senior Management, and Executive Management calculated using population of permanent full-time and part-time colleagues, with the exception of NAB Boards (non-executive directors and Group Subsidiary). Actuals and targets are stated as at 30 September for each respective year.

2. The Australian Talent population includes colleagues who have been objectively assessed against evidence-based criteria, and selected by Divisional Leadership Teams as having upward potential.

3. As at 30 September 2020, 48% of the graduates who have accepted positions in NAB's 2021 Australian graduate program are female.

Permanent workforce by employment level and gender (%)	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
Group 7 (Executive Leadership Team)	36	64	33	67	30	70	27	73
Group 6 (Executive General Managers)	36	64	33	67	31	69	31	69

Group 5 (Head of functions)	34	66	34	66	32	68	30	70
Group 4 (Managers)	37	63	37	62	38	62	38	62
Group 3 (Consultants/Junior management)	43	57	42	58	43	57	44	56
Group 2 (Analyst/Team Leader)	55	45	56	44	58	42	59	41
Group 1 (Team member/officer)	69	31	68	32	69	31	70	30
<b>Total permanent workforce</b>	<b>50</b>	<b>50</b>	<b>51</b>	<b>49</b>	<b>52</b>	<b>48</b>	<b>54</b>	<b>46</b>

Permanent workforce by tenure and gender (%)	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
<1 year	5	6	7	8	6	8	5	6
1 year	6	7	5	7	4	5	5	5
2 - 3 years	5	6	7	7	8	8	9	8
4 - 5 years	6	6	6	6	6	5	6	5
6 - 10 years	11	10	11	9	12	11	13	11
11 - 15 years	8	7	7	6	7	6	7	5
16 - 20 years	4	3	4	3	4	3	4	2
21+ years	6	4	5	4	6	4	6	5

Permanent workforce by age and gender (%)	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
<25	3	3	3	3	3	3	3	3
25 - 34	15	15	15	15	16	15	17	15
35 - 44	16	17	16	16	16	15	16	14
45 - 54	11	11	11	11	12	10	12	10
55+	6	5	5	5	6	4	6	4

Permanent workforce age profile	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
Average age	40.4	40.0	40.2	39.7	40.2	39.5	40.2	39.6
% of workforce over 50	11	10	11	9	11	9	11	8

### Workforce composition by diverse segment<sup>1</sup>

1. Source: All data drawn from October 2020 Heartbeat Survey, which was conducted at a Group level. Data includes responses received from permanent, fixed-term, casual and contractors/agency temp colleagues.

Workforce by gender identity (%)	2020
Male	49.1%
Female	48.5%
Non-binary or third gender	0.2%
Prefer not to answer	1.7%

Workforce Transgender representation (%)	2020
Yes	0.3%
No	98%
Prefer not to answer	1.2%

Workforce Intersex representation (%)	2020
Yes	0.2%
No	95.9%
Prefer not to answer	2.7%

Workforce Sexual Orientation (%)	2020
Straight or heterosexual	90%
Gay, lesbian or homosexual	2.8%
Bisexual	1.4%
Different identity	0.5%
Prefer not to answer	4.2%

People with disability (%)	2020
Yes	3.3%
No	94.2%
Prefer not to answer	1.8%

Workforce cultural background/ethnicity list (%)<sup>1</sup>

2020

Australian	64.9%	North African and Middle Eastern   Arab	1.4%
Indigenous Australian   Aboriginal or Torres Strait Islander	0.9%	North African and Middle Eastern   Jewish	0.2%
New Zealand	15.2%	North African and Middle Eastern   Peoples of the	0.2%
Māori	1.6%	Other North African and Middle Eastern	0.6%
Samoan	0.6%	South East Asian	15.8%
Cook Islands Maori	0.2%	North East Asian	3.7%
Tongan	0.2%	Southern and Central Asian	6.3%
Niuean	0.1%	Sub Saharan African	1.3%
Tokelauan	0.1%	People of the Americas   North American	0.8%
Fijian	0.6%	People of the Americas   South and Central Ameri	0.9%
Other Pacific Peoples  including Melanesian, Papuan, Micronesian, Polynesian	0.1%	People of the Americas   Caribbean Islander	0.1%
British and Irish	11.1%	Other (another ethnic origin not shown above)	5.8%
Other European	11.2%		

1. Data based on primary and secondary cultural background selected by survey respondents. List aligns to the Australian Standard Classification of Cultural and Ethnic Groups (ASCEG), 2019 and Ethnicity and New Zealand Standard Classification 2005

Workforce with unpaid caring responsibilities (%)	2020
No	59.0%
Own child who does not have disability	23.7%
Own child with disability	2.4%
someone else's child who does not have a disability	1.9%
someone else's child with a disability	0.5%
an adult (eg spouse, partner, sibling) with a disability	1.9%
an older adult (eg parent) with a disability	5.1%
an adult or older adult without a disability	8.6%

Flexible Working Options Utilisation (%)	2020
Flexible work locations (including home or other off-site working)	80.7%
Regular variable start/finish times (including staggered hours)	37.1%
Part-time working flexibility or reduced work days	9.2%
Compressed hours (including compressed working week)	5.0%
Job sharing	1.2%
Flexible leave options (including salary averaging)	3.5%
Flexible retirement	0.5%
I move around the workplace and sit near the people I need to wor	14.1%

## Colleague engagement

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Aspect	2020	2019
Colleague engagement score <sup>1</sup>	76	66
Response rate	71%	80%

1. 2020 Employee Engagement Survey conducted by Glint, scored based on July 2020 survey. 2020 methodology differs from prior years. The 2019 score has been restated using the updated methodology for comparative purposes. 2019 restatement falls outside the scope of EY assurance. Population excludes external contractors, consultants and temporary colleagues.

Inclusion Index 2020 <sup>1</sup>	Average score	Favourable %
I feel a sense of belonging at NAB / BNZ	74	76%
I have the flexibility to manage my work and personal life	78	83%
Our team has a climate in which diverse perspectives are valued.	79	84%
I am treated with respect and dignity.	80	87%

1. 2020 Employee Engagement Survey conducted by Glint, score based on October 2020 survey. 'Favourable percentage reflects the proportion of responders who agreed or strongly agreed with the statement/question. Average score reflects a weighted average of all responses, possible score out of 100.'

## Conduct and whistleblowing - Australia

Code of conduct breaches	2020	2019	2018	2017
Warning or counselling / remedial actions <sup>1</sup>	880	986	908	1,306
Resignation	137	168	193	134
Termination	88	124	114	173
<b>Total number of breaches of Code of Conduct</b>	<b>1,105</b>	<b>1,278</b>	<b>1,215</b>	<b>1,613</b>

1. 2017 amount included 343 breaches attributable to one particular issue regarding the incorrect completion of forms.

Whistleblower disclosures <sup>1</sup>	2020	2019	2018	2017
No. of disclosures fully or partially substantiated (and closed)	35	29	37	26
No. of disclosures not substantiated	60	95	67	48
Open (as at reporting date)	20	31	19	13
<b>No. of disclosures received under the Whistleblower Policy</b>	<b>115</b>	<b>155</b>	<b>123</b>	<b>87</b>

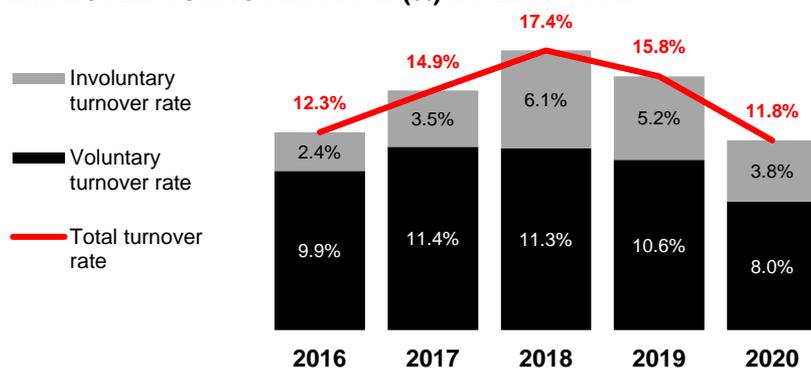
1. Number of disclosures received under the Whistleblower Policy, incorporating disclosures fully, partially or not substantiated, and disclosures still under review as at reporting date. Prior year numbers have not been restated.

## Turnover and retention

Colleague turnover rate <sup>1</sup>	2020	2019	2018	2017	2016
Voluntary turnover rate	8.0%	10.6%	11.3%	11.4%	9.9%
Involuntary turnover rate	3.8%	5.2%	6.1%	3.5%	2.4%
<b>Total turnover rate</b>	<b>11.8%</b>	<b>15.8%</b>	<b>17.4%</b>	<b>14.9%</b>	<b>12.3%</b>

1. Number of all colleagues who exited the bank each year (voluntarily, involuntarily, or total), as a percentage of the average permanent headcount for each respective year.

### EMPLOYEE TURNOVER RATE (%) BY EXIT TYPE



Colleague turnover rate by gender	2020		2019		2018	
	Female	Male	Female	Male	Female	Male
Voluntary turnover rate	7.6%	8.4%	10.5%	10.8%	11.3%	11.3%
Involuntary turnover rate	3.9%	3.7%	6.2%	4.1%	6.4%	5.6%
<b>Total turnover rate</b>	<b>11.4%</b>	<b>12.1%</b>	<b>16.7%</b>	<b>14.9%</b>	<b>17.7%</b>	<b>16.9%</b>

High performer retention <sup>1</sup>	2020	2019	2018	2017	2016
<b>Australia</b>					
Retention of high performing colleagues	94%	93%	93%	92%	94%
Voluntary turnover of high performing colleagues	7%	6%	6%	7%	5%
<b>New Zealand</b>					
Retention of high performing colleagues	94%	89%	91%	94%	DNR

Voluntary turnover of high performing colleagues	6%	10%	7%	5%	DNR
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1. Refers to the percentage of total colleagues identified as 'high performers' in the previous performance year that remain employed at 30 September of the current performance year.

Parental leave - return to work rate (by gender) <sup>1</sup>	2020		2019		2018	
	Female	Male	Female	Male	Female	Male
<b>Australia</b>						
Total number of colleagues entitled to parental leave	14,583	14,909	14,727	14,672	14,882	13,663
Total number of colleagues who took parental leave	729	48	758	44	837	32
Total number of colleagues who returned to work after parental leave ended	628	43	628	39	687	30
<b>Return to work rate (from extended leave which commenced with primary carer leave)</b>	<b>86%</b>	<b>90%</b>	<b>83%</b>	<b>89%</b>	<b>82%</b>	<b>94%</b>
Total number of colleagues who returned to work after parental leave ended who were still employed twelve months after their return to work	539	37	586	24	613	17
Total number of colleagues who returned to work after parental leave ended who were still employed two years after their return to work	523	23	535	12	552	16
<b>New Zealand</b>						
Total number of colleagues entitled to parental leave <sup>2</sup>	2,385	1,853	2,363	1,811	2,309	1,807
Total number of colleagues who took parental leave	238	79	247	72	231	65
Total number of colleagues who returned to work after parental leave ended	209	76	221	70	200	63
<b>Return to work rate (from primary carers leave, long service leave and parental leave)</b>	<b>88%</b>	<b>96%</b>	<b>90%</b>	<b>97%</b>	<b>87%</b>	<b>97%</b>
Total number of colleagues who returned to work after parental leave ended who were still employed twelve months after their return to work	202	63	185	54	208	51
Total number of colleagues who returned to work after parental leave ended who were still employed two years after their return to work	190	55	154	35	152	40

1. Return to work rate measures the percentage of colleagues who have returned to work and remained an colleague for 30 days (in relevant reporting year) after taking extended leave which commenced with primary carer leave

2. BNZ has two colleagues who do not identify as either male or female.

## Health, safety and wellbeing

LTIFR <sup>1</sup>	2020	2019	2018	2017	2016
Australia	0.34	0.49	0.75	0.65	0.98
New Zealand <sup>2</sup>	0.25	1.11	0.24	1.66	1.09

Absenteeism <sup>3</sup>	2020	2019	2018	2017	2016
Australia	7.87	8.82	8.28	8.37	7.91
New Zealand	4.83	6.57	6.29	6.61	7.17
<b>Total days lost due to work-related stress</b>					
Australia	3,019	3,654	3,958	4,116	5,380

1. Lost time injuries are defined as a workplace injury resulting in an colleague being absent from work for at least one full shift, and for which the colleague receives workers compensation. LTIFR = Lost time injuries x 1,000,000 hours worked ÷ (average annual full-time equivalent colleagues, including casuals x 40-hour working week x 46 weeks per year). From 2018, a 37.5-hour working week is used in the calculation for New Zealand. Past results may have been revised upwards due to additional lost time injuries being recorded after the reporting period has ended. Current year results may also be revised as additional lost time injuries are recorded in our system. Any updates will be reflected in future reporting.

