national australia bank

Climate Report 2025

National Australia Bank Limited ABN 12 004 044 937

About this report

This 2025 Climate Report (Report) outlines NAB's progress against our climate strategy in 2025 and how we are supporting our customers.

This Report has been prepared to meet the disclosure recommendations and adopt the disclosure categories of the Task Force on Climate-related Financial Disclosures (TCFD Recommendations) being:

- **Strategy** - the climate-related risks and opportunities facing NAB and how we are responding. This section is structured to provide an update on performance against our 2022-2025 strategic priorities, including:
  - Supporting customers to decarbonise and build resilience on pages 8 to 9
  - Investing in climate capabilities on page 10
  - Investing in climate partnerships and advocacy on pages 11 to 12
  - Reducing financed and operational emissions on page 13
- **Governance** - the framework to support the execution of NAB's climate strategy, as part of management and Board sustainability governance structures, outlined in the Corporate Governance Statement and the Sustainability governance section in NAB's 2025 Annual Report.
- **Risk Management** - NAB's framework for identifying, measuring, monitoring, managing and reporting climate-related risks.
- **Metrics and targets** - how NAB assesses and manages performance against its climate strategy for financed and facilitated emissions, operational emissions and environmental finance.

The sector decarbonisation targets set out in the *Metrics and targets* section on pages 27 to 40 and related *Supporting information* on pages 51 to 66, are informed by the United Nations Environment Programme Finance Initiative Guidance for Climate Target Setting for Banks version 4 (UNEP FI Guidance).

Refer to page 49 for our index mapping of this Report to the TCFD Recommendations.

All figures quoted are in Australian dollars unless otherwise stated. The abbreviations $m and $bn represent millions and thousands of millions (i.e. billions) of Australian dollars respectively.

This Report should be read in conjunction with NAB's 2025 Annual Report.

For definitions refer to the *Glossary* on pages 81 to 82.

Boundaries and exposure at default (EAD)

Bank of New Zealand (BNZ) is a subsidiary of NAB and operates in New Zealand. New Zealand has both mandatory climate reporting, that requires assessment of climate-related risks and opportunities in line with the Aotearoa New Zealand External Reporting Board Climate Standards, and a different emissions profile to NAB. BNZ has its own climate strategy to address these differences in the transition to a low carbon economy and has set its own sector emissions reduction targets. For further information on BNZ's climate reporting refer to www.bnz.co.nz/about-us/sustainability/reports.

Accordingly, some references to 'NAB', 'Group', 'we', 'our', 'the bank' or the 'Company' in this Report refer to National Australia Bank Limited ABN 12 004 044 937 and its controlled entities, excluding BNZ.

Refer to *Additional information* on page 73 for further details on the geographic boundaries of each section of this Report.

EAD is a key metric used in this Report. Refer to the *EAD used in sector decarbonisation targets* section on page 51 for further details.

Financial and environmental reporting years

The Group's financial year ends on 30 September. The financial year ended 30 September 2025 is referred to as 2025 and other financial years are referred to in a corresponding manner. References in this Report to the year ended September 2025 are references to the twelve months ended 30 September 2025. References in this Report to the environmental reporting year are references to the twelve months ended 30 June 2025, unless otherwise stated. Refer to *Additional information* on page 73 for further details about the reporting period applicable to financed emissions in this Report.

Important information about forward-looking statements

This Report contains forward-looking statements, including climate-related goals, targets, pathways and ambitions. 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 the Group. There are uncertainties, assumptions and judgements underlying climate-related information (including climate-related metrics, methodologies and modelling) that limit the extent to which climate-related information is useful for decision-making and you are cautioned not to place undue reliance on the information in this Report.

For further information on forward-looking statements refer to *Additional information* on page 73.

Mandatory climate reporting

From 2026, NAB's climate-related disclosures will be prepared in accordance with the new mandatory climate reporting regime in Australia. Our climate-related disclosures will evolve in response to the requirements under the new regime.

Acknowledgement of Country

NAB acknowledges the Traditional Owners and Custodians of the lands and waters across Australia, whose connection to Country has sustained community, culture and commerce for tens of thousands of years. We pay our respects to Elders past and present, recognising their enduring strength, innovation and economic leadership of First Nations peoples. We are committed to walking alongside First Nations leaders, businesses and communities to create lasting opportunity, strengthen capability and grow intergenerational wealth.

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CEO's message

Australia and New Zealand stand at a pivotal moment in their economic and environmental journeys. Our decisions can help to shape the prosperity and resilience of generations to come.

NAB recognises the global transition to a low-carbon economy is an environmental imperative and a significant economic opportunity. We support our customers, communities and the nation to navigate this path with confidence.

As Australia's leading business bank, we can see the scale of transformation required across every sector to meet our national ambitions and needs for environmental and economic sustainability.

Many businesses are innovating and adapting their approaches to environmental sustainability, while others are navigating uncertainty around costs, technology and regulation. NAB is providing finance, insights and practical solutions that enable progress while also helping to manage risk.

The rising cost of energy is impacting households and businesses alike. Australia in particular has enormous opportunities in renewables including wind, solar, and critical minerals. It is essential we decarbonise our energy grid to unlock sustainable, affordable energy for the future.

NAB supports the Australian Federal Government's focus on energy security, including the role of gas in providing firming capacity. Accelerating the roll-out of renewables, transmission, storage, and system services is critical to delivering stable, reliable and affordable domestic energy to key industries.

The benefits of a successful energy transition are clear: a healthier environment, more resilient supply chains and a stronger, more competitive economy.

We are taking action to support Australia's energy transition on multiple fronts.

We are working towards aligning our lending portfolio with net zero by 2050 and have 12 interim decarbonisation targets in place for eight high-emitting sectors to help guide our lending decisions and support our customers' transition. We are financing renewable energy projects, funding customer-led innovation and helping customers improve energy efficiency and reduce emissions through our green finance propositions.

We are helping our customers and communities build resilience, respond in times of crisis, and recover in the aftermath of extreme weather events. This includes disaster relief grants, financial assistance, and partnerships that deliver practical support. We are also investing in the development of tools and resources to help households and businesses prepare for and adapt to changing risks. For example, our partnership with the Resilient Building Council supports households adapt and build resilience to physical climate risks.

Australians have every reason to be optimistic about our energy future. We have abundant resources and critical minerals, world-class expertise, and a track record of innovation. By harnessing these strengths, Australia can be a leader in clean energy and green exports, creating jobs and growing our economy while safeguarding the unique natural environment we're fortunate to call home.

NAB will continue to advocate for policies on environmental sustainability that balance ambition with practicality. We look forward to continuing to support our customers on their climate journey.

Andrew Irvine,
Group Chief Executive Officer

At a glance

NAB continues to progress towards its climate strategy to support our customers as we move together to a resilient net zero economy.

Climate-related targets

Portfolio alignment target

Net zero by 2050

Twelve sector decarbonisation targets in eight high-emitting sectors.

As at 30 June 2024, 8 of our targets are sitting at or below their relevant reference pathway[1].

Environmental finance ambition

$80bn

Environmental finance ambition for the period 1 October 2023 to 30 September 2030[2]. Cumulative environmental finance provided is $17.7 billion as at 30 September 2025.

This includes:

$5.3bn

Lending to large scale renewables projects.

$2.1bn

Lending via NAB Green Finance for Agribusiness[3], CRE, and Vehicles and Equipment.

$4.5bn

New lending for energy efficient residential real estate.

$5.7bn

Capital markets activities – green bond arranging and underwriting.

Operational emissions reduction target by 2030

72%

The Group achieved a 64% decrease of its Scope 1 and 2 (market-based method) greenhouse gas (GHG) emissions compared to baseline as at 30 September 2025[4].

Sourcing renewable energy target (achieved in 2025)

100%

Target to source 100% of Group operational electricity from renewables by 30 June 2025[4].

(1) 30 June in the prior year is used for financed emissions reporting to allow for inclusion of customers' reported emissions. For further information refer to the *Performance summary* on page 27.
(2) For further information refer to the *Environmental finance ambition* on page 42.
(3) Agribusiness includes both NAB Green Finance for Agribusiness and the NAB Agribusiness Emissions Reduction Incentive proposition.
(4) For further information refer *Reducing operational emissions* from page 43.

Overview

Progress against our strategic priorities

NAB's strategy responds to the risks and opportunities facing NAB, including managing our operational and financed emissions, financing the transition and providing products and services to help customers decarbonise and build resilience. Our progress against our strategic priorities is shown below.