2. In line with local reporting requirements, New Zealand LTIFR calculation in 2018 used population of colleagues who were absent for 5 or more days. This was changed in 2019 to be the same as Australia, as defined in footnote 1. Prior year rate has not been restated.

3. Absenteeism represents the total number of unscheduled absence days during the period divided by the average number of full time equivalent colleagues (excluding casual colleagues). Past results may have been revised upwards due to additional absences being recorded after the reporting period has ended. Current year results may also be revised as additional absences are recorded in our system. Any updates will be reflected in future reporting.

## Remuneration, compensation and colleague relations

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Basic salary female to male ratio (by location) <sup>1</sup>	2020	2019	2018	2017
<b>Australia</b>				
Group 7 (Executive Leadership Team)	0.78	0.75	0.60	0.69
Group 6 (Executive General Managers)	0.99	0.96	0.92	0.91
Group 5 (Head of functions)	0.92	0.92	0.94	0.94
Group 4 (Managers)	0.97	0.97	0.96	0.96
Group 3 (Consultants/Junior management)	0.96	0.96	0.96	0.97
Group 2 (Analyst/Team Leader)	1.01	1.01	1.01	1.01
Group 1 (Team member/officer)	1.01	1.01	1.01	1.00
<b>Asia</b>				
Group 7 (Executive Leadership Team)	N/A	N/A	N/A	N/A
Group 6 (Executive General Managers)	0.36	N/A	N/A	N/A
Group 5 (Head of functions)	1.09	1.07	1.12	1.06
Group 4 (Managers)	0.83	0.85	0.88	0.88
Group 3 (Consultants/Junior management)	0.99	0.87	0.96	1.04
Group 2 (Analyst/Team Leader)	0.97	1.01	1.05	1.05
Group 1 (Team member/officer)	N/A	N/A	0.66	1.17
<b>United Kingdom</b>				
Group 7 (Executive Leadership Team)	N/A	N/A	N/A	N/A
Group 6 (Executive General Managers)	1.15	N/A	N/A	N/A
Group 5 (Head of functions)	1.05	1.05	1.03	0.87
Group 4 (Managers)	0.84	0.86	0.92	0.90
Group 3 (Consultants/Junior management)	0.84	0.92	0.96	0.86
Group 2 (Analyst/Team Leader)	0.81	0.77	1.06	0.81
Group 1 (Team member/officer)	0.75	N/A	N/A	N/A
<b>United States of America</b>				
Group 7 (Executive Leadership Team)	N/A	N/A	N/A	N/A
Group 6 (Executive General Managers)	N/A	N/A	N/A	N/A
Group 5 (Head of functions)	0.79	0.83	1.02	0.93
Group 4 (Managers)	0.93	0.88	0.78	0.74
Group 3 (Consultants/Junior management)	1.01	1.00	1.04	1.10
Group 2 (Analyst/Team Leader)	1.01	0.95	0.96	0.94
Group 1 (Team member/officer)	N/A	N/A	N/A	N/A
<b>New Zealand<sup>2</sup></b>				
Group 7 (Executive Leadership Team)	N/A	N/A	N/A	N/A
Group 6 (Executive General Managers)	1.00	0.92	1.13	1.22
Group 5 (Head of functions)	0.96	0.96	1.07	1.01
Group 4 (Managers)	0.93	0.93	0.96	0.94
Group 3 (Consultants/Junior management)	0.95	0.93	0.99	0.94
Group 2 (Analyst/Team Leader)	0.95	0.95	0.98	0.95
Group 1 (Team member/officer)	0.97	0.97	1.14	1.00

1. Ratio of Male to Female salary includes full-time and part-time permanent and fixed term colleagues only. The ratio is calculated by dividing Female average salary by Male average salary per employment level. Salary data excludes contractors.

2. BNZ has 12 pay scale bands as opposed to the 7 used in the NAB Group. This reflects a different operating model and local market conditions. The 12 pay scale bands have been mapped and aggregated to the NAB Group reporting format above.

Performance-related compensation as a percentage of total compensation	2020	2019	2018	2017
Group 7 (Executive Leadership Team)	7	47	41	52
Group 6 (Executive General Managers)	28	37	36	43
Group 5 (Head of functions)	22	27	30	31
Group 4 (Managers)	15	19	18	21
Group 3 (Consultants/Junior management)	7	10	10	12
Group 2 (Analyst/Team Leader)	5	6	5	7

Group 1 (Team member/officer)	3	3	2	3
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## Colleague relations

Colleague relations	2020	2019	2018	2017	2016
<b>Colleagues covered by collective bargaining agreements</b>					
Australia	100%	100%	100%	100%	100%
New Zealand	8%	6%	7%	8%	10%
<b>Number of consultations/negotiations with trade unions over organisational change (restructures outsourcing, etc.)</b>					
Australia	136	70	175	149	264

## Employment pathways and development programs

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Employment pathways	2020	2019	2018	2017	2016
<b>Indigenous employment<sup>1</sup></b>					
School-based trainees	107	88	75	56	51
Full-time trainees	1	2	9	19	19
Interns	12	10	9	11	18
Trainees graduating to permanent employment	21	26	24	20	35
Completion rate of Traineeships <sup>2</sup>	66%	60%	DNR	DNR	DNR
<b>African-Australian Inclusion program<sup>3</sup></b>					
Number of female participants	17	36	44	11	38
Number of male participants	23	47	38	21	47
Cumulative number of female participants	220	204	168	124	113
Cumulative number of male participants	285	261	214	176	155
Total cumulative number of participants	505	465	382	300	268

1. Numbers in table show how many Indigenous Australian trainees were employed in relevant year, as part of NAB's Indigenous employment programs. 65 new traineeships were offered in 2020, against a target of 70.

2. Traineeships completion rate represents the total number of trainees who completed the requirements of their traineeships and were due to finish their program during the financial year.

3. Due to COVID-19, the AAIP program was placed on hold, and therefore only one intake occurred in FY20 rather than the standard two.

Welcome to NAB and Job Ready <sup>1</sup> - number of participants	2020	2019	2018	2017
Welcome to NAB	1,097	2,334	2,108	DNR
Job Ready	853	1,230	1,949	DNR

Leadership programs - number of participants	2020	2019	2018	2017
Breakthrough <sup>2</sup>	227	500	522	DNR
Leadership Ready <sup>3</sup>	154	2,546	2,850	DNR

1. Welcome to NAB: a full day experiential face to face event designed for all new starters as an introduction to NAB. Welcome to NAB was paused because of COVID-19, as the format is redesigned into virtual sessions to accommodate remote working. Job Ready programs: specialised induction training of new colleagues. Job Ready was also impacted by COVID-19 and subsequent hiring changes.

2. The Breakthrough@NAB learning series aims to empower and enable female NAB colleagues to maximise their potential and work through any barriers that may exist in the workplace. This program was discontinued in March due to COVID-19 and will be replaced by the new 'Distinctive Leadership' program commencing in early FY21 to be included in FY21 reporting.

3. These are programs provided to leaders taking on their first leadership role and subsequently as they move through each leadership transition. This program was discontinued in March due to COVID-19 and will be replaced by the new 'Distinctive Leadership' program commencing in early FY21 to be included in FY21 reporting.

Graduate program retention - % that remain employed <sup>1,2</sup>	2020	2019	2018	2017
Australia	N/A	91	76	69
New Zealand	N/A	96	89	85

1. Graduate cohort retention is the percentage of each Graduate cohort that are still employed by NAB at 30 September 2020, since starting their respective programs (i.e.. attrition during and after the completion of the program).

2. 2020 graduates are still completing their program and therefore are not included in the retention statistics.

## Capability and training

Capability and training - Australia (by level) <sup>1</sup>	2020		2019		2018		2017	
	Female	Male	Female	Male	Female	Male	Female	Male
<b>Average training hours per colleague by level<sup>2,3</sup></b>								
Group 7 (Executive Leadership Team)	8	3	3	11	5	4	9	4
Group 6 (Executive General Managers)	7	4	10	11	8	9	15	21
Group 5 (Head of functions)	8	5	15	13	14	16	27	40
Group 4 (Managers)	8	6	10	11	16	20	27	41
Group 3 (Consultants/Junior management)	8	8	14	13	25	25	42	44
Group 2 (Analyst/Team Leader)	6	8	16	18	35	36	55	56
Group 1 (Team member/officer)	5	9	22	40	33	63	49	74
<b>Total average training hours per colleague<sup>4</sup></b>	<b>9</b>		<b>17</b>		<b>31</b>		<b>44</b>	

1. 2020 average training hours include both formal training and development hours captured in our Learning Management System (LMS) as well as self-directed learning and digital learning through external providers or other channels (e.g. NAB Workplace and LinkedIn Learning) as provided to our Australian (permanent, fixed term and casual) colleagues. Previous years numbers include training hours as captured in the LMS only, historical figures have not been restated.

2. Impact of COVID-19 in FY20 evident as face to face development opportunities were replaced with a sharp uptake in Digital Learning, with 78% of all completions done in the last 6.5 months.

3. Quality and collection of all training data into a single source of truth is a key opportunity for NAB and we are currently investing in systems that will allow for this. As a result, we expect to see training hours increase in the future.

4. Total average training hours per colleague includes training hours completed by colleagues whose Group level information is not captured.

Capability and training - New Zealand (by level) <sup>3</sup>	2020		2019		2018	
	Female	Male	Female	Male	Female	Male

Average training hours per colleague by level2

Group 7 (Executive Leadership Team)	11	n/a	15	n/a	10	2
Group 6 (Executive General Managers)	12	14	20	17	7	7
Group 5 (Head of functions)	23	28	24	30	7	7
Group 4 (Managers)	23	28	18	27	8	7
Group 3 (Consultants/Junior management)	21	21	23	25	51	51
Group 2 (Analyst/Team Leader)	29	26	32	31	10	6
Group 1 (Team member/officer)	29	38	23	32	11	9
<b>Total average training hours per colleague</b>	<b>26</b>		<b>27</b>		<b>22</b>	

3. 2020 average training hours include both formal training and development hours captured in our Learning Management System (LMS) as well as self-directed learning and digital learning through external providers or other channels (e.g. NAB Workplace and LinkedIn Learning). Previous years numbers include training hours as captured in the LMS only, figures have not been restated.

Total number of training hours provided <sup>1</sup>	2020	2019	2018	2017
Australia <sup>2</sup>	255,137	507,106	873,580	1,338,529
New Zealand	138,704	130,781	114,900	129,547
<b>Total</b>	<b>393,841</b>	<b>637,887</b>	<b>988,480</b>	<b>1,468,076</b>

1. 2020 average training hours include both formal training and development hours captured in our Learning Management System (LMS) as well as self-directed learning and digital learning through external providers or other channels. Historical figures capture LMS training hours only, and have not been restated.

2. The reduction in hours completed within Australia reflects a reduction in face-to-face learning opportunities as NAB's response to COVID-19 saw the workforce shift to working from home.

## COMMUNITY

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Performance metric	Spreadsheet tab
Supply chain numbers	<a href="#">Supply Chain</a>
Community investment by category	<a href="#">Investment</a>
Community investment by region	<a href="#">Investment</a>
Breakdown of investment by focus area	<a href="#">Investment</a>
Volunteering days and in-kind value	<a href="#">Investment</a>

## Supply chain numbers

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Supply chain	2020	2019	2018	2017	2016
Spend on all suppliers (\$bn)	5.1	5.1	4.4	4.2	4.2
Number of contracted suppliers	1,504	1,830	1,820	1,841	1,761
Number of material suppliers <sup>1</sup>	48	74	58	50	56
Number of supply contracts entered into in the reporting period	4,804	936	784	764	682
Number of diverse suppliers <sup>2</sup> engaged (Aus only)	36	57	29	41	68
Spend with diverse suppliers (Aus only) <sup>3</sup>	2,853,043	2,786,456	690,384	723,600	895,625
Percentage of material suppliers that are signatories to the GSSPs <sup>4</sup>	90%	88%	88%	90%	91%
Percentage of ESG risk assessments completed for new/recontracted high ESG risk sensitive sector suppliers <sup>5</sup>	100%	100%	100%	100%	33%

1. A material supplier, as defined in accordance with APRA Prudential Standard CPS 231 or regional equivalent, performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB Group's business operations or its ability to manage risks effectively. For New Zealand, Strategic suppliers are considered equivalent to the definition of Material supplier in the other regions.