	2022-2024	2025	2026 and beyond
Supporting our customers	• In 2024, established $80bn by 2030 environmental finance ambition to replace previous target set in 2015. • Launched Green Finance for Agribusiness, Commercial Real Estate (CRE) and Vehicles and Equipment. • Launched carbon market capability. • Developed Customer Transition Plan assessment framework.	• Since 2024, $17.7bn progress towards $80bn 2030 environmental finance ambition in support of climate-related opportunities and customer energy transition. • $300m co-finance partnership with the Clean Energy Finance Corporation (CEFC) for Green Equipment Finance and the NAB Agribusiness Emissions Reduction Incentive proposition. • Deployed Customer Transition Plan assessment framework. For further information refer to pages 8 to 9.	Our goals and targets, on the road to our 2050 net zero emissions ambition, include: • Delivering on NAB's **refreshed climate strategy** to support our customers as we move together to a resilient net zero economy. For further information refer to the Strategy section on page 7. • Delivering against our ambition of providing **$80bn environmental finance by 2030** to support our customers to transition and build resilience. • Continuing to engage with customers on their **transition plans** and to mature our approach to assessment over time. • Monitoring progress against **sector decarbonisation targets**. • Reducing thermal coal mining exposures to effectively zero[1] by 2030. • Delivering against our target to reduce **Scope 1 and 2 (market-based method) GHG emissions** by 72% against a 2022 baseline by 2030.	**Net Zero by 2050** **across our financed and facilitated emissions, and operations**
Investing in capabilities	• Colleagues supported with foundational climate training and sector specific training in partnership with Melbourne Business School (MBS). • Appointment of Chief Climate Officer. • Data science and engineering team established and investment into climate data foundations. • Completed first Climate Vulnerability Assessment for Australian Prudential Regulation Authority (APRA).	• Further developed physical climate risks tools (HomeID, FarmID and Commercial-ID). • Continued to support our colleagues with Foundational Climate and sector specific training. • Launched FourTwoThree in partnership with NatWest Group and SC Ventures by Standard Chartered. For further information refer to page 10.	
Investing in partnerships and advocacy	• Provided regular policy submissions to government and other stakeholders, and participated in industry associations submissions and statements. • Key partnerships with the Australian Sustainable Finance Institute (ASFI), CSIRO, the UN Global Compact Network Australia and others. • Launched partnership with Resilient Building Council (RBC) to develop bushfire Resilience Ratings System.	• Participation in ASFI COP31 Steering Committee and ASFI Sustainability Framework taxonomy technical expert group, working groups and pilot. • Trialling National House Energy Rating Scheme (NatHERS) for home energy assessment with CSIRO and Department of Climate Change, Energy, the Environment and Water (DCCEEW). • Expansion of the RBC Bushfire Resilience Ratings System and development of the self-assessment app. For further information refer to pages 11 to 12.	
Reducing emissions	• Published twelve sector decarbonisation targets in eight high-emitting sectors. • Set new target for a 72% reduction in Scope 1 and 2 (market-based method) GHG emissions by 2030 against a 2022 baseline. • Progressed towards target of using 100% renewable electricity by 30 June 2025.	• Tracked progress of twelve sector decarbonisation targets. • Reduced Scope 1 and 2 (market-based method) GHG emissions by 64% (against a 2022 baseline). • Achieved target of sourcing 100% renewable electricity in operations by 30 June 2025. For further information refer to page 13.	

(1) 'Effectively zero' refers to the fact that NAB may still hold some exposures to thermal coal in 2030, only through residual performance guarantees to rehabilitate existing coal mining assets. For the purposes of NAB's sustainability-related risk settings, thermal coal exposure means direct exposure to customers and projects whose primary activity is thermal coal mining, on a net EAD basis, using NAB's extension of 1993 ANZSIC codes that distinguish between different grades of black coal. NAB's definition of thermal coal mining customers has important qualifications – refer to Table 2 on page 18 for further information.

Governance

The Group's governance framework supports the execution of NAB's climate strategy, including oversight of climate-related risks and opportunities. For further information on the Group's approach to governance over its climate strategy, risk management and performance, and the responsibilities of management and the Board refer to the Corporate Governance Statement and Sustainability governance section in NAB's 2025 Annual Report.

Risk management

Updated sustainability-related policy and appetite settings

NAB reviews its coal, oil and gas sustainability-related policy and appetite settings as part of the annual review of the Group Risk Appetite Statement (RAS).

For further information refer to pages 17 to 18.

Customer Transition Plans

We continue to improve our understanding of the Climate Transition Plans of some of our highest emitting customers to understand how they are managing climate-related risks and opportunities.

From 1 October 2025, NAB requires a Customer Transition Plan for new or renewed corporate lending or project-level lending and capital markets facilitation[1] for Corporate and Institutional Banking customers in the following sectors[2]:

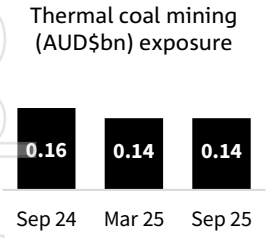
- Power generation, where at time of lending, 25% or more of the electricity generated by the customer is from thermal coal
- Oil and gas
- Metallurgical coal.

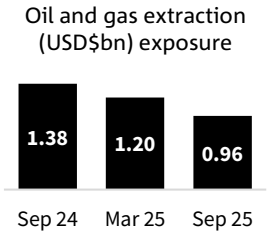
For further information refer to pages 19 to 20.

Thermal coal and oil and gas extraction exposures

Thermal coal and oil and gas extraction exposures are monitored in accordance with sustainability risk-related policy settings.

For further information of in scope exposures, refer to pages 17 to 18.





Climate-related scenario analysis

The Group uses climate-related scenario analysis to help inform its strategy, risk appetite and risk management.

In 2025, we incorporated a 1-in-100-year flood scenario in our Internal Capital Adequacy Assessment Process (ICAAP). For further information refer to page 21.

We also progressed the development of our FarmID, HomeID and Commercial-ID tools and assessed the potential physical climate risk exposure of our Australian branch and office network and the Australian and New Zealand assets in our project finance portfolio.

In 2025, tool enhancements included:

- Increasing the granularity of its metrics used in FarmID and introducing the visualisation of individual land parcels held as collateral for NAB loans.
- Continuing to scale-up coverage (currently at ~70%) of NAB's HomeID for climate risk analysis of its home lending portfolio.
- Commencing development of Commercial-ID to help evaluate climate-risk impacts on commercial properties. This will provide physical risk insights relating to commercial and industrial properties held as security by NAB.

For further information on FarmID, Home ID and Commercial-ID refer to pages 21 to 25.

Further information

Risk Management – For further information on governance, the Group's approach to managing climate-related risks as part of sustainability risk and related executive accountabilities, refer to the Sustainability and Risk Management sections of NAB's 2025 Annual Report.

Our approach to Agriculture

For further details on our approach to Agriculture refer to *Agriculture* on page 41 and NAB's 2025 Annual Report.

For information on NAB's approach to managing nature-related risks and opportunities, including land use change and deforestation, see the Climate change and environment section of NAB's 2025 Annual Report.

(1) This includes (i) lending at a corporate level (for example, general facilities made available to the parent company of a group of companies), (ii) at a project-level (that is on an individual project basis for a specific project purpose), and (iii) trade finance. Lending in the context of this requirement includes financial guarantees (excluding rehabilitation bonds and cash backed guarantees for non-operational activities e.g. office leases). Transactional banking (including deposit services), risk management products and similar ancillary products and services including advice or services provided to a customer by JBWere are excluded from this requirement. Capital markets activities means all types of bonds, syndicated loans and US private placements. The Customer Transition Plan requirements for In-Scope Customers are subject to national energy security considerations.

(2) Referenced sectors are consistent with sector definitions used for NAB's target setting emissions baseline, although metallurgical coal forms part of the iron and steel sector. For further information refer to the *Supporting information* section from page 55. NAB does not intend to apply this requirement to customers in the thermal coal sector because NAB has set a target to reduce financed and facilitated emissions for this sector to zero by 2030 (refer to the Thermal coal sector target on page 31 for further details).

Strategy

Our climate strategy

NAB has a key role to play in supporting Australia's transition to net zero. Our strategic priority is to support our customers as we move together to a resilient net zero economy. We aim to achieve net zero by 2050 across our financed and facilitated emissions, and operations.

Our climate strategy is aligned with our Group Strategy and ambition

In 2024, NAB launched an evolved Group Strategy with the ambition to become the most customer-centric company in Australia and New Zealand, where customers trust us and choose us to be their bank, and where colleagues are customer-obsessed and proud to work at NAB. This evolved ambition has a deep focus on:

- **Relationship led** - with exceptional bankers providing unrivalled customer service and personalised and proactive experiences.
- **Exceptional experiences** - where NAB is brilliant at the basics; trusted in moments that matter; and is simple, fast, and easy to deal with.
- **Safe and sustainable** - with a strong balance sheet and proactive risk management; secure, simple and resilient technology; and a long term and sustainable approach.

Our refreshed climate strategy

In 2025, we refreshed our climate strategy to reflect our ambition to be the most customer-centric company in Australia and New Zealand, and to support our customer needs in an evolving operating environment. Our strategic priority is to support our customers as we move together to a resilient net zero economy.

Further details on our refreshed climate strategy are set out in the diagram below.

NAB's refreshed climate strategy

Our strategic priority

To support our customers as we move together to a resilient net zero economy

How we will grow

Banking the transition
- Grid and associated infrastructure
- Building, operational and resilience upgrades
- Strategic and critical transition resources, and developing industries
- Offset trading

Supporting business sustainability
- Asset resilience
- Operational and supply chain resilience
- Carbon projects

Supporting home electrification and resilience
- Owner and investor hub
- Information and insights
- Household efficiency and resilience upgrades

Our core capabilities

Financing | Data and insights | Operations, risk and governance | Colleague capability | Advocacy and engagement | Innovation and partnerships

NAB's progress in 2025

NAB has made progress in 2025, with a focus on supporting customers and continuing to invest in our capabilities, in innovation and partnerships, as well as continuing to focus on reducing our financed, facilitated and operational emissions.

Supporting our customers

2025 Highlights

$17.7bn	**Progress towards NAB's $80bn by 2030 environmental finance ambition since 2024[1].**
$5.3bn	Lending to large scale renewables projects.
$2.1bn	Lending via NAB Green Finance for Agribusiness[4], CRE and Vehicles and Equipment.
$4.5bn	New lending for energy efficient residential real estate.
$5.7bn	Capital markets activities – green bond arranging and underwriting.

# 1	Cumulatively since 2010, Australia's leading bank for project finance to the global renewable energy sector[2].
78%	Renewables proportion of the total finance that NAB provides to the power generation sector[3].
87	Green, social, sustainability and sustainability-linked customer bond and loan transactions supported.
>$6m	Disaster relief grants and additional financial relief to 5,149 customers.

(1) For further information refer to *Environmental finance ambition* on page 42.
(2) Rankings based on IJGlobal League Table MLA, Renewables, data on a cumulative basis from 1 January 2010 to 30 September 2025.
(3) Figure is at 30 September 2025. NAB methodology (using NAB's extension of 1993 Australian and New Zealand Standard Industrial Classification (ANZSIC) codes that distinguish between different types of energy generation) on a net EAD basis. Excludes exposure to counterparties predominantly involved in transmission and distribution. Certain renewable power generation companies in New Zealand may utilise strategic energy reserves that are non-renewable as critical back-up to support security of energy supply in New Zealand.
(4) Agribusiness includes both NAB Green Finance for Agribusiness and the NAB Agribusiness Emissions Reduction Incentive proposition.

Table 1: Overview of NAB's offering and customer solutions

Division	NAB's offering and customer solutions	Details
Corporate and Institutional Banking	**Green Bond Framework for debt investors**	Provides an opportunity for investors to direct capital towards projects and assets or other related expenditures that may contribute towards the objectives of the Paris Agreement or may address environmental challenges.
	Sustainable market activities	Supports a broad range of global issuers including sovereign and semi-sovereign issuers, local governments, financial institutions, corporates, social housing providers and securitisation funders to develop their own sustainable debt issuance programmes and issue into global sustainable debt markets.
	Carbon markets	Provides risk management solutions across domestic and international markets to support customers' carbon and renewable energy needs. Supported products include: Australian Carbon Credit Units (ACCUs), Large Scale Generation Certificates (LGCs) and European Union Allowances (EUAs).
	Energy Finance	Provides financing solutions for renewable energy projects.
Business and Private Banking	**Finance for Agribusiness**	Supports farmers with NAB Green Finance for Agribusiness and the NAB Agribusiness Emissions Reduction Incentive proposition to invest in a range of eligible on-farm projects to reduce emissions and build resilience such as on-farm solar projects, establishing trees to generate on-farm benefits and projects to reduce emissions from fertiliser use.
	Green Finance for CRE	Supports investment in the acquisition and ownership of low-emissions buildings, the development of low-emissions buildings as well as major retrofit projects for building performance upgrades that are designed to achieve a reduction in operating emissions intensity[1].
	Green Finance for Vehicles and Equipment	Supports investment in solutions which can improve operational efficiency and reduce emissions. These can include electric vehicles, plug-in hybrid utilities (utes), electric trucks and buses, renewable energy generation equipment (including solar panels), sustainable agricultural equipment, waste management and recycling equipment and manufacturing equipment dedicated to zero emission technology.
Personal Banking	**Lending solutions for Personal Banking customers**	Supports individuals and families across Australia to help reduce their emissions and build resilience. To date, these solutions include lending for both energy efficient residential real estate and 7+ star home construction, and the NAB Car Loan 'powered by Plenti'[2].

(1) NAB Green Finance for CRE forms part of the NAB Green Business Lending Framework and uses the independent National Australian Built Environment Rating System (NABERS) and Green Star ratings to assess the environmental performance of buildings.
(2) The NAB Car Loan 'powered by Plenti' can be used to finance the purchase of internal combustion engines, hybrid or electric vehicles.

Helping customers withstand and recover from natural disasters

Supporting customers as they adapt to climate change is critical, with the frequency and severity of natural disasters continuing to rise. In 2025, with more than 17 natural disasters affecting Australians, NAB responded by providing over $6 million in disaster relief grants and additional financial support to 5,149 customers who experienced significant damage to their homes, farms or businesses[1]. For further information refer to NAB's 2025 Annual Report.

(1) Based on grant funding provided between 1 October 2024 and 30 September 2025.

Supporting our large corporate and institutional customers

NAB's products support corporate and institutional customers' sustainability objectives. We facilitate and arrange access to a range of sustainable finance and investment options including Green bonds, Sustainability bonds, Sustainability-linked loans and bonds, Green loans, sector specific propositions such as NAB Green Finance for CRE and markets solutions such as carbon trading and sustainability-linked and Green loan-linked derivatives.

Cumulatively since 2010, NAB has been Australia's leading bank for project finance to the global renewable energy sector[1].

- In 2025, NAB provided $2.1 billion of new lending to large scale renewables projects and Green Bond arranging and underwriting of $2.4 billion, bringing total progress to $5.3 billion and $5.7 billion respectively since 1 October 2023.
- To date, NAB has issued six Climate Bonds Initiative (CBI) certified Green Bonds and two CBI certified green Residential Mortgage-Backed Securities (RMBS).
- In 2025, the Group supported customers to bring a total of 87 labelled green, social, sustainability and sustainability-linked (GSSS) bond and loan transactions to market, which have raised over $110 billion[2].
- Continuing to improve our understanding of the climate transition plans of some of our highest-emitting customers and how they are managing climate-related risks and opportunities that climate change presents. For further information refer to *Understanding the transition plans of our high emitting customers* on pages 19 to 20.

Supporting our corporate, small and medium-sized enterprises (SMEs) and agribusiness customers

As Australia's leading business bank[3], NAB plays an important role in helping Australian business and agribusiness customers transition towards a more sustainable future. NAB provides customers with commercial solutions to help them leverage the economic and environmental opportunities associated with the transition to net zero. In 2025, NAB:

- Provided $1.3 billion in new lending to our business customers through our three green labelled lending propositions (NAB Green Finance for Agribusiness, NAB Green Finance for CRE, NAB Green Finance for Vehicles and Equipment) and the NAB Agribusiness Emissions Reduction Incentive proposition. Total progress since 1 October 2023 is $2.1 billion.
- Developed a discounted finance program supported by the CEFC[4]. For further information refer to the customer case study on this page.
- Supported Farmers for Climate Action's *Australian Agricultural Insights Study* which sheds light on the challenges and opportunities Australian farmers are facing. For further information refer to *Investing in partnerships and advocacy* on pages 11 to 12.
- Engaged with the Australian Sustainable Finance Institute Taxonomy pilot for Agriculture to classify economic activities in the agriculture sector that align with sustainability and climate objectives of our customers.

Supporting individuals and Australian families

NAB is developing solutions to support individuals and families to help reduce their emissions and build resilience. In 2025, NAB:

- Provided $4.5 billion of new lending for energy efficient residential real estate[5].
- Offered the NAB Car Loan 'powered by Plenti', which can be used to finance the purchase of internal combustion engine, hybrid or electric vehicles.
- Continued our advocacy and partnership activities in support of our customers' home resilience with the Resilient Building Council (RBC). For further information refer to *Partnership with the Resilient Building Council (RBC)* on page 12.
- Participated in a trial of the National House Energy Rating Scheme (NatHERS) with the Australian Government to provide select customers with an assessment of their home's energy performance.

Discounted finance program supported by the Clean Energy Finance Corporation (CEFC)[6]

In January 2025, NAB and the CEFC announced a $300 million co-finance program to back discounted rates for eligible customers to upgrade their vehicles and equipment with a 0.5% p.a. discount for NAB's Green Finance for Vehicles and Equipment Program, and a 1.15% p.a. discount for agribusiness customers to invest in eligible activities to reduce their emissions with NAB's Agribusiness Emissions Reduction Incentive Program. These discounted rates can result in significant cost saving for customers as they reduce the emissions of their operations.

Merigan Farms, unlocking nature benefits for emissions reduction

As Australia's largest agribusiness lender[7], we're supporting customers to make investments that improve nature-related outcomes including through on-farm emissions reduction activities. Located in Mount Fairy, NSW, the family-owned sheep and cattle farm is relying on our Agribusiness Emissions Reduction Incentive Program to progressively reforest about 7 hectares of grazing land across its properties, which is expected to contribute to significant carbon sequestration on average over 25 years. In addition to the carbon sequestration benefit, these projects are also expected to support improved productivity and resilience across the farm business through shade, shelter and erosion control.

(1) Rankings based on IJGlobal League Table MLA, Renewables, data on a cumulative basis from 1 January 2010 to 30 September 2025.
(2) The total NAB labelled GSSS bond and loan transactions reflect the AUD equivalent of the total transaction amounts, and not NAB's pro-rated share across all transactions.
(3) Market share of APRA Business Lending (excluding Financial Institutions and Government) as at September 2025. For further information refer to https://www.apra.gov.au/monthly-authorised-deposit-taking-institution-statistics.
(4) For further information, refer to About us - Clean Energy Finance Corporation
(5) Refers to mortgage lending for new construction and major renovation of homes that meet the minimum requirements for energy performance set out in the National Construction Code (NCC).
(6) For further information, refer to How businesses and farmers can secure big discounts on new green finance.
(7) By market share calculated using the RBA Lending to Business - Business Finance Outstanding by Business Size and Industry - D14.1 data as at 31 August 2025 for agriculture, forestry and fishing, and NAB's submissions to this dataset.