2. Diverse Suppliers' describes NAB's purchases made with Indigenous-owned, minority-owned and women-owned businesses and disability and social enterprises.

3. As of 2020 all diversity spend data excludes GST.

4. This target applies to Australia, BNZ & Asia.

5. This metric applies to Australia and BNZ for Tier 1 contracts and excludes evergreen contracts.

## Corporate Community Investment (CCI)

Community investment (\$m) by category	2020	2019	2018	2017	2016
<b>Cash contributions</b>					
Charitable gifts and donations	2.4	1.7	1.8	1.7	1.8
Community investments	10.0	12.5	18.1	9.7	10.1
Commercial initiatives	10.7	12.2	10.5	8.8	8.5
<b>Total cash contributions</b>	<b>23.1</b>	<b>26.4</b>	<b>30.4</b>	<b>20.2</b>	<b>20.4</b>
<b>In-kind contributions</b>					
In-kind volunteering	3.0	6.8	6.8	6.4	8.9
In-kind support	0.3	0.3	0.3	0.3	0.1
<b>Total in-kind contributions</b>	<b>3.3</b>	<b>7.1</b>	<b>7.1</b>	<b>6.7</b>	<b>9.0</b>
<b>Management costs</b>	<b>3.8</b>	<b>4.9</b>	<b>4.1</b>	<b>3.1</b>	<b>4.6</b>
<b>Total CCI (excluding foregone fee revenue)</b>	<b>30.2</b>	<b>38.4</b>	<b>41.6</b>	<b>30.0</b>	<b>34.0</b>
Total CCI (excluding foregone fee revenue) % of pre-tax profit	0.55%	0.46%	0.51%	0.32%	0.37%
<b>Foregone fee revenue<sup>1</sup></b>	<b>12.5</b>	<b>12.8</b>	<b>11.7</b>	<b>13.6</b>	<b>13.5</b>
<b>Total CCI</b>	<b>42.8</b>	<b>51.2</b>	<b>53.3</b>	<b>43.6</b>	<b>47.5</b>
Total CCI % of pre-tax profit	0.77%	0.61%	0.66%	0.47%	0.53%

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1. Foregone revenue has been restated for 2016-2019 after an error was identified in the foregone interest calculations relating to microfinance products.

Community investment (\$m) by category	2020
Charitable gifts and donations	2.4
Community investments	10.0
Commercial initiatives	10.7
In-kind volunteering	3.0
In-kind support	0.3
Management costs	3.8
Foregone fee revenue	12.5
<b>Total CCI</b>	<b>42.8</b>

### COMMUNITY INVESTMENT (\$M) BY REGION



### COMMUNITY INVESTMENT (\$M) BY CATEGORY



Community investment (\$m) by region	2020	2019	2018	2017	2016
Australia	36.4	43.6	45.6	35.0	40.1
New Zealand	6.2	6.7	6.9	8.1	8.3
USA, UK and Asia	0.3	0.9	0.8	0.4	0.4

Breakdown of investment (%) by focus area <sup>1</sup>	2020	2019	2018	2017	2016
Arts and culture	1	1	1	1	2
Disadvantage/social welfare	37	39	51	35	33
Education and young people	6	5	2	2	6
Emergency relief	2	1	1	3	1
Enterprise and economic development	3	4	3	5	11
Environment and bio-diversity	1	3	2	2	1
Health and medical research	-	1	4	6	6
Sport	39	38	31	40	33
Other issues	10	8	5	6	8

1. Calculation based on 'cash contributions' as other areas (e.g. volunteering) are difficult to classify towards a certain focus area.

## Volunteering

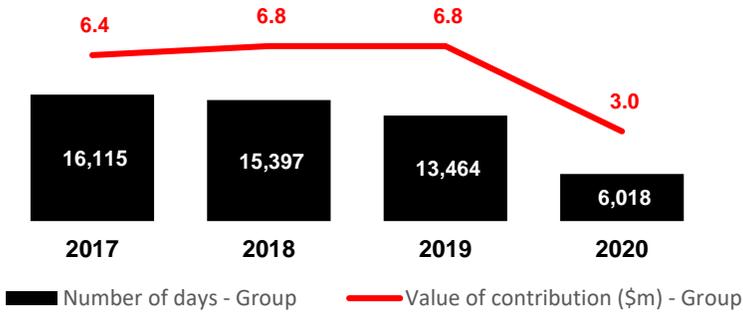
Volunteering	2020	2019	2018	2017	2016
Number of days - Group	6,018	13,464	15,397	16,115	23,065
Value of contribution (\$m) - Group <sup>1</sup>	3.0	6.8	6.8	6.4	8.9
<b>Australia</b>					
% of colleagues who took volunteer leave <sup>2</sup>	14%	27%	29%	28%	39%
Number of volunteers	4,016	7,550	8,150	8,129	DNR
Number of general volunteer days	4,286	9,424	10,399	10,408	15,753
Number of skilled volunteer days	656	1,223	739	999	2,065

1. Value of volunteering days, calculated using average daily salaries by employment level, contributed by NAB colleagues to charitable organisations in Australia, New Zealand and - through our global branch network - in London, New York and parts of Asia.

2. Calculated as total number of colleagues who took any amount of volunteer leave divided by total number of colleagues as at 30 September.

## VOLUNTEERING DAYS AND IN-KIND \$ VALUE<sup>1</sup>

PERFORMANCE DATA AND TRENDS



## ENVIRONMENT

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Performance metric	Spreadsheet tab
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GHG emissions by source	<a href="#">GHG Emissions</a>
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## Environmental Statement of Position for the Group data<sup>1</sup>

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Indicator <sup>2</sup>	Units	2020	2019	2018	2017	2016
Colleague numbers <sup>3</sup>	FTE	34,879	33,867	33,827	34,167	44,054
Property space occupied <sup>3</sup>	m <sup>2</sup>	696,362	722,497	747,751	758,449	1,007,087
Total operating expense <sup>4</sup>	\$m	(7,679)	(7,528)	(8,992)	(7,635)	(7,438)
Underlying profit <sup>4,5</sup>	\$m	8,183	9,294	8,985	10,260	9,995
Water use (estimate) <sup>6,7</sup>	kL	308,912	391,050	387,598	400,655	492,153
Waste to landfill (estimate) <sup>6</sup>	tonnes	1,451	1,871	1,948	2,305	2,419
Office paper purchased (A3, A4, A5) <sup>8</sup>	tonnes	397	511	574	716	966
Net energy consumption	GJ	616,479	695,678	725,527	752,397	864,481
Gross GHG emissions (Scope 1, 2 and 3) prior to renewable energy purchase	(tCO <sub>2</sub> -e)	157,915	171,535	181,316	187,425	232,100

1. Environmental reporting year runs from 1 July – 30 June, in line with the National Greenhouse and Energy Reporting Act 2007 (Cth).

2. KPMG has provided assurance on specified GHG emissions and offset data presented in this Data Pack and 2020 Sustainability Report. Visit our website for copies of KPMG's assurance reports and more information: <https://www.nab.com.au/about-us/social-impact/shareholders/environmental-performance>

3. The values shown for 'Colleague numbers' and 'Property space occupied' shown in the Environmental Statement of Position for the Group (and elsewhere in this document and the Sustainability Report) represent an annual average of FTE and m<sup>2</sup> respectively across the period from 1 July to 30 June each year.

4. 'Total operating expense' and 'Underlying profit' correspond to NAB's financial year, ending 30 September. Information is presented on a continuing operations basis, unless otherwise stated. Prior periods have been restated for the presentation of MLC Wealth as a discontinued operation. Please refer to page 79 of NAB's 2020 Full Year Results Announcement (available at [nab.com.au](http://nab.com.au)) for a more further information on discontinued operations.

5. Use of Underlying Profit as a metric (rather than measures of profit or economic activity) for normalisation of our environmental performance data allows for meaningful comparison to prior years' data and to financial intensity measures used in our CDP disclosures due to the nature of our underlying business activities. Please refer to page 3 of NAB's 2020 Full Year Results Announcement (available at [www.nab.com.au](http://www.nab.com.au)) for a more detailed explanation of the elements comprising the Underlying Profit.

6. 'Water use' and 'Waste to landfill' numbers exclude Asia.

7. 'Water use' refers to potable water from utilities and harvested water collected onsite.

8. Office paper for 2019 - 2016 includes A3 and A4 paper only.

### 2016-2020 Environmental performance targets

Indicator	2015 baseline	Target	Target date	2020 actual	2020 reduction	Status
Energy use (GJ)	791,456	▼5%	2020	675,459	▼15%	Achieved
Office paper (A3 & A4) (tonnes)	892	▼10%	2020	356	▼60%	Achieved
Customer eStatements (proportion online only - Aus & BNZ only)	34%	▲to 50%	2020	65%	-	Achieved
Water use (potable water withdrawal) (kL)	405,642	▼10%	2020	302,660	▼25%	Achieved
Waste to Landfill (tonnes)	2,518	▼5%	2020	1,451	▼42%	Achieved
Data Centre PUE (Power Usage Effectiveness) <sup>1</sup>	1.4-1.6	≤1.5	2020	1.3	-	Achieved

1. Target applies to all Australian data centres only. Actual PUE figure reported (not percentage reduction).

### 2020-2025 Environmental performance targets

Indicator	2019 baseline	Target	Target date	2020 actual	2020 reduction	Status
Science-based GHG emissions (tCO <sub>2</sub> -e) <sup>1</sup>	150,893	▼51%	2025	88,492	▼41%	On Track
Energy use (GJ)	759,096	▼30%	2025	675,459	▼11%	On Track
Office paper (A3, A4 & A5) (tonnes)	514	▼20%	2025	397	▼23%	On Track
Customer eStatements (proportion online only - Aus & BNZ only)	64%	▲to 80%	2025	65%	-	On Track
Water use (potable water withdrawal) (kL)	385,005	▼5%	2025	302,660	▼21%	On Track
Waste to Landfill (tonnes)	1,871	▼10%	2025	1,451	▼22%	On Track
Vehicle Fuels (GJ) (Aus & BNZ only)	120,686	▼50%	2025	98,785	▼18%	On Track
Staff air travel (tCO <sub>2</sub> -e) (BNZ only)	4,679	▼70%	2025	2,918	▼38%	On Track

1. This target has a baseline of 2015 and covers all direct GHG emissions (Scope 1) and indirect GHG emissions from consumption of purchased electricity (Scope 2) across all GHGs required in the GHG Protocol Corporate Standard. This target was restated in 2020 to include data centres which were previously excluded, and now aligns with a well-below 2°C scenario. The target has been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science Based Target initiative.

#### Performance against targets

2020 is the final year of our current five-year environmental performance target period. All targets were achieved. 2020 is also the first year reporting against our new 5-year targets for 2020 to 2025 including new travel related targets. In 2020, we also restated our 2016-2025 Science-based Target to include all Scope 1 and Scope 2 emissions (data centre emissions were previously excluded). Significant progress towards the new targets was demonstrated in 2020, however, performance has been influenced by COVID-19 impacts and we do not expect all of the reductions achieved to date will be permanent.

#### Certifications

NAB Group's Environmental Management Policy is aligned to ISO14001 requirements. Our approach to environmental management is integrated within our risk management framework, policies and procedures. For NAB, the detailed work procedures and activities covered by ISO 14001 are undertaken by an external property services provider on behalf of NAB.

In 2020 BNZ achieved Toitū enviromark diamond certification, for its environmental management system, exceeding the requirements of ISO 14001, one of the world's best known environmental standards. Diamond certification is aligned to ISO14001.

We published our Climate Active Public Disclosure Statement online here: <https://www.nab.com.au/about-us/social-impact/shareholders/resource-library>.

#### Compliance

There were no fines or penalties for environmental non-compliance during the year.