Investing in capabilities

We continue to invest in our capabilities, including in our colleagues, data, technology, partnerships and innovation.

Colleagues

Over 8,100 colleagues have completed our NAB-wide Climate Foundational training since October 2023.

Over 13,100 completions of sector specific climate training since October 2023.

Developing Board capability including in preparation for mandatory climate reporting.

Data, technology, partnerships and innovation

Investing to develop additional capability to support our customers, including the launch of FourTwoThree.

Continuing to develop a Climate Data ecosystem to improve the quality of monitoring and reporting.

Ongoing investment in developing data, analytical and insight capabilities through climate physical risk tools FarmID, HomeID and Commercial-ID.

Investing in colleagues

As a relationship-led bank, a key priority is developing banker climate knowledge, skills and capabilities. We are continuing to:

- Provide colleagues with foundational knowledge and awareness.
- Facilitate specialised training for relevant colleagues.
- Develop Board capability (for further information on Board capability refer to the Corporate Governance Statement in NAB's 2025 Annual Report).

Investing in data, technology, partnerships and innovation

Data and technology

NAB continues to invest in data and technology to be able to better measure customer-level GHG emissions and to better understand and assess physical climate risk. In 2025, we continued to develop our Climate Data ecosystem, including progressing:

- The development and measurement of progress of NAB's sector decarbonisation targets across customer-facing business units.
- The development of climate physical risk tools help NAB better manage physical risk. For further information refer to *Using climate-related scenarios* on pages 23 to 25.
- The development of deeper insights and capabilities such as geolocation of real estate and land assets held as securities for the purposes of personal and business lending, as well as geospatial analytics and investment into visualisation tools.

Partnership and innovation

In 2023, NAB established a stand-alone climate investment capability to provide equity funding to early-stage companies, joint ventures and funds building as well as backing innovative climate solutions. This capability is aimed at accelerating the scale up of technology and solutions required by NAB and our customers in the climate transition such as tools and insights that can enable better data verification and measurement, risk management, reporting, abatement and adaptation.

In 2024, NAB backed emerging global climate technology with the potential to deliver innovative climate solutions for our customers by making investments in a US based global climate technology fund managed by Voyager Ventures and in AgriZeroNZ (via BNZ) to support the research, development and commercialisation of emerging technology aimed at helping farmers reduce emissions while maintaining profitability and productivity[1].

In 2025, with the aim of helping SME business customers to understand their emissions baseline, we:

- Partnered with NatWest Group and SC Ventures to launch FourTwoThree. For further information refer to the case study below.
- Continued to work with agribusiness customers to help them understand their carbon emissions and possible decarbonisation actions.

FourTwoThree

NAB has partnered with NatWest Group and SC Ventures to develop FourTwoThree, a digital platform designed to enable SMEs to evaluate their carbon emissions, understand the actions they can take to reduce their footprint, and access the financing required to support those actions. The platform will also support large institutions who need access to reliable climate data for competitive advantage, better risk management and to meet emerging reporting standards.

FourTwoThree is named after the peak atmospheric CO_2 levels recorded when the founding team first connected (423 parts per million). Leveraging the learnings of all three partners, FourTwoThree will integrate enterprise-grade infrastructure and security standards to create an ecosystem that connects large institutions with their SME customers and suppliers.

FourTwoThree was launched in June 2025 at London Climate Action Week. The platform is expected to launch first in the UK market, with FourTwoThree planning expansion into additional markets, including Australia and New Zealand.

(1) Shares in AgriZeroNZ are held by National Australia Group (NZ) Limited, BNZ's holding company.

Investing in partnerships and advocacy

We are investing in climate-related advocacy activities and partnering for research and action.

Partnering for research and action

Continued participation in the ASFI Sustainability Framework taxonomy technical expert group, working groups and pilot, and participation in the ASFI COP31 Steering Committee.

Supported Farmers for Climate Action's *Australian Agricultural Insights Study.*

Partnership with the Resilient Building Council to expand its Bushfire Resilience Ratings system and self-assessment app.

Climate change advocacy

In partnership with Australian Business Volunteers, continued to develop a Regional Economic Resilience pilot program to support initiatives within communities that deliver sustainable pathways in a changing economy.

Undertook direct engagement and contributed to industry association submissions and statements on key issues related to the transition and other climate-related issues.

Partnering for research and action

NAB recognises building expertise through dedicated research and partnerships is essential to supporting customers and the communities in Australia's transition to a low carbon economy.

Supporting farming customers to decarbonise

In 2025:

- NAB supported Farmers for Climate Action's (FCA) *Australian Agricultural Insights Study*. Based on the detailed responses from 618 farmers, 137 members of the agricultural value chain and 152 others including retired farmers, this research sheds light on the challenges and opportunities Australian farmers are facing and highlights the critical role NAB can play in supporting agribusiness customers in the transition.
- NAB Foundation provided FCA with a grant to support enhancements to FCA's *Climate Smart Farming toolkit*. The toolkit contains useful resources and information, including webinars and workshops, to help farmers maintain their knowledge on climate-related challenges, build on work farmers are already doing, or get started on implementing climate smart farming practices. With NAB Foundation's support FCA is:
  - Integrating and evaluating CSIRO's Pathfinder Emissions Reduction tool into the toolkit to ensure it is farmer-tested, practical and aligned to on-ground needs.
  - Collaborating with First Nations organisations to develop a dedicated section in the toolkit on collaboration between farmers and First Nation communities including lessons learned, best practices and protocols.
  - Integrating a robust framework into the toolkit to measure emissions reduction and positive climate action resulting from adoption of toolkit recommended practices.

  Enhancements to the toolkit are expected to be completed in 2026.

Findings from FCA's Australian Agricultural Insights Study

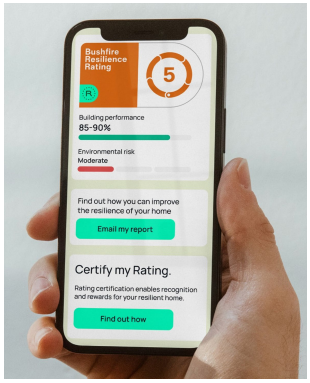
This research built on FCA's 2023 *Survey of Australian Perspectives on a Path to Net Zero*, to understand progress, barriers and costs associated with achieving net zero emissions in agriculture, and accelerate climate action among Australian farmers. Findings in the 2025 study included:

- More than half of farmers surveyed view climate as the biggest threat to the future of Australian farming.
- More than 90% of Australian farmers surveyed have experienced some form of extreme weather event in the past three years.
- Almost two thirds of farmers surveyed have already invested in emissions reduction measures on their farms - such as improving soil health, rotational grazing and switching to renewables.
- Compared to 2023, more farmers surveyed are now planning to invest in farm-based emissions reduction on their farms.

Partnership with the Resilient Building Council (RBC)

Access to insurance is a growing challenge for customers due to more frequent and intense natural disasters and rising premiums. NAB's goal is to support customers to make their homes more resilient to natural hazards and reduce their financial stress.

In partnership with the RBC, NAB is providing customers with tools and education to build their household resilience and gain access to more affordable insurance. NAB was a founding partner (alongside IAG and Bluescope) of RBC's Resilience Ratings System and self-assessment app, which initially focused on bushfire resilience.



The app provides:

- Homeowners with a customised action plan to retrofit homes
- Verified bushfire resilience ratings
- Up to 21% insurance premium reductions for homeowners in high risk areas with certified ratings of three stars or above

NAB piloted a mortgage lending retrofit incentive for Shoalhaven-based customers to help them become more bushfire resilient. The next stage of the partnership will expand the app to other natural perils including flood, cyclone and storm.

Climate change advocacy

NAB advocates on key climate-related issues and opportunities to support the transition to net zero emissions by 2050. Engagement occurs through direct consultation with customers, government and other stakeholders; participation in industry round tables; and contribution to submissions and statements from the Australian Banking Association, Business Council of Australia and other industry bodies.

Focus areas include sectoral pathways, sustainable finance, emissions reduction, orderly transition of the energy system, energy efficiency and electrification, climate disclosure, mandatory reporting regimes, managing climate risk, just transition, First Nations perspectives, natural disasters, climate resilience and biodiversity.

In 2025, this included activity in relation to:

- Australian Sustainable Finance Institute's *Australian Taxonomy Second Public Consultation Paper*
- Australian Securities and Investments Commission Consultation Paper 380 *Sustainability reporting*
- Department of Treasury's *Positioning Australia's financial reporting system for the future* consultation
- Productivity Commission's interim report on *Investing in cheaper, cleaner energy and the net zero transformation*
- Government's review of the *Environmental Protection and Biodiversity Conservation* Act
- Department of Climate Change, Energy, the Environment and Water's Gas Market Review consultation
- Department of Treasury's *Sustainable Investment Product Label Consultation* paper
- Senate Standing Committees on Environment and Communications inquiry into *greenwashing*
- Senate Standing Committees on Environment and Communications inquiry into *Australia's National Climate Risk Assessment*
- Department of Treasury's *Climate-related transition planning guidance* consultation

Supporting economic resilience of communities

NAB plays an important part in planning for and supporting the transition of economies and communities to a net zero future. Supporting the ongoing economic resilience of our communities is critical, particularly in ensuring access to opportunities arising from the transition for individuals and small businesses in regional areas.

In 2025, NAB:

- Through the NAB Foundation, continued development of a Regional Economic Resilience pilot program in partnership with Australian Business Volunteers. This program involves deep engagement with community stakeholders including parliamentary, local council and First Nations representatives, and the business sector, to understand and prioritise local needs. The pilot is expected to launch in 2026 and will focus on supporting community level plans and initiatives. Skilled volunteers from NAB, other businesses and regional stakeholders will contribute to delivery.
- Participated in the Climate Finance Asia convened Facility-level Just Transition Working Group, contributing to the development and release of the *Facility-level Just Transition (F-JT) Guidelines for Banks*. These guidelines aim to help banks assess alignment with just transition principles and engage effectively with customers.

Role of industry associations

NAB's industry association memberships provide access to research, policy discussions, key decision-makers and peer networks. These relationships support policy advocacy that enables customer transition and informs risk management.

While diverse membership of some industry associations can result in differing views on specific issues, participation enables NAB to advocate for policy changes within associations.

Where an industry association's position diverges significantly from NAB's public stance, the matter would be raised directly with the leadership of that association.

Reducing emissions

NAB's climate ambition is to achieve net zero across our financed and facilitated emissions as well as our operations by 2050.

Scope of emissions

NAB's carbon footprint captures the GHG emissions we are responsible for, both directly through our operations and indirectly across our broader value chain. These emissions are categorised under Scopes 1, 2 and 3. Scope 3 financed emissions which are related to our lending activities represent our most significant area of impact.

For further information refer to Figure 1 below.

Reducing financed and facilitated emissions

NAB is working to reduce the emissions attributable to our financing, aligned with pathways to net zero emissions by 2050. Our approach is to:

- Understand the emissions attributable to our lending and investment activities.
- Set sector-level decarbonisation targets to achieve an overall reduction in our attributable financed and facilitated emissions, prioritising emissions-intensive sectors.
- Monitor and manage portfolio financed and facilitated emissions in sectors where targets have been set.
- Support customers to invest in decarbonisation assets and activities via green lending propositions.
- Mobilise investment in colleagues, processes, technology and partnerships that will support us in achieving our targets.

For further information refer to *Metrics and targets* on pages 27 to 40 and *Supporting information* on pages 51 to 66.

Sector decarbonisation targets set by NAB:

2022	2023	2024
Power generation	Iron and steel	Transport - road
Thermal coal	Aluminium	Transport - shipping
Oil and gas	Transport - aviation	Residential real estate
Cement		Commercial real estate - office
		Commercial real estate - retail

NAB's Environmental finance ambition

NAB's Group Strategy includes a strong focus on how we can drive commercial responses to societal challenges including setting financing ambitions in support of climate action.

For further information on our environmental finance ambition refer to *Environmental finance ambition* on page 42.

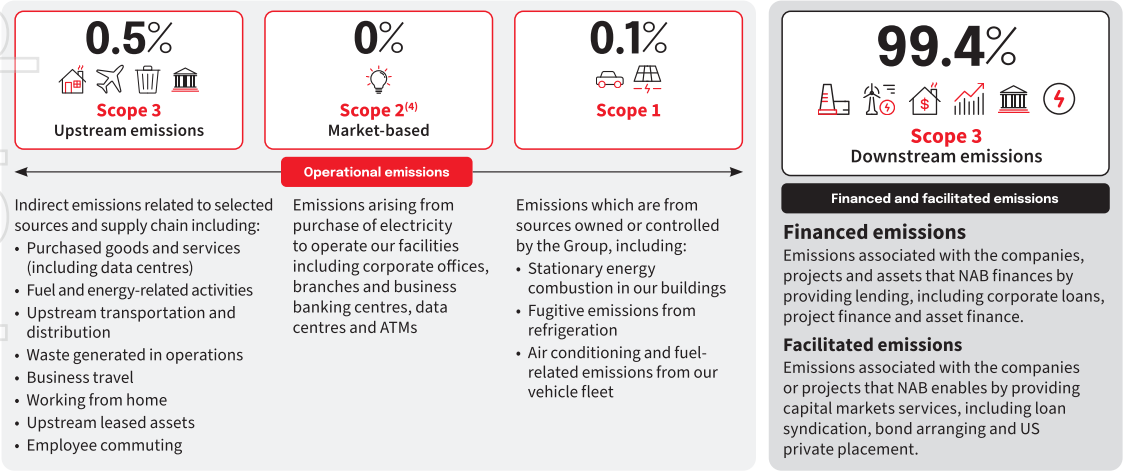
Reducing operational emissions

Reducing the GHG footprint of our own operations is an important part of our climate strategy. Our approach involves:

- Reducing our own operational footprint through emissions avoidance and reduction and then offsetting residual emissions(1).
- Renewable energy purchases as the primary approach to reducing operational emissions, as well as continuing to implement energy efficiency initiatives.
- Making progress towards our Scope 1 and 2 (market-based method) science-based GHG emissions reduction target.

For further information refer to *Reducing operational emissions* on pages 43 to 47.

Figure 1: The Group's GHG emissions Scope (1)(2)(3)



1 Diagram and proportion of emissions not to scale. Operational and financed emissions estimates are aggregated for illustration purposes to show relative percentages. Scope 1 and 3 operational emissions are location-based, Scope 2 operational emissions are market-based, and Scope 3 financed and facilitated emissions are based on a combination depending on the customer data available. Operational emissions are as at 30 June 2025 and financed and facilitated emissions is based on data to 30 June of the prior year (31 December for shipping).
2 NAB is reviewing its emissions boundaries in line with mandatory climate reporting requirements in the areas we operate. As outlined on pages 43 to 45, NAB's estimations of emissions associated with data provided by our suppliers and customers may change as data quality, availability and methodologies evolve.
3 The above diagram is adapted from page 5 of the GHG Protocol Corporate Value Change (Scope 3) Accounting and Reporting Standard.
4 Scope 2 market-based emissions are zero, reflecting the Group's achievement of its RE100 target whereby 100% of our electricity is sourced from renewable sources.

(1) NAB's Australian operations have been certified under the Climate Active Standard for Organisations since 1 July 2010. BNZ is a Toitū net carbon zero certified organisation. This voluntary carbon certification programme requires adherence to a set of standards and rules on an annual basis, focusing on measuring and reducing GHG emissions according to International Organization for Standardization 14064-1: 2018 standards.

Risk management

Risk management

Risk management includes consideration of how climate-related risks are identified, measured, monitored, managed and reported in accordance with the Group's Risk Management Framework.

Managing climate-related risk within our business

Managing climate risk is a key element of sustainability risk, a material category within the Group's Risk Management Framework (RMF). Sustainability risk is defined as "*the risk that Environmental, Social or Governance (ESG) events or conditions negatively impact the risk and return profile, value or reputation of the Group or its customers and suppliers*".

Climate-related risks are identified, measured, monitored, managed and reported in accordance with the Group's RMF. Further information about how we integrate and manage sustainability risk and its constituent ESG components as part of our RMF is provided in the sustainability risk section of NAB's 2025 Annual Report.

Management of sustainability risk, including climate risk, as part of our risk profile underpins and helps facilitate our ambition to adapt, build resilience and transition towards net zero emissions by 2050 and is:

- Improving our risk profile by reducing the risk of potential future losses caused by operational disruptions and increased customer defaults due to climate change impacts (both transition and physical risk).
- Contributing to the way we support our customers as they decarbonise their businesses and homes and build resilience to climate change.

In 2025, NAB continued to integrate climate risk considerations into our risk management practices by:

- Further developing physical climate risk tools, including enhancing our FarmID and HomeID tools and commencing development of a new real estate tool – Commercial-ID. For further information on how these tools use climate scenarios to help assess physical climate risk within real estate (residential and commercial real estate) and agribusiness portfolios refer to *Using climate-related scenarios* on page 23.
- Progressing use of digital forms for sustainability-related risk assessment for Corporate and Institutional Banking and commencing similar work for Business and Private Banking.
- Continuing our practice of annually reviewing risk appetite. For further information refer to *Sustainability risk-related policy and appetite settings* on page 17, and the Sustainability Risk Management and Climate change and environment sections in the 2025 Annual Report.
- Undertaking further work to progress integration of climate risk within credit models.
- Including climate risk in banker ESG risk training. For further information refer to *Investing in capabilities* on page 10.
- Reviewing application of NAB's Customer Transition Plan Assessment Framework ('the Framework') and newly developed quality assurance process. For further information on the Framework refer to pages 19 to 20.

NAB continues to embed climate-related considerations in our day-to-day risk management practices, including as part of risk appetite, policy and frameworks, and risk assessment processes associated with our operations, supply chain and customers.

Oversight of climate risk

Enterprise-level sustainability-related risks are overseen by the Executive Risk & Compliance Committee (ERCC) and its supporting sub-committee, the Group Credit & Market Risk Committee (GCMRC). Matters are escalated by the GCMRC to the ERCC, Board Risk & Compliance Committee (BRCC) and the Board, as required.

Sustainability risk-related matters, including climate risk-related issues, may be escalated for discussion in Divisional management committees as well as at GCMRC.