## Gross greenhouse gas emissions by activity<sup>1</sup>

(tCO <sub>2</sub> -e) GHG emissions	% change from prior year	2020		2019	2018	2017	2016
		Market-based	Location-based				
<b>Scope 1</b>							
Building-based refrigerants - HVAC, refrigerators	▲1%	1,630	1,630	1,619	1,657	1,443	1,380
Business travel - vehicle fleet and status-use vehicles	▼19%	6,885	6,885	8,483	8,416	8,597	8,909
Stationary energy - combustion of fuel: diesel, gas, propane	▼13%	7,811	7,811	8,976	8,947	9,146	7,874
Vehicle air conditioning refrigerant <sup>2</sup>	▲94%	252	252	130	188	190	210
<b>Total scope 1</b>	<b>▼14%</b>	<b>16,579</b>	<b>16,579</b>	<b>19,207</b>	<b>19,209</b>	<b>19,376</b>	<b>18,373</b>
<b>Scope 2</b>							
Stationary energy - electricity	▼12%	71,913	79,685	90,434	97,820	103,936	131,658
<b>Scope 3</b>							
A3, A4 and A5 paper purchased	▲110%	36	36	17	29	49	210
Base-building energy - combustion of fuel: diesel, gas (AUS only)	▼11%	1,535	1,535	1,730	2,230	1,946	2,188
Base-building & 3rd party data centre energy - electricity (AUS, NZ & UK)	▼8%	15,535	15,535	16,897	17,066	18,363	18,994
Business travel - Air travel <sup>3</sup>	▲5%	22,154	22,154	21,105	22,153	18,975	26,600
Business travel – Hotel stays	▼27%	2,792	2,792	3,843	2,828	3,082	5,072
Other business travel <sup>4</sup>	▼25%	2,224	2,224	2,983	2,891	3,014	4,524
Transmission losses - base-building energy: diesel, gas, electricity (AUS, NZ & UK)	▼10%	1,825	1,825	2,036	2,265	2,350	2,638
Transmission losses - stationary energy: diesel, gas, propane, electricity	▼12%	8,351	9,041	10,328	11,703	12,749	18,333
Working From Home energy - electricity, gas and associated transmission losses	N/A	3,597	3,597	DNR	DNR	DNR	DNR
Waste to landfill	▼22%	1,681	1,681	2,165	2,291	2,693	2,994
Waste to incineration	▲345%	685	685	154	214	266	DNR
Materials Recycled/Diverted from landfill	▼53%	7	7	15	DNR	DNR	DNR
Water use	▼28%	322	322	450	447	463	517
Waste water	▼18%	21	21	25	14	DNR	DNR
Paper Statements (Non Carbon Neutral) (New Zealand only)	▲35%	196	196	145	155	163	DNR
<b>Total scope 3</b>	<b>▼0.4%</b>	<b>60,961</b>	<b>61,651</b>	<b>61,893</b>	<b>64,287</b>	<b>64,113</b>	<b>82,070</b>
<b>Gross GHG emissions (Scope 1, 2 and 3) prior to renewable energy purchase</b>	<b>▼8%</b>	<b>149,452</b>	<b>157,915</b>	<b>171,535</b>	<b>181,316</b>	<b>187,425</b>	<b>232,100</b>
Renewable electricity purchased	▲152%	N/A	(8,463)	(3,360)	(365)	(553)	(13,182)
Carbon offsets retired <sup>5</sup>	▼11%	(149,452)	(149,452)	(168,175)	(180,950)	(186,872)	(218,918)
<b>Net GHG emissions (carbon neutral)</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1. Total and sub-total figures in the table may differ slightly due to rounding.

2. Updated vehicle refrigerant leakage rates used in 2020.

3. Business travel air includes DBEIS's required distance uplift and from 2020 radiative forcing

4. Other business travel includes colleague vehicles, ferries (UK-2016), rail (UK and Japan 2016-2019), rental cars, status use vehicles (UK-2016), taxi use, work use vehicles and supplier vehicles (UK-2016).

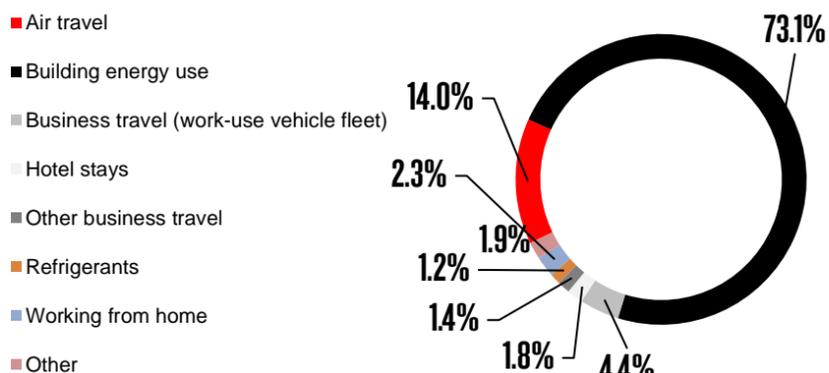
5. An equivalent amount of offsets (149,452) have been retired in advance for the 2021 environmental reporting year in accordance with NAB Group's Environmental Reporting and Offset Management Policy. The quantity of offsets retired are based on the emissions arising from operational activities of NAB Group for the year ending 30 June 2020. As per NAB Group's year end reporting processes, actual 2021 offsets retired will be adjusted to match actual 2021 GHG emissions, which may vary up or down based on changes in business operations during the 2021 environmental reporting year.

Gross GHG emissions by source (%)	2020
Air travel	14.0%
Building energy use	73.1%
Business travel (work-use vehicle fleet)	4.4%
Hotel stays	1.8%
Other business travel	1.4%
Refrigerants	1.2%
Working from home	2.3%
Other	1.9%

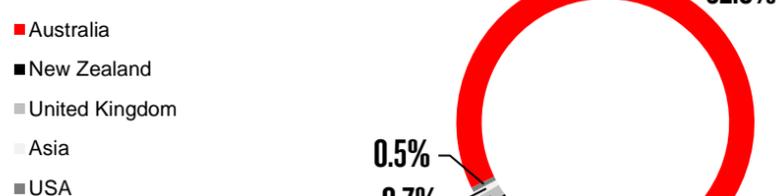
Gross GHG emissions by region (%)	2020
Australia	92.0%
New Zealand	5.4%
United Kingdom	1.4%
Asia	0.7%
USA	0.5%

Gross GHG emissions by gas type (%) <sup>1</sup>	2020
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### GROSS GHG EMISSIONS BY SOURCE (%)



### GROSS GHG EMISSIONS BY REGION (%)<sup>1</sup>



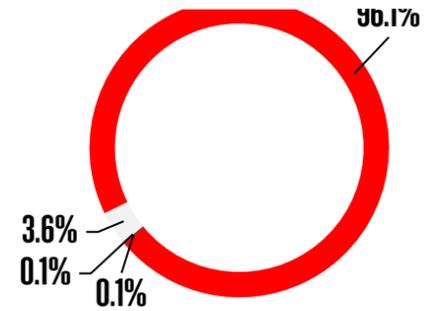
### GROSS GHG EMISSIONS BY GAS TYPE (%)

0% 10%

Carbon dioxide	96.1%
Nitrous oxide	0.1%
Methane	0.1%
Other gases (including HFCs)	3.6%

1. Total percentages shown in table may not equal 100% due to rounding.

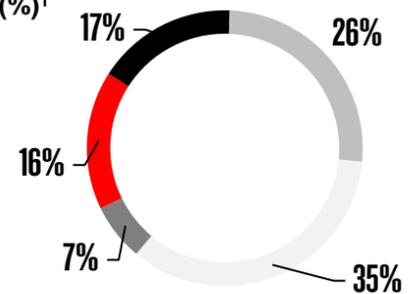
- Carbon dioxide
- Nitrous oxide
- Methane
- Other gases (including HFCs)



Offset portfolio by project type for actual GHG emissions (%)	2020
RE - Biomass	16%
RE - Geothermal	17%
RE - Solar	26%
RE - Wind	35%
Savanna burning	7%

#### OFFSET PORTFOLIO BY PROJECT TYPE FOR ACTUAL 2020 GHG EMISSIONS (%)<sup>1</sup>

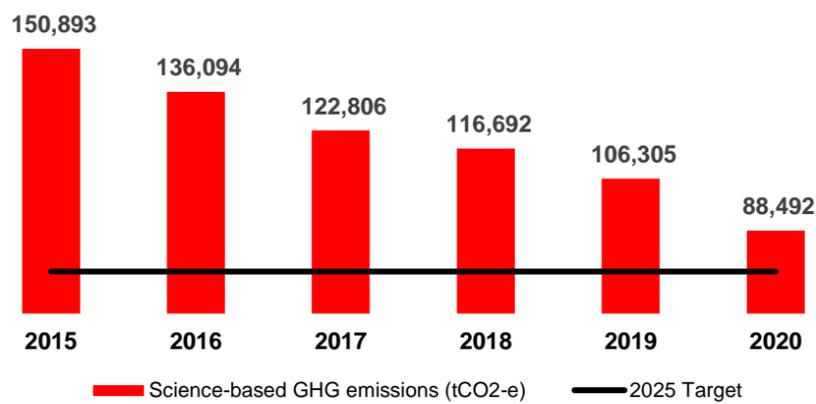
- RE - Biomass
- RE - Geothermal
- RE - Solar
- RE - Wind
- Savanna burning



Science-based GHG emissions (tCO <sub>2</sub> -e) <sup>1</sup>	2020	2019	2018	2017	2016	2015
Science-based GHG emissions (tCO <sub>2</sub> -e)	88,492	106,305	116,692	122,806	136,094	150,893
2025 Target	74,435	74,435	74,435	74,435	74,435	74,435

1. This target has a baseline of 2015 and covers all direct GHG emissions (Scope 1) and indirect GHG emissions from consumption of purchased electricity (Scope 2) across all GHGs required in the GHG Protocol Corporate Standard. This target (including prior years' performance) was restated in 2020 to include data centres which were previously excluded and now aligns with a 'Well Below 2° Scenario' under the Paris Agreement. The target has been prepared in accordance with the Sectoral Decarbonisation Approach (SDA) 'Services Buildings' methodology published by the Science-Based Target initiative.

#### SCIENCE-BASED GHG EMISSIONS V 2025 TARGET



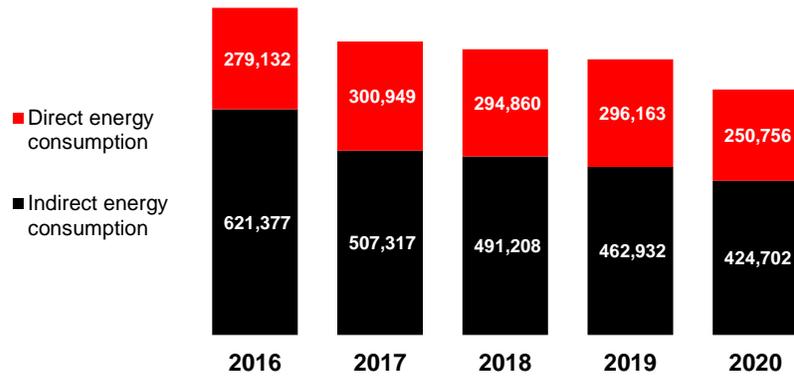
**Direct and indirect energy consumption and production**

(GJ)	2020	2019	2018	2017	2016
Indirect energy consumption	424,702	462,932	491,208	507,317	621,377
Direct energy consumption	250,756	296,163	294,860	300,949	279,132
<b>Gross energy consumption</b>	<b>675,459</b>	<b>759,096</b>	<b>786,068</b>	<b>808,266</b>	<b>900,509</b>
Indirect energy production (tri-generation and solar PV)	(58,980)	(63,418)	(60,541)	(55,869)	(36,028)
<b>Net energy consumption</b>	<b>616,479</b>	<b>695,678</b>	<b>725,527</b>	<b>752,397</b>	<b>864,481</b>

**Direct and indirect energy consumption and production**

Our global energy consumption and production data is presented below. We produce electricity through our tri-generation plant and solar panels installed on our buildings (direct), in addition to purchasing energy from the grid (indirect).