Consideration is given to climate risk over the short, medium and long term at a customer and portfolio level by customer-facing divisions and other enabling functions such as Risk.

BNZ has a specialist customer risk assessment team, and a forum attended by senior management, executives and other relevant internal stakeholders, to escalate sustainability risk-related matters, including those related to climate risk, when required.

Understanding and managing customer-related climate risk

Assessment of climate risk relating to individual customers is undertaken by bankers as part of the environmental risk aspect of sustainability-related risk assessment during the credit risk and due diligence process, in accordance with policy.

Bankers pay particular attention to customers in climate sensitive and carbon intensive sectors, such as those covered by NAB's sustainability-risk related policy settings, sector decarbonisation targets and Customer Transition Plan requirements. Bankers are expected to consider a range of risk factors, including the following climate-specific questions, to assess potential climate risk at an individual customer level as part of credit risk assessment and due diligence:

- Does the customer meet risk appetite requirements (limits and policy settings)?
- Does the customer have a climate transition plan and mitigation targets? For Corporate and Institutional Banking customers in specific carbon intensive sectors (power generation(1), oil and gas and metallurgical coal), NAB also applies its Customer Transition Plan Assessment Framework.
- Has the customer assessed physical and transition risks?
- How might the customer impact NAB's ability to achieve its sector decarbonisation targets?

Further information

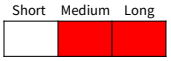
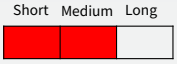
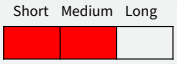
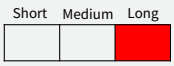
- **Risk Management** – For further information on governance, the Group's approach to managing climate-related risks as part of sustainability risk and related executive accountabilities, refer to the Sustainability approach and Sustainability Risk Management sections of NAB's 2025 Annual Report.
- **Participation in industry-based climate risk initiatives** – For further information on climate risk-related capability activities undertaken in 2025 refer to *Investing in capabilities* on page 10.

(1) Where at time of lending, 25% or more of the electricity generated by the customer is from thermal coal.

Types of climate risks considered

Climate risk management across the Group is informed by climate-related risk types and their potential impacts on other material risk categories.

Table 1: Climate risks

	Risk driver	Impact	Impact time horizon[1]	Impact on Group material risk categories	Examples of Actions taken in 2025 to manage risks
Transition risk	**Current and emerging regulation**	• Increased reporting obligations and associated costs. • Higher operating costs for carbon intensive customers (e.g. carbon tax). • Increased potential for non-compliance. • Increased potential capital requirements for the financing of emission intensive sectors.	 Short to Medium-term	• Credit • Compliance • Operational • Sustainability	• Preparing for mandatory reporting, including gap analysis. • Regulatory engagement on climate tools. • Responses to government consultations.
	Technology	• Write-offs and early retirement of existing assets due to technology changes. • Cost of/investment in transition to less carbon intensive products and services.	 Medium to Long-term	• Credit • Operational • Sustainability	• Supported customer transition to electric vehicles (EVs) through lending.
	Legal	• Legal action resulting from the misalignment of public commitments and financing decisions. • Legal action resulting from greenwashing risk.	 Short to Medium-term	• Credit • Compliance • Conduct • Operational • Sustainability	• Ongoing legal risk management practices, including deployment of greenwashing toolkit for relevant colleagues.
	Market	• Re-pricing and/or stranding of assets or increased market volatility during transition. • Reduced demand for carbon intensive products /services due to consumer sentiment shifts. • Increased demand for lower carbon products /services due to consumer sentiment shifts. • Increase in operational costs (e.g. energy).	 Short to Medium-term	• Balance sheet and liquidity • Credit • Market • Strategic • Sustainability	• Continued to provide discounted pricing for some green products. • Purchased 100% renewable electricity. • Reviewed sustainability risk-related policy and appetite settings.
	Reputation	• Financing decisions for carbon intensive sectors, or climate policies that reduce emissions do not meet customer and investor expectations.	 Short to Medium-term	• Conduct • Market • Strategic • Sustainability	• Achieved "A" rating in 2024 CDP. • Progress against climate-related targets. • Managed financing decisions within appetite.
Physical risk	**Acute**	Increased severity and frequency of extreme weather events could lead to: • Impacted supply chains or end customer markets. • Increased insurance costs and reduced access to insurance. • Increased capital costs or operational outages. • Losses due to physical damage and inability to meet customers' demands due to business interruptions. • Losses resulting from customer defaults caused by extreme weather events.	 Short, Medium and Long-term	• Credit • Market • Operational • Sustainability	• Continued to develop physical risk tools. • Completed scenario analysis on NAB's own Australian building portfolio. • Provided disaster relief support to customers through our NAB Ready Together program.
	Chronic	Changes in weather patterns (e.g. temperature, sea levels) could cause: • Impacts to ecosystems, living and working conditions, agricultural systems and infrastructure. • Impacts to existing assets and valuations.	 Long-term	• Balance sheet and liquidity • Credit • Market • Operational • Strategic • Sustainability	• Supported update to ABARES[2] climate models. • Ongoing consideration of physical climate risk (acute and chronic) in credit risks assessments.

(1) The Group defines short-term as 0-3 years, medium-term as 3-6 years, and long-term as >6 years. The Group considers a longer-term future where a variety of uncertain potential scenarios are modelled to assess how risks and opportunities could evolve over longer time horizons.

(2) Australian Bureau of Agricultural and Resource Economics and Sciences.

Sustainability risk-related policy and appetite settings

The Group's sustainability risk-related appetite tolerances and policy settings, including those specific to climate risk, help NAB to manage and mitigate climate risk in its lending portfolio and support the Group's ambition to transition towards net zero by 2050.

Reporting through our governance bodies ensures there is management, executive and Board level oversight and monitoring of activities to ensure they remain within policy and appetite requirements.

The Group annually reviews its customer-related sustainability risk policies and appetite settings, including those related to management of climate risk via exposure to emissions-intensive, climate sensitive and low-emissions sectors. Further information on this annual appetite and policy setting review process is provided in the Sustainability Risk Management section of NAB's 2025 Annual Report.

Recognising the importance of energy security to our customers and the Australian economy more broadly, NAB has updated its position on decision making in relation to national energy security. This update reflects the complex set of considerations and information sources that are likely to be involved in any decisions where the energy security of our customers and the Australian economy is a factor.

NAB will consider national energy security in relation to the financing of power generation and gas (including gas infrastructure) sectors. Any such decision will take account of a range of factors and be made by relevant members of the Executive Leadership Team. These factors include any relevant Australian government or regulatory reports or determinations (including from the Australian Energy Market Operator), together with the needs of domestic businesses (including industrial and manufacturing businesses) for stable, reliable and affordable energy ('national energy security considerations').

This change applies to:

- within the relevant exposure cap, the operation of our sustainability-risk related settings, as set out in Table 2 on page 18; and
- requirements relating to Customer Transition Plans for 'In-Scope Customers', as set out on pages 19 and 20.

Our current expectation is that any decisions relating to national energy security would not impact our ability to meet our power generation or oil and gas sector decarbonisation targets set out in *Metrics & Targets*.

Coal, oil and gas sustainability risk-related policy settings

NAB has reduced its exposure to fossil fuels over time, and no longer has any corporate lending to thermal coal mining customers or project finance in respect of thermal coal mining assets, assessed against the sector definition for our thermal coal mining settings. Our sector definition for thermal coal mining is set out in Table 2 below, and in the footnotes to Table 2. NAB reviews its coal, oil and gas sustainability-related policy and risk appetite settings as part of annual review of the RAS.

For further information refer to Table 2.

Thermal coal mining and oil and gas limits

The RAS contains quantitative limits which set upper boundaries for how much exposure the Group is willing to have to particular sectors or sub-sectors. Charts 1 and 2 show the Group's thermal coal and oil and gas extraction exposures which are monitored against portfolio limits in accordance with sustainability risk-related policy settings.

Chart 1: Thermal coal mining (AUD$bn) exposure(1)

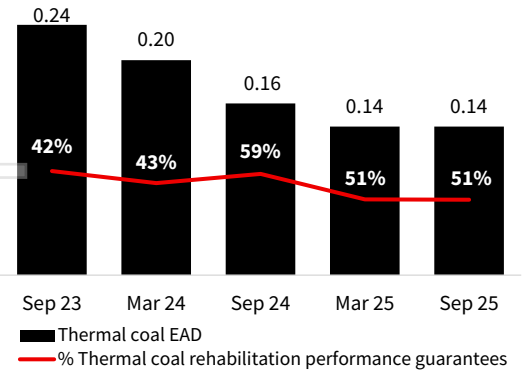
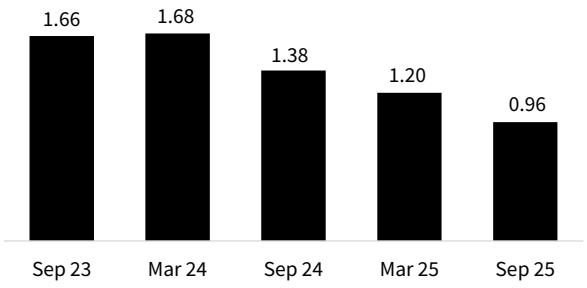


Chart 2: Oil and gas extraction - (USD$bn) exposure(2)(3)



(1) Thermal coal exposure means direct exposure to customers and projects whose primary activity is thermal coal mining, on a net EAD basis, using NAB's extension of 1993 ANZSIC codes that distinguish between different grades of black coal. Includes lending, derivatives, financial guarantees and performance guarantees for the rehabilitation of existing thermal coal mining assets. It excludes customers whose primary activity is metallurgical coal mining, diversified mining customers and transactional banking (including deposit services) that do not give rise to EAD and similar ancillary products and services.

(2) Oil and gas extraction exposures includes lending (e.g. revolving/term lending and guarantees) and other markets-related exposures (e.g. derivatives, repurchase agreements) on a net EAD basis, using NAB's extension of 1993 ANZSIC codes.

(3) Relevant exposure conversions based on rates of AUD/USD 0.67140 (Mar 23); AUS/USD 0.64765 (Sep 23); AUS/USD 0.6529 (Mar 24); AUS/USD 0.69295 (Sep 24); AUS/USD 0.62855 (Mar 25); AUS/USD 0.66015 (Sep 25).

Table 2: Group coal, oil and gas sustainability risk-related settings

Coal[1]	Oil and gas[2]
Tolerances	
• The Group has capped thermal coal (brown and black) mining EAD at 2019 levels, and set a goal to reduce thermal coal mining exposures by 50% by 2026, reducing to effectively zero[3] by 2030 apart from residual performance guarantees to rehabilitate existing thermal coal mining assets.	• The Group has capped oil and gas[4] EAD at USD$2.28 billion and will reduce our exposure from 2026 through to 2050, aligned to the IEA NZE2050.
Sustainability-related policy settings	
• The Group will not finance new thermal coal mining projects or take on new-to-bank thermal coal mining customers. • The Group will not provide new project finance for greenfield infrastructure connected to greenfield thermal coal mining projects. • The Group will not support capital markets activities[5] for thermal coal mining customers. • The Group separately reports its thermal coal-related rehabilitation performance guarantees as part of reporting its resources exposures. • The Group will not finance new or material expansions of coal-fired power generation facilities. • The Group recognises that currently there are no readily available substitutes for the use of metallurgical coal in steel production. The Group will continue providing finance to its customers in this segment, subject to enhanced due diligence which further considers underlying ESG risks. • The Group will not provide project finance for a greenfield metallurgical coal mine.	• The Group will not directly finance green field gas extraction, or expansion projects outside Australia. • The Group will only consider directly financing greenfield gas extraction, or expansion, in Australia where it plays a role in underpinning national energy security. • The Group will continue to support existing integrated liquefied natural gas (LNG) in Australia and neighbouring countries[6] and selected existing LNG infrastructure in other regions. • The Group will not directly finance greenfield oil extraction, or expansion projects or onboard new customers with a predominant focus on oil extraction. • The Group will not finance oil and gas extraction, production or pipeline projects within, or impacting, the Arctic National Wildlife Refuge area or any similar Antarctic Refuge. • The Group will not directly finance oil/tar sands or ultra-deep-water oil and gas extraction projects. • The Group will not directly finance new: – Floating Production Storage and Offloading infrastructure; – LNG liquefaction assets; and – Transmission pipelines, where these assets are dedicated solely to greenfield oil and gas extraction projects, unless they play a role in underpinning national energy security.
Lending exposure updates	
Thermal coal (brown and black) mining • NAB has further reduced exposure to thermal coal and, as at 30 September 2023, NAB no longer has any (a) corporate lending to thermal coal mining customers or (b) project finance in respect of thermal coal mining assets. NAB intends to maintain this position into the future. • BNZ committed to exit all lending to thermal coal mining by the end of 2025. As at 30 September 2025, all term lending to this sector has been exited. The remaining balances relate to transactional business credit card facilities provided to existing customers. Derivatives and bonds or guarantees associated with environmental rehabilitation have been excluded. **Coal-fired power generation** • NAB has had no direct lending[7] to coal-fired power generation assets since March 2022.	• NAB has no direct lending to oil extraction projects.

(1) For the purposes of NAB's sustainability risk-related settings, thermal coal exposure means direct exposure to customers and projects whose primary activity is thermal coal mining, on a net EAD basis, using NAB's extension of 1993 ANZSIC codes that distinguish between different grades of black coal. EAD for these sustainability risk-related settings include lending, derivatives, financial guarantees and performance guarantees for the rehabilitation of existing coal mining assets. It excludes customers whose primary activity is metallurgical coal mining, diversified mining customers and transactional banking (including deposit services) that do not give rise to EAD and similar ancillary products and services. NAB's thermal coal sector decarbonisation target includes diversified mining customers with revenue >5% from direct sale of thermal coal and excludes metallurgical coal mining customers (who are included in the iron and steel decarbonisation target). For completeness, these sector decarbonisation targets exclude transactional banking (including deposit services), risk management products and similar ancillary products and services. These products and services are not in scope of accepted approaches for net-zero aligned target setting.

(2) For the purposes of NAB's sustainability risk-related settings, oil and gas EAD exposures means oil and gas extraction (upstream); LNG production (not at refineries-downstream LNG); and LNG production at well head (integrated LNG), on a net EAD basis, using NAB's extension of 1993 ANZSIC codes. Oil and gas extraction exposures includes lending (e.g. revolving/term lending and guarantees) and other markets-related exposures (e.g. derivatives, repurchase agreements).

(3) 'Effectively zero' refers to the fact that NAB may still hold some exposures to thermal coal in 2030, only through residual performance guarantees to rehabilitate existing coal mining assets. These guarantees are excluded from the financed and facilitated emissions coverage of NAB's thermal coal sector target.

(4) In 2021, a cap of USD $2.4 billion was determined giving consideration to the three-year average exposure up to 30 September 2021 due to COVID-19 impacts. USD was used for the purposes of this cap to account for currency movement because the majority of the portfolio is USD denominated. The Revised Capital Framework (RCF) came into effect from 1 January 2023. This resulted in a reduction in EAD due to changes in the calculation of off-balance sheet EAD for certain undrawn commitments. To reflect the impact of the RCF changes, the Group reduced its oil and gas cap to USD $2.28 billion.

(5) Capital markets activities means all types of bonds, syndicated loans and US private placements. It excludes advice or services provided to a customer by JBWere.

(6) Support for LNG is not currently provided in the New Zealand market.

(7) For the purposes of NAB's sustainability risk-related settings, coal-fired power generation asset exposure, on a net EAD basis, using NAB's extension of 1993 ANZSIC codes. Excludes exposure to counterparties predominantly involved in transmission and distribution. Certain renewable power generation companies in New Zealand may utilise strategic energy reserves that are non-renewable as critical back-up to support security of energy supply in New Zealand. NAB has no direct lending to coal-fired power generation assets remaining. Note there is indirect exposure to coal-fired power within the Mixed Fuel category as a result of NAB's corporate level exposure to gentailers, which have a mix of generation assets (including coal, gas and renewables) within their generation portfolios.

Understanding the transition plans of our high emitting customers

We continue to improve our understanding of the climate transition plans of some of our highest emitting customers to understand how they are managing climate-related risks and opportunities.

Risk assessment

Our risk assessment process includes climate risk-related questions to understand how customers are managing, mitigating and adapting to climate change, particularly those in climate sensitive and emissions intensive sectors including heavy manufacturing and parts of the fossil fuel value chain such as mid-stream gas infrastructure. These questions also help us to understand customers' transition maturity. We take a risk-based approach to assessing sustainability risk, and for some transactions, this may require escalation based on the risks identified.

Customer Transition Plan Assessment Approach

In addition, for Corporate and Institutional Banking customers in select fossil-fuel related sectors, where we expect customers to have significant emissions reduction impact through the Australian economy, NAB applies its Customer Transition Plan Assessment Framework (the 'Framework'). NAB's approach is to manage climate risk at both the customer and portfolio level, recognising that the transition is complex and individual customer progress may not always be linear. The Framework helps us manage climate risk while supporting our customers playing a critical role in Australia's energy transition.

From 1 October 2025, NAB requires a Customer Transition Plan for new or renewed corporate lending or project-level lending and capital markets facilitation[1] for Corporate and Institutional Banking customers in the following sectors[2] ('In-Scope Customers'):

- Power generation, where at time of lending, 25% or more of the electricity generated by the customer is from thermal coal
- Oil and gas
- Metallurgical coal.

Table 3: NAB's Customer Transition Plan Assessment Framework

Pillar	Factors to be considered[1]:		
Targets	• Quantitative assessment of current emissions performance for power generation and oil and gas and 2030 interim targets against science-based Paris-aligned pathways[2]. • Net zero target against a science-based Paris-aligned pathway. • Extent of emission scopes covered in targets (Scopes 1 and 2, as well as Scope 3 for oil and gas and metallurgical coal).		
Strategy, action & delivery	• Net zero strategy or commitment. • Details of action plan to achieve targets and net zero. • Level of reliance on offsets. • Degree of capital expenditure alignment to enable transition. • Consideration of just transition.		
Accountability	• Level of Board oversight and engagement. • Executive performance KPIs connected to targets and actions.		
Reporting & disclosure	• Review schedule of transition plan and disclosure of progress. • Alignment of engagement with industry groups and/or external parties and stated commitments.		
External validation	• Extent of independent assessment or assurance of transition plan, targets and emissions.		
Sector specific factors	• Sector specific assessment factors in line with primary available decarbonisation levers.		
	Power generation	**Oil and gas**	**Metallurgical coal**
	• Timing of retirement of coal assets. • Planned growth of renewables.	• Interim methane reduction plans and target. • Approach to capping/reducing hydrocarbon output. • Investment in carbon capture, utilisation and storage.	• Interim methane reduction plans and target. • Production reduction

(1) A customer's Scope 3 emissions are considered in the Framework. This includes in target coverage for oil and gas and metallurgical coal, as well as sector-specific factors for all in-scope sectors. We expect the introduction of Australian Sustainability Reporting Standards will aid Scope 3 assessment.