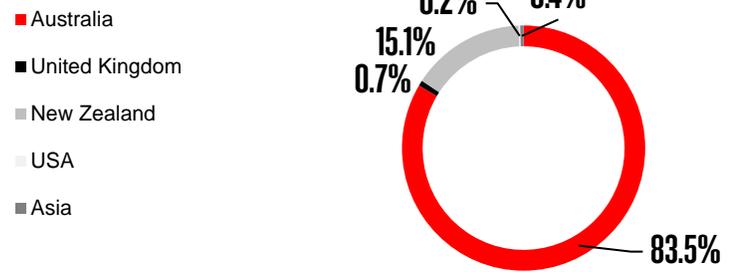
**DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)**



Net energy use by region (%)	2020
Australia	83.5%
United Kingdom	0.7%
New Zealand	15.1%
USA	0.2%
Asia	0.4%

1. Total percentages shown in pie chart may not equal 100% due to rounding.

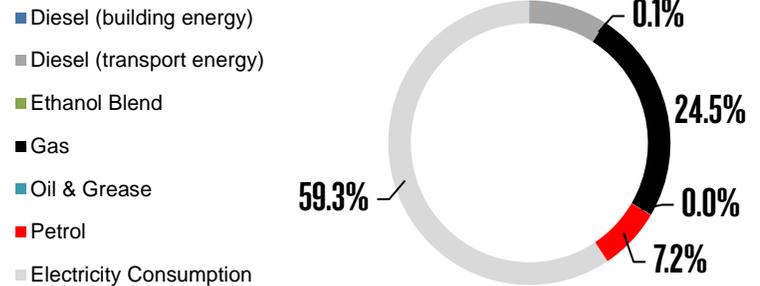
**NET ENERGY USE BY REGION (%)<sup>1</sup>**



Net energy consumption by fuel type (%)	2020
Diesel (building energy)	0.1%
Diesel (transport energy)	8.9%
Ethanol Blend	0.1%
Gas	24.5%
Oil & Grease	0.0%
Petrol	7.2%
Electricity Consumption	59.3%

1. Total percentages shown in pie chart may not equal 100% due to rounding.

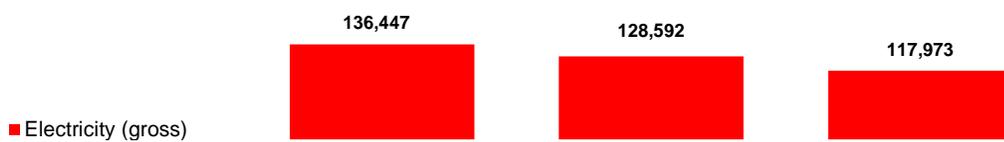
**NET ENERGY CONSUMPTION BY FUEL TYPE (%)<sup>1</sup>**



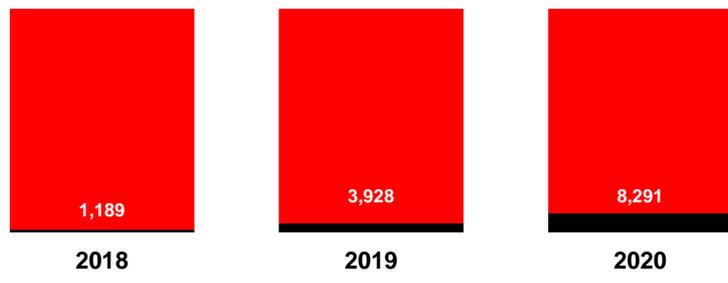
Electricity consumption by region (MWh)	2020
Australia	101,158
United Kingdom	871
New Zealand	14,823
USA	367
Asia	753
<b>Total</b>	<b>117,973</b>

Renewable electricity	Unit	2020	2019	2018
Electricity (gross)	MWh	117,973	128,592	136,447
Renewable electricity	MWh	8,291	3,928	1,189
Renewable electricity	%	7.0%	3.1%	0.9%

**RENEWABLE ELECTRICITY CONSUMPTION (MWh)**



■ Renewable electricity



**Other environmental performance indicators (water, waste, paper, recycling, travel)**

Home

Other environmental performance indicators	Units	% change from prior year	2020	2019	2018	2017	2016
Office paper purchased (A3, A4 and A5)	tonnes	▼ 22%	397	511	574	716	966
Office paper purchased (A3, A4 and A5) per FTE	kg/FTE	▼ 25%	11	15	17	21	22
Online statements	count	▲ 4%	5,485,185	5,254,464	5,013,553	5,211,439	3,340,448
Printed statements	count	flat	2,927,482	2,937,744	3,530,997	4,408,847	4,790,202
Online only statements (percentage) <sup>1</sup>	%	▲ 2%	65%	64%	59%	54%	41%
Materials recycled/diverted from landfill	tonnes	▼ 2%	2,038	2,083	2,254	2,717	3,714
Waste generated	tonnes	▼ 12%	3,489	3,954	4,202	5,022	6,133
Waste to landfill per FTE	kg/FTE	▼ 25%	42	55	58	67	55
Waste diverted from landfill (percentage) <sup>1</sup>	%	▲ 11%	58%	53%	54%	54%	61%
Water use	kL	▼ 21%	308,912	391,050	387,598	400,655	492,153
Work use vehicles	number	▼ 2%	1,791	1,819	1,814	1,816	1,947
Work use vehicles fuel consumption	kL	▼ 19%	2,711	3,358	3,349	3,440	3,529
Air travel <sup>2</sup>	'000pkms	▼ 38%	73,196	118,099	113,316	107,772	151,668
Hotel stays	nights	▼ 27%	50,460	69,276	59,368	63,085	101,149

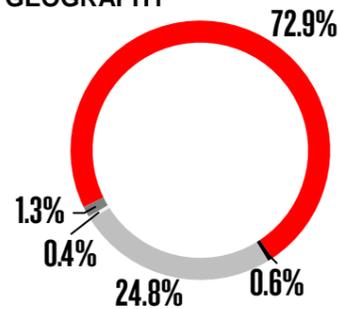
1. Customer statement data is as at 30 June. As these indicators are a percentage outcome, the 'Change' value is equal to the actual result.

2. Historical data restated to include uplift estimation for air travel data.

Paper purchased by geography (%)	2020
Australia	72.9%
United Kingdom	0.6%
New Zealand	24.8%
USA	0.4%
Asia	1.3%

**PAPER PURCHASED BY GEOGRAPHY**

- Australia
- United Kingdom
- New Zealand
- USA
- Asia



**Summary of emissions reduction and renewable energy opportunities investigated across Australia – as at 30 June 2020**

Development stage	Total project number	Total estimated annual (tCO <sub>2</sub> -e)
Under investigation	6	1,236
To be implemented	0	-
Implementation commenced	6	4,087
Implemented	929	117,327
Not to be implemented	347	39,370
<b>Total</b>	<b>1,288</b>	<b>162,020</b>

**Examples of energy efficient and renewable energy opportunities implemented in Australia in 2020**

Activity type	Description	Estimated annual CO <sub>2</sub> -e savings (metric tonnes)	Investment (AUD) <sup>1</sup>	Annual savings (AUD)	Estimated payback period (yrs) <sup>1</sup>	Estimated initiative life time (yrs)
Energy efficiency in buildings - building fabric	Move to purpose built energy efficient building	4,633	-	949,725	-	10+
Energy efficiency in buildings - lighting	Lighting upgrades	553	2,198,919	633,342	3.5	4 to 10
Other - machine replacement	Printer fleet migration, to right size fleet and move to more efficient devices	173	-	20,952	-	1 to 3
Energy efficiency in buildings - draught proofing	Door opening sensor trial, to reduce space conditioning required at branches	3	-	450	-	4 to 10
Energy efficiency in buildings: HVAC	After hours air conditioning process improvement	5	-	1,586	-	1 to 3

1. A project with no investment (AUD\$) value indicates that the environmental specific spend cannot be separated from the cost of the underlying core project. Where specific spend cannot be identified, is not calculated.

## United Nations Guiding Principles - Salient Issues

We understand that human rights issues can arise in our own operations and when engaging with external parties, especially customer interactions, financing and investments, and our supply chain. Salient human rights issues can occur in a range of geographies where NAB operates or has business relationships.

We identify salient human rights issues through our internal risk management and materiality review processes. We also regularly engage with civil society and other stakeholders who raise human rights issues with us. During the year, we participated in a range of multi-stakeholder forums like industry, government and civil society seminars, roundtables and working groups to discuss human rights and grow shared understanding of issues such as modern slavery.

How we are addressing salient human rights is described throughout this report and is summarised in the table below.

Salient human rights issue	Reference to Sustainability Report (unless otherwise stated)	Website 1	Website 2	Home
Anti-discrimination, harassment and bullying	- Supporting Customers (p13) - Governance, conduct and culture (p20)			
Freedom of association and collective bargaining	- Organisational change (p25-26)			
Fair, equitable, diverse, inclusive and flexible employment practices	- 2020 scorecard (p5) - Inclusion and diversity (p26-27) - Investor Pack Inclusive Workforce p47	<a href="#">link</a>		
Financial literacy and inclusion	- Supporting Customers - Financial inclusion (p12) - Supporting Customers - Affordable and specialist housing (p16)	<a href="#">link</a>		
Health, safety, security and wellbeing	- Customers experiencing vulnerability (p13) - Colleague capability and wellbeing (p23-24)	<a href="#">link</a>		
Customer financial resilience and hardship	- Supporting customers (p12-15) - Investor Pack Commercial responses to society's biggest challenges (p46)	<a href="#">link</a>		
Fair and responsible financial products and services	- Investor Pack Financial Health & Resilience p46 - Supporting customers (p11-12)			
Accessible products, services, technology and buildings	- Supporting Customers - Accessible banking (p13) - Inclusion & Diversity (p26-27)	<a href="#">link</a>		
Corruption and bribery	- Investor Pack Continued focus on Cyber, financial crime and fraud p12 - Fighting Financial Crime (p42)	<a href="#">link</a>		
Privacy, information security and data protection	- Data security, technology and innovation (p41-42)	<a href="#">link</a>		
Freedom from forced labour, slavery and servitude and child labour (inc. modern slavery)	- Data security, technology and innovation (p42) - Respecting human rights (p45-46) - Investor Pack Integrating ESG p47	<a href="#">link</a>	<a href="#">link</a>	
Indigenous rights and inclusion	- 2020 Scorecard (p5) - Indigenous economic participation (p15) - Inclusion and diversity (p26-27) - Investor Pack Commercial responses to society's biggest challenges (p46)	<a href="#">link</a>		
Improper land acquisition/land grabbing	- Respecting human rights (p45-46)	<a href="#">link</a>		

## United Nations Guiding Principles for business and human rights - cross reference

Section of the Framework	Reference to Sustainability Report (unless otherwise stated)	Website 1	Website 2
Policy commitment	Website - Human Rights Website - Human Rights Policy	<a href="#">link</a>	<a href="#">link</a>
Embedding Respect	Website - Human Rights Website - Human Rights Policy	<a href="#">link</a>	<a href="#">link</a>
Statement of salient issues	Refer table above		
Explanation of salient issues	Website - Human Rights	<a href="#">link</a>	<a href="#">link</a>
Geographical focus (if any)	Not applicable		
Additional severe impacts (if any)	Not applicable		
Specific Policies	Website - Human Rights Website - Human Rights Policy	<a href="#">link</a>	<a href="#">link</a>
Stakeholder Engagement	Respecting human rights (page 45-46)	<a href="#">link</a>	
Assessing impacts	Website - Human Rights Respecting human rights (pages 45-46)	<a href="#">link</a>	
Integrating Findings and Taking Action	Website - Human Rights	<a href="#">link</a>	
Tracking Performance	Website - Human Rights Respecting human rights (pages 45-46)	<a href="#">link</a>	
Remediation	Website - Human Rights Website - Human Rights Policy Website - Contact Us	<a href="#">link</a>	

## Global Reporting Initiative (GRI) Standards index

Home

GRI 102: General disclosures	Reference to Sustainability Report (unless otherwise stated)	Website	UN Global Compact Principles
102-1 Name of the organisation	Cover (page 1)		
102-2 Primary brands, products and services	Annual Review (pages 10-13)	<a href="#">link</a>	7
102-3 Location of headquarters	Melbourne, Australia		
102-4 Location of operations	Annual Review (page 10)	<a href="#">link</a>	
102-5 Ownership and legal form	Annual Financial Report (page 121)	<a href="#">link</a>	
102-6 Markets served	Annual Review (page 13)	<a href="#">link</a>	
102-7 Scale of the organisation	Annual Review (page 10)	<a href="#">link</a>	
102-8 Information on colleagues and other workers	Engaging our people (page 30) Data Pack - People		6
102-9 Supply chain	Data Pack - Supply Chain		
102-10 Significant changes to the organisation and its supply chain	Annual Financial Report (page 8)	<a href="#">link</a>	
102-11 Adoption of the precautionary approach	How we act (page 43)		15
102-12 External initiatives		<a href="#">link</a>	
102-13 Memberships of associations		<a href="#">link</a>	
102-14 Statement from senior decision maker	Leadership message (page 3)		
102-16 Values, code of conduct and code of ethics	Governance, conduct and culture (page 11)		10
102-18 Governance structure	Our approach (page 6)		10
102-40 Stakeholder groups engaged	How we listen (page 9)	<a href="#">link</a>	
102-41 Collective bargaining agreements	Engaging our people (page 31) Data Pack - People		3
102-42 Identifying and selecting stakeholder groups	How we listen (page 9)	<a href="#">link</a>	
102-43 Approach to stakeholder engagement	How we listen (page 9)	<a href="#">link</a>	
102-44 Key topics and concerns raised	How we listen (page 9)	<a href="#">link</a>	
102-45 Entities included in the consolidated financial statements	Annual Financial Report (page 5)	<a href="#">link</a>	
102-46 Defining report content and topic boundaries	About this report (page 2) How we listen (page 9)		
102-47 List of material topics	How we listen (page 10) This index		
102-48 Restatements of information	Data Pack - Home		
102-49 Changes in reporting	Data Pack - Home		
102-50 Reporting period	About this report (page 2)		
102-51 Date of most recent previous report	16 November 2018	<a href="#">link</a>	
102-52 Reporting cycle	Annual		
102-53 Contact point for questions	social.impact@nab.com.au		
102-54 Claims of reporting in accordance with the GRI Standards	About this report (page 2)		
102-55 GRI content index	This index		
102-56 External assurance	Assurance (page 46)	<a href="#">link</a>	
Material topics		Impact boundary	
Employment	External (Customers, communities, shareholders); Internal (colleagues)		
Climate change	External (Shareholders, customers, communities); Internal (colleagues)		
Customer privacy	External (Customers, shareholders); Internal (colleagues)		
Human rights assessment	External (Customers, suppliers, communities); Internal (colleagues)		
Responsible finance (lending)	External (Customers, communities, shareholders); Internal (colleagues)		
GRI standard and disclosure	Reference to Sustainability Report (unless otherwise stated)	External assurance	UN Global Compact Principles
Employment			
103-1 Explanation of the material topic and its Boundaries	Engaging our people (page 30)		6
103-2 The management approach and its components	As above		
103-3 Evaluation of the management approach	As above		
401-1 New colleague hires and colleague turnover	As above Data Pack - People	yes	6
401-3 Parental leave	Engaging our people (page 33) Data Pack - People	yes	6
Climate change			
103-1 Explanation of the material topic and its Boundaries	Addressing climate change and environmental sustainability (page 21)		
103-2 The management approach and its components	As above How we act (pages 43-44)		
103-3 Evaluation of the management approach	As above		
201-2 Financial implications and other risks and opportunities due to climate change	As above Annual Financial Report (page 20)		9
Data privacy and confidentiality			
103-1 Explanation of the material topic and its Boundaries	Transformation & technology (page 35)		
103-2 The management approach and its components	As above		
103-3 Evaluation of the management approach	As above		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Transformation & technology (page 36) Data Pack - Customer	yes	
Human rights assessment			
103-1 Explanation of the material topic and its Boundaries	Respecting human rights (page 44)		1, 2, 4, 5, 6
103-2 The management approach and its components	As above		

103-3 Evaluation of the management approach	As above Data Pack - UNGP HR Index		
412 Human rights assessment: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	As above		2, 10
412 Human rights assessment: colleague training on human rights policies or procedures	As above		
<b>Responsible finance (lending)</b>			
103-1 Explanation of the material topic and its Boundaries	Customer support and experiences (page 14) Financial health and resilience (page 15) Responsible finance (page 19)		
103-2 The management approach and its components	As above		
103-3 Evaluation of the management approach	As above		
F56 product portfolio: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Responsible finance (page 19)		
F57 product portfolio: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial inclusion (page 17) Responsible finance (page 19) Data Pack - Customer	yes	
F58 product portfolio: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Climate change commitments (page 27) Data Pack - Customer	yes	7, 8, 9

## Links to supporting documents and other references

[2020 Reporting Suite \(Annual Financial Report, Annual Review, Corporate Governance Statement, Sustainability Report\)](#)

[NAB Social Impact Policy](#)

[2019-2021 Reconciliation Action Plan](#)

[NAB Social Impact Website](#)

[2019-2020 Accessibility Action Plan](#)

[2019 Australian National Outlook](#)

[2019-2020 Customer Vulnerability Framework](#)

[Portfolio Impact Analysis Tool](#)

## Reporting and Self-Assessment Requirements

## High-level summary of bank's response (limited assurance required for responses to highlighted items)

## Reference(s)/Link(s) to bank's full response/ relevant information

**Principle 1: Alignment**

**We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.**

<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>NAB's business model, including its reliance on capitals to create value, is outlined in our integrated report, our 2020 Annual Review. This report outlines our value creation model, including business activities and geographies, and detail on our major business lines.</p> <p>The company's more than 34,000 colleagues serves approximately 9 million customers who rely on us to deliver secure, easy and reliable banking services. Our services primarily support customers across Australia and New Zealand, whilst our Corporate and Institutional Bank serves customers throughout the world, including Australia, New Zealand, the United Kingdom, United States of America and Asia.</p>	<p>2020 Annual Review (pages 8-9: Economic contribution and value creation) 2020 Annual Review (pages 22-23: Our business)</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>NAB's approach to sustainability is now integrated within its Group Strategy. It is explicitly included in the long-term pillar of 'What we will be known for'. This includes driving commercial responses to society's biggest challenges, driving resilient and sustainable business practices and innovating for the future.</p> <p>We have aligned the focus of our strategies to help deliver on the United Nations Sustainable Development Goals (specifically focused on SDGs #7, 8, 9, 11, 13 and 15), the Paris Climate Agreement, and where relevant, national initiatives. We were the first Australian bank to sign the Collective Commitment to Climate Action, incorporating a range of commitments to align our business with efforts to limit global warming to well-below 2 degrees Celsius, striving for 1.5 degrees Celsius. To achieve this, we have committed to align our lending portfolio with net zero emissions by 2050.</p> <p>Work is currently under way to integrate our overarching strategic long-term approach to sustainability into customer-facing and enabling business units. Although we have integrated ESG risk within our Risk Management Framework (RMF), with the increasing materiality of ESG risk, in the 2020 financial year, we (i) specifically called out sustainability risk as a new material risk category as part of our 2020 Risk Management Strategy and RMF review, and (ii) further integrated ESG risk considerations within our risk appetite statement.</p>	<p>2020 Sustainability Report (pages 7-8: Sustainability in our Group strategy) 2020 Sustainability Report (page 29: Collective Commitment to Climate Action) 2020 Sustainability Report (page 44: How we act - Making decisions for the long-term)</p>

**Principle 2: Impact and Target Setting**

**We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.**

**2.1 Impact Analysis:**

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

NAB has historically sought to understand the areas in which it has the most significant (potential) positive and negative impacts through its formal, annual, Environmental, Social and Governance (ESG) materiality review. This review is aligned to the Global Reporting Initiative Standards, and guidance provided by the International Integrated Reporting IR Council's <IR> Framework. This process was again conducted in 2020, and explores NAB's ESG-related impacts and areas of risk and opportunity, relevant to NAB's areas of operation. It draws on existing feedback mechanisms (e.g. customer feedback, employee engagement surveys), external ESG assessments of NAB's performance (e.g. MSCI, DJSI performance), and external frameworks and standards to identify themes. These are prioritised through an assessment of stakeholder feedback.

- This assessment covers the bank's core business areas as described in 1.1 of this template.
- The assessment considers NAB's major industry exposures, for example, to agribusiness in Australia.
- The assessment also considers impact in relation to the geographies within which we operate, by drawing on external sources including the Voluntary National Reviews submitted by the Australian and New Zealand governments, and country profiles drawn from: Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press. In addition, NAB was a lead partner alongside the Commonwealth Scientific and Industrial Research Organisation in developing the 2019 Australian National Outlook (ANO). This project aimed to help identify some of the challenges we face as a nation, and outline a path towards an Australia in 2060 that has inclusive communities, globally competitive industries, and sustainable foundations in our natural resources, environment and social capital.
- The scale and intensity of impact is considered and prioritised through the above processes, including engagement with non-governmental organisations, executives and Directors of NAB, colleague engagement surveys, customer surveys and investor engagement.

In addition to our annual ESG materiality processes, NAB has taken further steps to provide greater understanding of our impacts. This includes participating in PRB working groups to more holistically analyse impact, using the Portfolio Impact Analysis Tool for Banks. This tool analyses the positive and negative impact of a bank's portfolio of products and services by sector and geography. This work is ongoing, and the findings will be disclosed in greater detail in 2021. It is anticipated that this work will form the foundation for review of Group targets and provide for consistent comparisons of impact across banks.

This year, we also completed an initial estimate of the Scope 3 GHG emissions attributable to NAB in Australia, as they relate to our lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas) sectors. This recognises the indirect responsibility that arises from our lending and how this lending plays a crucial role in supporting environmental outcomes. This is our first estimate of financed emissions attributable to our lending portfolio, which we will iterate and improve over time.

2020 Annual Review (page 2: About this report)  
2020 Sustainability Report (pages 9-10: Materiality process)  
2020 Sustainability Report (page 30: financed emissions estimate information)  
2019 Australian National Outlook  
Portfolio Impact Analysis Tool for Banks

Show that building on this analysis, the bank has:

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

Our ESG Materiality process described above identified five prioritised themes for management:

- Supporting customers: Incorporating both positive impact and mitigating negative impact by driving inclusive banking, customer experience, financial hardship and vulnerability assistance. It also includes NAB's proactive financial support for industries delivering positive social impact, including education, affordable housing, health and medical research.
- Governance, conduct and culture: Focused on reducing potential negative impact by improving the governance, culture and conduct management within the organisation.
- Colleague capability and wellbeing: Recognising the positive impact our organisation can have through its workforce, this theme focuses on colleagues' capability, investing in their wellbeing, and policies and processes to ensure our workforce reflects our community, and provides opportunities for marginalised and vulnerable individuals.
- Managing climate change: Theme covers mitigation and reduction of potential negative impact through responsibly managing risks associated with climate change, and the significant opportunity we have to drive positive impact in supporting our customers with their transition to a low-carbon economy.
- Data security, technology and innovation: Lastly, this theme focuses on managing the impact of increasing digitisation, by offering simple, fast and safe services, as well as mitigating potential negative impacts with a strong focus on matters of privacy and safety.

In addition, NAB's strategy has identified a range of areas where we believe we can pursue commercial opportunities by addressing society's challenges:

- Natural disaster preparedness, relief and recovery.
- Climate action.
- Sustainable agriculture.
- Financial health and resilience.
- Indigenous business and inclusion.
- Infrastructure and urbanisation.

With regards to potential negative impacts associated with our lending portfolio, NAB will draw on the work currently under way as part of our portfolio impact analysis through UNEP FI and PRB working groups.

In addition, NAB's initial estimate of the Scope 3 GHG emissions attributable to NAB's financing as it relates to our lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas) sectors has identified that on average we lend approximately \$23,320 to these sectors for every tonne of GHG emissions released by customers in these sectors. The sector with the highest emissions intensity is the power generation sector (approximately \$550 is lent for every tonne of emissions released), whilst the highest absolute emissions come from our lending to the residential (mortgages) sector due to the aggregate size of our residential mortgage portfolio.

Importantly, and as reflected in our ESG Materiality process, we know that when we don't get it right, there are possibly significant negative impacts for our customers, colleagues and communities. We remain focused on the lessons learnt from the Royal Commission into Misconduct in the Banking, Superannuation & Financial Services Industry, and are making progress on the recommendations made in the Final Report; getting the basics right for our customers and continuing to improve our culture remain a key focus. Similarly, we are progressing on actions identified in our self-assessment into governance, accountability and culture, with a key goal being to strengthen the voice of the customer in our bank. We use the Net Promoter System (NPS) to capture feedback, focus on customer complaints and have established Board and Executive Customer Committees to drive customer experience and improved customer outcomes.

2020 Sustainability Report (pages 9-10: Materiality process)

2020 Sustainability Report (pages 7-8: Sustainability in our Group strategy)

2020 Sustainability Report (page 19: Implementation of APRA self-assessment actions and Royal Commission recommendations)

2020 Sustainability Data Pack ('Financing' tab, financed emissions estimate)

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.**

**We believe we have fulfilled the requirements regarding Impact Analysis, noting that work is under way to continue to develop our understanding of (potential) positive and negative impacts across our lending portfolios.**

## 2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

We have made a number of commitments to increase our positive impact aligned to the areas identified above. Specifically, in relation to two SMART targets on PRB, in the last twelve months we have committed:

- To provide \$70 billion in environmental financing to address climate change and support the low-carbon transition by 2025. This commitment is an expansion of our previously announced target of \$55 billion by 2025.
- To provide \$2 billion in financing for affordable and specialist housing by 2023.

Whilst our self-assessment in sections 2.2-2.4 focus on the above commitments, we publish and work towards achieving a range of relevant targets and commitments and monitor KPIs through our Sustainability Report, Reconciliation Action Plan, Accessibility Action Plan, Customer Vulnerability Framework, and our Climate commitments. In addition, on 1 October 2019 we announced a commitment to provide \$2 billion in financing to emerging technology by 2025 to help spur innovation. These commitments include those aimed at mitigating or reducing potential negative impact, such as our commitment to aligning our lending portfolio to net zero emissions by 2050, and our commitment to reduce thermal coal mining exposures to be effectively zero by 2035, apart from residual performance guarantees to rehabilitate existing coal assets. We have set a commitment to work closely with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low-carbon transition plans by 2023. Similarly, BNZ has set a target of having 50 per cent of its SME customers measuring emissions, setting reduction targets and reporting climate change impacts by 2025. We have also published a range of actions in our Customer Vulnerability framework, aimed at reducing potential negative impact experienced by people in our communities who may be excluded from full access to financial services.

2020 Sustainability Report (pages 4-5: 2020 snapshot and scorecard)

2020 Sustainability Report (page 16: Affordable and specialist housing)

2020 Sustainability Report (page 29: Collective Commitment to Climate Action)

2020 Sustainability Report (page 30: Helping customers decarbonise)

2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date)

2019-2021 Reconciliation Action Plan

2019-2020 Accessibility Action Plan

2019-2020 Customer Vulnerability Framework

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

These targets are aligned to the SDGs and the Paris Agreement:

- Affordable and specialist housing: Aligned to SDGs #9 'Industry, Innovation and Infrastructure' and #11 'Sustainable cities and communities'. This commitment represents additional financing provided by NAB towards provision of affordable and specialist housing from 1 October 2019, to 30 September 2023.
- NAB's Group environmental financing commitment: Aligned to SDGs #7 'Affordable and clean energy', #9 'Industry, Innovation and Infrastructure' and #13 'Climate action', and the goals of the Paris Agreement. This commitment is a cumulative new flow of financing provided by NAB Group that will help our customers to address climate change and support the low-carbon transition.

2020 Sustainability Report (page 16: Affordable and specialist housing)

2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date)

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

We recognise that pursuing specific commitments to drive positive impact in one area, can potentially generate negative impact against other areas of society's goals.

In relation to the target examples provided above, we recognise that the transition to a low-carbon society will impact communities in differing ways. We have supported the United Nations Global Compact Network Australia, with research examining what a 'just transition' could look like in Australia. This research provides principles for corporates within Australia to apply in their own work to transition to low-carbon economy by factoring in social considerations.

In addition, we manage ESG risks in an integrated manner as part of our processes for managing risks across our material risk categories. ESG risk assessment is part of our supplier due diligence and credit risk assessment and due diligence processes, recognising that our intention to drive positive impact in one area (e.g. environment) could present other risks of potential negative impact (e.g. human rights) if we are not alert to broader impacts.

With regard to affordable and specialist housing: our initial estimate of financed emissions attributable to NAB in Australia has shown residential mortgages represent the highest absolute emissions from amongst sectors assessed. To mitigate this, NAB is focused on exploring ways to support consistent minimum energy efficiency standards, and our affordable and specialist housing target includes allocations for 'sustainable' i.e. carbon-neutral residential properties.

2020 Sustainability Report (page 16: Affordable and specialist housing)

2020 Sustainability Report (page 37: Supporting a just transition)

2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date)

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.**

**We believe we have fulfilled the requirements regarding Target Setting, noting the specific examples outlined above, and additional work that will result from NAB's initial portfolio impact analysis work. We also intend to provide**

## 2.3 Plans for Target Implementation and Monitoring

<p>Show that your bank has defined actions and milestones to meet the set targets.</p>	<p>We have a range of actions in place to meet these commitments. These include:</p> <ul style="list-style-type: none"> <li>• Establishment of, or reporting to, a range of relevant internal management and risk committees.</li> <li>• Participation in industry and cross-sector working groups (detailed in 2.4 and 6.1 of this self-assessment).</li> <li>• Allocation of colleagues' time and resources to drive progress towards goals.</li> <li>• Publication of commitments and goals, and provision of regular updates, at least annually, on progress towards them.</li> <li>• Independent assurance over reported progress.</li> </ul> <p>We have assigned accountability for implementing the PRB within our risk management system and processes. This ensures accountability is assigned to relevant Divisions, and that we monitor and track progress against all PRB obligations, including our targets to drive positive impact and mitigate or reduce potential negative impact.</p> <p>Beyond the targets disclosed above, we communicate a range of ESG KPIs designed to increase positive and reduce or mitigate potential negative impacts in our 2020 Sustainability Report, and 2020 Sustainability Data Pack (this document).</p>	<p>2020 Sustainability Report (page 5: 2020 Scorecard)  2020 Sustainability Report (page 16: Affordable and specialist housing)  2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date; outline of affordable and specialist housing commitment and progress to date).  2019-2021 Reconciliation Action Plan  2019-2020 Accessibility Action Plan  2019-2020 Customer Vulnerability Framework  Assurance statements (on Sustainability Disclosures provided by EY and KPMG)  Second party opinions provided on our Green and Social Bond reporting.</p>
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<p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>We have publicly disclosed each of the above commitments. This includes clearly stating the baseline, outlining how progress is calculated and, where relevant, outlining transparently that we have updated our commitments to reflect changes in external environment. Our affordable and specialist housing commitment commenced 1 October 2019. Our environmental financing commitment represents the new flow cumulative lending from 1 October 2015, and we announced in our 2019 Sustainability Report an increase to this commitment from \$55 billion to \$70 billion reflecting the need for the 'energy shift' as published in the Australian National Outlook (ANO). The ANO mapped a sustainable path for Australia to reach its economic and social potential by 2060.</p>	<p>2020 Sustainability Report (page 5: 2020 Scorecard)  2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date; outline of affordable and specialist housing commitment and progress to date).</p>
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<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</b></p>	<p><b>We believe we have fulfilled the requirements regarding Plans for Target Implementation and Monitoring, noting we will be taking further steps to integrate the reporting of progress against commitments and action planning into the regular performance updates on NAB's Group Strategy.</b></p>	
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**2.4 Progress on Implementing Targets**

<p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p>	<p>i) Affordable and specialist housing:  We have established an 'Affordable Housing Council' made up of relevant internal colleagues and management personnel to discuss progress against our affordable and specialist housing commitment, and to share insights about relevant good practice from across business lines and geographies. We are participating in a range of external working groups, including the Constellation Project, a cross-sector initiative with the vision of ending homelessness within a generation. Resources within our Corporate and Institutional Banking division are allocated to pursue financing opportunities that will support additional affordable and specialist housing. This year marks the first year of progress reporting against our commitment, and we have engaged an independent auditor to provide assurance over this measure</p> <p>ii) Environmental financing commitment:  Our progress against our environmental financing commitment is reported regularly to our Climate Change Working Group, and is being integrated within NAB's regular Group Strategy reporting dashboards. We participate in a wide range of industry and cross-sector initiatives relating to environmental and climate financing and have allocated colleagues' time from across our organisation (Corporate and Institutional Bank, Risk, Corporate Affairs) to support delivery of this commitment. Specifically, activity has been integrated into core business through Sustainable Finance teams, a range of transactions completed in 2020 are discussed in our 2020 Sustainability Report. We have publicly reported progress on this cumulative target since 2015, and increased our commitment from 1 October 2019 to \$70 billion by 2025. Publicly reported progress against this measure is subject to independent assurance.</p> <p>Note: Progress against other Group commitments and targets (for example gender diversity, customer experience, thermal coal mining and power generation exposure reduction commitments) are detailed in our 2020 Sustainability Report, and reporting against our KPIs is presented in our 2020 Sustainability Data Pack (this report).</p>	<p>2020 Sustainability Report (page 5: 2020 scorecard)  2020 Sustainability Report (page 16: Affordable and specialist housing)  2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date; outline of affordable and specialist housing commitment and progress to date).</p>
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<p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Over the last 12 months, we have made the following progress towards achieving our commitments:</p> <p>i) Affordable and specialist housing: Provided over \$11.6 million.</p> <p>ii) Environmental financing: Provided \$8.9 billion.</p>	<p>2020 Sustainability Report (page 5: 2020 Scorecard)  2020 Sustainability Data Pack (Financing tab: breakdown of environmental financing commitment and progress to date; outline of affordable and specialist housing commitment and progress to date).</p>
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<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</b></p>	<p><b>We believe we have fulfilled the requirements regarding Progress on Implementing Targets, noting that we can take further steps to report quantitatively on the impact of our additional financing.</b></p>	
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**Principle 3: Clients and Customers**  
**We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**

<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We have a range of methods for building responsible relationships with customers. We have committed to strengthen the voice of the customer within our business as a goal identified in our APRA self-assessment into governance, accountability and culture. We use Net Promoter System (NPS) as our leading customer feedback measure, supporting continuous learning and customer outcomes. We have set a goal of achieving positive Strategic NPS and the #1 position of major banks. Customer complaints also provide important insight into how we can promote more responsible relationships with customers, we have moved our focus away from absolute complaints reduction to capturing more customer feedback, and achieving faster, quality resolutions for customers. In 2020, we received more than 220,000 complaints, and achieved a first point of contact resolution rate of 68% across Personal and Business Banking customers.</p> <p>In addition, we have established a Customer Outcomes Framework, which guides our focus on getting it right for customers. This complements our work to provide inclusive banking supported by our Reconciliation Action Plan, Accessibility Action Plan, Customer Vulnerability Framework, and our work to support people at risk of financial exclusion, all of which contain commitments and publicly reported progress on how we are working to build relationships and improve financial health of our customers. We have also established Board and Executive Customer Committees to oversee customer experience and drive better outcomes for customers.</p> <p>We manage ESG risks through our Risk Management Framework, which supports us in delivering our business strategy, protecting our customers and delivering fair outcomes, driving sustainable business performance in a safe and responsible way, and complying with our obligations.</p>	<p>2020 Sustainability Report (page 9: How we listen)  2020 Sustainability Report (page 44: ESG risk management)  2019-2021 Reconciliation Action Plan  2019-2020 Accessibility Action Plan  2019-2020 Customer Vulnerability Framework</p>
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3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

We have implemented a range of initiatives with our customers to encourage sustainable practices and encourage sustainable economic activities, including:

- Committed to work closely with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low carbon transition plans by 2023.
- Committed to supporting 50% of BNZ SME customers measuring their emissions, setting reduction targets and reporting climate change impacts by 2025.
- Commissioned ClimateWorks Australia to apply sector-based analysis under 2°C and 1.5°C scenarios to understand possible transition pathways our customers can take to a net zero emissions 2050 and the actions they may be able to undertake to get there. In 2021, we will take these insights to customers as part of our work to support customers with their low-carbon transition.
- Developed and delivered a range of products designed to support sustainable business, including Sustainability-Linked Loans, Green, Social and Sustainability Bonds, Green Term Deposits. To date, most product development has occurred at a Corporate and Institutional level, and there is opportunity to pursue activities to work with Personal Banking and Business Banking customers.
- Joined the Australian Industry Energy Transition Initiative (AIETI) alongside a number of customers. The AIETI aims to accelerate informed action by Australian industry towards the achievement of net zero emissions in hard-to-abate sectors by 2050, while managing the transition to thrive in a decarbonised global economy. AIETI will focus on five supply chains: iron and steel, liquefied natural gas, other metal (lithium, cobalt, etc.), aluminium, and chemicals (in particular, plastics, fertilisers and explosives). These supply chains are critical to achieving the Paris Agreement goals, given their significance to global emissions and the relatively higher abatement costs associated with them.
- Supported a range of initiatives to improve awareness and data availability regarding Natural Capital and our agribusiness customers.
- Made a range of changes to our personal banking products to help customers manage their financial health.

There is potential for significant opportunities to improve our work with customers by continuing to invest in our technology, systems and data capabilities.

2020 Sustainability Report (page 5: 2020 scorecard)  
 2020 Sustainability Report (pages 11-13: Building financial health and resilience)  
 2020 Sustainability Report (page 29: Collective Commitment to Climate Action)  
 2020 Sustainability Report (page 30: Helping customers decarbonise)  
 2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  
 2020 Sustainability Report (page 35: Natural capital and sustainable agriculture)

**Principle 4: Stakeholders**

**We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.**

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Effective stakeholder engagement is critical to allow us to understand what is expected of us, identify issues and opportunities to improve. In 2020, we have commenced engagement with our wide range of stakeholder on PRB, their relevance to stakeholders and perceived meaning to NAB.

- Our stakeholder engagement approach is detailed in our Social Impact Policy, and informed by the AA1000 Stakeholder Engagement Standard.
- NAB's annual materiality process, discussed in 1.1, incorporated questions on stakeholders' understanding of the PRB and how NAB could improve its positive impacts and reduce its negative impacts.
- NAB identifies and engages with key stakeholders – this process is well developed. For example, stakeholders are regularly engaged when we review of Group policies. This year engagement occurred as part of our review of the Group's Human Rights Policy and Environmental Policies. They were also engaged in the development of NAB's Animal Welfare and Non-Bank Financial Institution principles.
- NAB is participating in a range of partnerships and industry initiatives. These include, but are not limited to, groups focusing on natural capital, sustainable agribusiness, climate risk and scenario analysis and a just low-carbon transition.
- NAB identifies priority issues for advocacy with policy makers. We are currently refreshing our climate change-related advocacy strategy and plan.
- NAB engages with policy makers on topics such as climate, biodiversity, modern slavery and other sustainability issues via industry associations and/or directly.

2020 Annual Review (page 8: Stakeholder engagement)  
 2020 Sustainability Report (pages 44-45: Delivering sustainable outcomes for stakeholders)  
 Social Impact Policy

**Principle 5: Governance & Culture**

**We will implement our commitment to these Principles through effective governance and a culture of responsible banking**

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Work is ongoing to embed effective implementation of the PRB within NAB's risk management system and processes, and to manage significant (potential) positive and negative impact. NAB's implementation of the PRB was initially led out of the Corporate Affairs and Risk divisions, but now accountability for the meeting the PRB has been assigned across Divisions.

This will ensure accountability across relevant Divisions, regular review of progress, and support our leaders and teams in driving implementation of our commitment to the PRB.

NAB has a number of relevant policies (e.g. Human Rights, Environment, ESG Credit Policies) and Principles (e.g. Supplier Sustainability, Animal Welfare) in place to help integrate sustainability/ESG considerations into day to day management processes and decision-making.

Our overall approach to the governance of ESG risk is detailed in our 2020 Sustainability Report, and 2020 Annual Financial Report. This year, we have further integrated ESG risk considerations within our risk appetite statement, and have explicitly identified 'Sustainability Risk' as a material risk category as part of our Risk Management Framework. This work helps drive considerations of (potential) positive and negative impact through the existing risk structures of our organisation.

2020 Sustainability Report (page 8: Helping Australia move towards a sustainable future)  
 2020 Sustainability Report (page 44-45: How we act - ESG risk management)  
 2020 Annual Financial Report (pages 41-49)

5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its colleagues. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

A range of initiatives are under way and planned to help foster a culture of responsible banking among NAB's colleagues, including:

- \$50 million investment over three years to raise the bar of professionalism in banking with training for our entire workforce in the fundamentals of our industry. This accredited course is being run in partnership with the Financial Services Institute of Australasia (FINSIA) and is an industry first in Australia and New Zealand. We intend to explore how the PRB can be considered alongside this curriculum conducted by FINSIA.
- Continued focus on driving a responsible banking culture and encouraging colleagues to speak up if they have concerns.
- At the NAB Group level, sustainability is considered by the Board as part of determining long-term incentives and overall variable reward. Specifically, variable reward is subject to Board discretion considering qualitative matters such as the quality of the financial results, management of risk, reputation, shareholder expectations, sustainability and the environment.
- We are continuing to examine how sustainability can be effectively integrated into our performance remuneration framework. Currently, individual colleagues with accountability for specific initiatives (for example driving progress towards specialist housing commitments) have these elements considered as part of a balanced assessment of their overall performance.
- The role of leaders in communicating NAB's efforts to increase positive, and reduce negative, impact is also important. This year, there has been consistent internal and external communications from the Group Executive for Corporate and Institutional Banking on the opportunities that arise from seeking to drive positive impact in environmental financing, affordable and specialist housing and the overall importance of achieving a just transition. The CEO of BNZ, and Group Chief Risk Officer have also actively participated in communications on climate change.
- NAB's Social Impact work is also integrated within its Performance Recognition Program 'NAB Honour', ensuring that this initiative to recognise and connect NAB's highest performing colleagues also drives relevant messages about creating positive impact throughout the organisation.

2020 Sustainability Report (pages 7-8: Helping Australia move towards a sustainable future)  
 2020 Sustainability Report (page 20-21: Governance, conduct and culture)  
 2020 Sustainability Report (page 23: Colleague capability and wellbeing)  
 2020 Sustainability Report (page 44-45: How we act)

5.3 Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:  
a) target-setting and actions to achieve targets set  
b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Our implementation of the PRB is integrated within existing governance structures.

Two key risk committees are involved in the oversight of Sustainability risk - these include:

- the Group Non-Financial Risk Committee – which has oversight of non-financial risks, including aspects of sustainability risk, such as the Group’s environmental performance
  - the Group Credit and Market Risk Committee – which has oversight of financial risk and ESG risks, including sustainability/ESG risk, in the context of the credit risk portfolio.
- Matters are escalated to the Executive Risk Committee, BRCC and the Board as required.

NAB’s risk management system and processes now include specific obligations relating to the PRB. Analysis of (potential) positive and negative impacts arising from ESG risk is increasingly being integrated into our Risk Management Framework. ESG risk assessment is part of our credit risk assessment and due diligence processes, and factors into decisions about our operations and suppliers. Updates to Management and Board committees on NAB’s sustainability performance include: progress on our commitments: and challenges we need to address.

In 2021, we intend to establish an internal management committee specifically focused on sustainability. This will support centralised management of progress in implementing the PRB and regularly track progress against commitments to drive positive impact, complementing existing Risk and Management governance structures. This will include oversight of NAB’s ongoing participation in PRB working groups on target-setting (for example in relation to financial inclusion and biodiversity) and our current work assessing NAB’s lending portfolio using the PRB portfolio impact analysis tool.

2020 Sustainability Report (page 8: Helping Australia move towards a sustainable future)  
2020 Sustainability Report (page 44-45: How we act - ESG risk management)

Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We believe we have fulfilled the requirements regarding Governance Structure for Implementation of the Principles, noting that we intend to take steps to further embed implementation of the PRB into our organisation including through performance management, establishing new management committees and continuing to drive communication of NAB’s efforts. The above will all be supported by NAB’s ongoing work to assess our lending portfolio using the PRB portfolio impact analysis tool.

**Principle 6: Transparency & Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

In our first 12 months since becoming a signatory, we have taken steps to progress our implementation of the PRB, in addition to the setting and implementation of targets. Key points of progress outside of these targets include:

- Commencing work on PRB portfolio impact analysis tool, to holistically analyse the potential positive and negative impacts of our lending portfolio, intending to publish relevant results in 2021.
- Completing an initial estimate of Scope 3 GHG emissions attributable to NAB in Australia as they relate to our lending to the agricultural, residential mortgages, commercial real estate (office and retail), power generation and resources (including coal, oil and gas) sectors. This will provide us with a baseline to help us understand the potential negative impact of our financing relating to the goals of the Paris Agreement, and to find ways to support customers with their low carbon transition.
- Establishing new, or increased, targets relating to significant areas of impact (affordable and specialist housing, environmental financing) in order to drive positive impact. We have reported publicly on progress against these targets, and our progress reporting has been subject to independent assurance.
- Assigning accountability for implementation of the PRB within our risk management system, ensuring clear accountability across Divisions to drive progress.
- Signing the Collective Commitment to Climate Action (first Australian bank to do so), and updating our climate commitments to reflect that we:
  - Will align our lending portfolio to the Paris Agreement goals of net zero emissions by 2050.
  - Are committed to work closely with 100 of our largest greenhouse gas emitting customers to support them in developing or improving their low carbon transition plans by 2023.
- We also:
  - Provided further disclosure on our commitment to reduce thermal coal mining by 50% by 2028, to be effectively zero by 2035 (apart from performance guarantees relating to rehabilitation of existing coal assets) to state that we now expect exposures to reduce by 50% by 2026, to be effectively zero by 2030.
- Participated in PRB target-setting working groups relating to financial inclusion and biodiversity. When available, we intend to incorporate the output of these working groups into our management of impact and performance in these areas.
- Publicly reported on progress against the PRB, and engaged KPMG to provide limited assurance over our PRB Self-Assessment.
- Continued our public reporting of our ESG Materiality assessment, and relevant KPIs of areas of significant impact drawing on the GRI Standards.

2020 Sustainability Report (page 5: 2020 scorecard)  
2020 Sustainability Report (page 29: Collective Commitment to Climate Action)  
2020 Sustainability Report (page 30: Helping customers decarbonise)  
2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  
2020 Sustainability Report (page 35: Natural capital and sustainable agriculture)

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

We are committed to considering existing and emerging good practices, relevant to supporting implementation of the PRB. To do so, we engage in a range of industry and cross-sectoral initiatives to further our understanding of good practice in significant areas of impact. Key initiatives in 2020 included:

- Participated in PRB target-setting working groups relating to financial inclusion and biodiversity.
- Commenced work on PRB portfolio impact analysis tool, intending to publish relevant results in 2021.
- Participation in a range of joint initiatives to develop robust risk and investment methodologies relating to climate change.
- Participation in the Constellation Project, a cross-sector initiative with the vision of ending homelessness within a generation.
- Participation by our London Branch as an ‘early adopter’ of the Sustainability Reporting Standard for Social Housing. The standard will help providers of social housing to efficiently and consistently meet the demand from investors for increasingly detailed sustainability data.
- Ongoing participation in the United Nations Global Compact Network Australia, including supporting research examining a just transition within Australia.
- Membership of Business Council for Sustainable Development Australia, and Sustainable Business Council in New Zealand.
- Membership in the Australian Sustainable Finance Initiative, an initiative spanning Australia’s major banks, superannuation funds, insurance companies, financial sector peak bodies and academia to develop a Sustainable Finance Roadmap, in consultation with diverse sectors and stakeholders.
- Signed the Tobacco-Free Portfolio’s Finance Pledge (the Pledge), a global initiative to accelerate progress towards a tobacco-free future. As a signatory to the Pledge, NAB will not provide finance for the purposes of growing tobacco or manufacturing tobacco-based products. This acknowledges that the tobacco industry is subject to significant regulatory uncertainty, litigation risk and sensitivities within the community. The growing of tobacco and production of tobacco products is incongruent with the objectives of the World Health Organisation Framework Convention on Tobacco Control, which Australia and New Zealand have both ratified.
- Joined and supported the Climate Measurement Standards Initiative (CMSI), a cross-sector industry initiative formed in the 2020 financial year. The CMSI includes representatives from across the banking, insurance and investment sectors alongside pre-eminent Australian climate scientists working together under the auspices of the National Environmental Science Program’s Earth Systems and Climate Change (ESCC) Hub, professional services firms and finance sector industry bodies. The objectives of the CMSI are to provide opensource voluntary guidelines for financial institutions (banks, insurers and asset managers and owners) with consistent scientific and technical guidance on how to assess the physical risk of climate-related damage to homes, buildings and other critical infrastructure arising from extreme weather events – such as tropical cyclones, bushfires and floods. The CMSI focused on supporting implementation of the TCFD recommendations in addition to better understanding the financial system’s exposures to climate-related risks. Two key reports were published in the 2020 financial year, including a finance report and a science report which are available at: <https://www.cmsi.org.au/reports>

We will continue to align our work and priorities with good practice, as initiatives and examples of good practice relating to implementation of PRB emerge.

2020 Sustainability Report (page 5: 2020 scorecard)  
2020 Sustainability Report (page 29: Collective Commitment to Climate Action)  
2020 Sustainability Report (page 30: Helping customers decarbonise)  
2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  
2020 Sustainability Report (page 33: Climate risk management)  
2020 Sustainability Report (page 35: Natural capital and sustainable agriculture)  
2020 Sustainability Report (page 45: Tobacco-free finance pledge)

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We constantly draw on our participation in cross-sector initiatives and working groups mentioned above, and examples of existing and emerging good practice. Examples during 2020 that have influenced our progress included:

- We are working on further detailed (potential) positive and negative impact analysis, through our participation in UNEP FI Portfolio Impact and PRB working groups trialling the portfolio impact analysis tool. This developing example of good practice will be critical to our ongoing ability to progress implementation of the PRB by more holistically understanding how our lending drives potential positive and negative impacts.
- Participation in a range of joint initiatives to develop robust risk and investment methodologies relating to climate change, specifically to assist with financed emissions analysis, scenario analysis relating to the physical impacts of climate change, creating of a resilience investment vehicle and supporting adaptation finance, detailed in our 2020 Sustainability Report.
- Ongoing participation in the United Nations Global Compact Network Australia, including supporting research examining a just transition within Australia.

2020 Sustainability Report (page 29: Collective Commitment to Climate Action)  
2020 Sustainability Report (page 30: Helping customers decarbonise)  
2020 Sustainability Report (page 31: Actively pursuing sustainable finance)  
2020 Sustainability Report (page 33: Climate risk management)  
2020 Sustainability Report (page 35: Natural capital and sustainable agriculture)  
2020 Sustainability Report (page 37: Supporting a just transition)

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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

We believe we have fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking, noting that as this self-assessment covers our first financial year reporting against the PRB, there is continued work under way to progress our implementation of the PRB.

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