(2) Current emissions performance and interim targets assessment for oil and gas and power generation is currently limited to Scope 1 and 2 emissions intensity allowing for comparability and controllability. A quantitative assessment for current emissions performance is not currently applied to metallurgical coal due to the diversified nature of the customers in the portfolio.

(1) This includes (i) lending at a corporate level (for example, general facilities made available to the parent company of a group of companies), (ii) at a project-level (that is on an individual project basis for a specific project purpose), and (iii) trade finance. Lending in the context of this requirement includes financial guarantees (excluding rehabilitation bonds and cash backed guarantees for non-operational activities e.g. office leases). Transactional banking (including deposit services), risk management products and similar ancillary products and services including advice or services provided to a customer by JBWere are excluded from this requirement. Capital markets activities means all types of bonds, syndicated loans and US private placements. The Customer Transition Plan requirements for In-Scope Customers are subject to national energy security considerations.

(2) Referenced sectors are consistent with sector definitions used for NAB's target setting emissions baseline, although metallurgical coal forms part of the iron and steel sector. For further information refer to the *Supporting information* section from page 55. NAB does not intend to apply this requirement to customers in the thermal coal sector because NAB has set a target to reduce financed and facilitated emissions for this sector to zero by 2030 (refer to the Thermal coal sector target on page 31 for further details).

Weighted scoring methodology

The Framework uses a weighted scoring methodology assessing a range of factors, enabling granular scoring outcomes and allowing for future recalibration as industry standards and external expectations evolve.

Four-tier weighting system

NAB uses a four-tier weighting system of 'Advanced', 'Well-Developed', 'Progressing' and 'Limited' that supports decision making. From 1 October 2025, where an In-Scope Customer does not have a Customer Transition Plan in place or is unable to demonstrate progress beyond an overall rating of "Limited", subject to national energy security considerations, NAB will not provide new or renewed corporate or project-level lending, trade finance facilities or facilitate capital markets activities.

Assessment results

In 2025, NAB completed assessments of its In-Scope Customers where there was an intention to consider providing new or renewed lending or capital markets facilitation. For fully amortising project exposures or where for commercial strategy objectives NAB has determined that it will not offer new or renewed facilities to customers that would otherwise have been In-Scope, it did not undertake an assessment on those customers. The assessment process included an internal quality assurance process, and for its initial application, an internal risk review of the methodology and assessment process.

Table 4: Outcome of preliminary assessments

Tier	Advanced	Well-developed	Progressing	Limited
% of In-Scope Customers	0%	42%	42%	16%

Overall, Customer Transition Plans were found to be more advanced against the Framework for the power generation sector.

Our assessments found different levels of maturity across In-Scope Customers, and identified opportunities for progress across the Framework considerations, including in the areas of reducing current emissions intensity, setting more ambitious interim targets, expanding the scope of emissions covered by targets and progress against sector-specific factors.

The Customer Transition Plans of In-Scope Customers will be assessed annually against the Framework. We expect Customer Transition Plans will continue to evolve with the development of associated guidance, including from the Department of Treasury[1], and the introduction of Australia's mandatory climate reporting requirements. NAB intends to review its Framework and approach annually.

Consideration is also given to how relevant Customer Transition Plans may in aggregate impact on NAB's sector decarbonisation targets. For further information refer to the *Metrics and targets* section on pages 27 to 40 for 2025 performance against the targets.

(1) For further information refer to Climate-related transition planning guidance - Consult hub

Assessing potential climate risk using scenarios

The Group uses climate-related scenario analysis to help inform its strategy[1], risk appetite and risk management. The Group's use of scenarios is two-fold:

1. To understand the short, medium and long-term financial vulnerability of the Group's lending portfolio and its customers to transition and/or physical risk. This includes both portfolio stress testing and targeted customer-level analysis using economic scenarios derived from temperature pathways or other climate-related events. Short (0-3 years) and medium-term (3-6 years) time frames are considered in the context of assessing impacts on market risk and capital adequacy and long-term time frames are used to help us understand the changing impact of climate risk on the lending portfolio over extended periods out to 2050 and beyond.
   - Stress tests evaluate a bank's exposure to a hypothetical scenario that is severe but plausible. Prudential regulators use stress tests to understand banks' resilience to extreme shocks and their ability to continue supporting the economy. Refer to the flood scenario used in 2025 below for further details.
   - Targeted customer-level and broader sectoral analysis is used, where applicable, to understand the short, medium and long-term vulnerabilities of specific customers or customer segments to a changing climate and an economy that is transitioning to net zero. For example, for physical risk, NAB's HomeID tool provides a form of climate-related vulnerability analysis for the Australian residential mortgage portfolio. FarmID and Commercial-ID will provide similar information for the agribusiness and commercial real estate portfolios when their development is completed. In 2025, NAB used HomeID to analyse the physical climate risk exposure of its branches and business banking centres. For further information refer to page 23.
2. To understand the sectoral decarbonisation pathways needed to transition to net zero emissions by 2050, set sector decarbonisation targets and establish sector transition plans to achieve that goal.

Flood scenario included in Internal Capital Adequacy Assessment Process (ICAAP)

NAB has incorporated a climate scenario in its annual Internal ICAAP since 2022.

In 2025, this included a 1-in-100-year flood scenario impacting homeowners across South-East Queensland and North-East NSW. The scenario was selected to enhance NAB's understanding of the potential additional credit losses arising from an extreme weather event occurring under extreme economic conditions. It was included as part of a wider credit scenario where customers were already experiencing a stressed credit environment including high levels of unemployment and large house price falls.

Historically, NAB has not experienced significant credit losses from a flood event due to insurance, government, community and banking support providing increased resilience to affected customers. Under the scenario conditions modelled, customers were already experiencing stress from macroeconomic elements and were not extended any additional support due to the flood event, resulting in significantly higher credit impairment charges.

This short-term scenario was created by NAB and measured customers' ability to continue servicing their mortgage repayments when experiencing a range of factors including severe flood damage, customer non or underinsurance, worsening macroeconomic conditions and impacts to customer cashflow through increased insurance costs, property repairs, and lower rental income from investment properties.

The size of the impact was a function of the proportion of NAB's portfolio included in the theoretically flooded region, the estimated loan to value ratios, insurance coverage and whether the loan was owner occupied or an investment property. Customer defaults were estimated to be highest when an under-insured or non-insured owner-occupier had no way of financing the repairs required to remediate the effects of the flood.

Although the scenario was designed to reflect extreme economic conditions, the insight that climate events may trigger poor customer outcomes in circumstances when their financial resilience is already low highlights the disruptive potential of a warmer world. The scenario also illustrates that climate events may increase both the likelihood and severity of other financial risks. However, even though the scenario was designed under extreme economic conditions, the additional credit losses from this climate event were not considered to be financially material to NAB.

BNZ's application of climate stress testing

For BNZ, regulatory climate stress tests are conducted at the regulator's request. BNZ participated in RBNZ's 2023 Climate Stress Test, which took place over 2023 and 2024. RBNZ has published an aggregated summary of the climate stress test on its website (Reserve Bank of New Zealand – Te Pūtea Matua (2024) 2023 Climate Stress Test results). No climate-related regulator stress testing was conducted during the 2025 financial period.

BNZ conducts periodic enterprise-wide macroeconomic stress testing and includes climate-related events in the scenario. Stress test results are incorporated into the development of BNZ's ICAAP which is used to ensure that the bank has adequate overall capital in relation to its risk profile. In 2026, BNZ intends to continue to include climate-related events in the scenario within its internal capital stress testing program. BNZ also conducts monthly internal market risk climate stress testing for BNZ's banking book to help understand and manage liquidity risk and the results are presented to BNZ's Asset, Liability and Capital Committee. For further information on BNZ's climate reporting refer to www.bnz.co.nz/about-us/sustainability/reports.

(1) Strategy development occurs at both the Group and divisional levels. The time intervals over which this takes place are varied.

Table 5: Summary of external scenarios used by NAB

Used for climate risk analysis	
Transition Risk	• A proof-of-concept transition risk scenario was run in 2025, successfully testing that third party transition scenario data could be integrated with our credit and financial risk modelling and stress testing capabilities. For further information on scenario data refer to Table 8 in *Climate scenarios for climate risk analysis* on page 68.
Physical Risk	• Covers a range of scenarios from current policies to stringent climate policies to limit emissions. Emissions peak around 2022 and 2040 in RCP 2.6 and RCP 4.5 scenarios respectively, whereas emissions continue to rise in RCP 8.5 scenario, leading to about 1.1˚C – 4.8˚C of warming leading to high/severe physical risks.
Used for sectoral decarbonisation target setting	
Net Zero by 2050	• Provides a technology pathway to a clean, dynamic and resilient energy economy dominated by renewables like solar and wind instead of fossil fuels. • Requires deployment of all available clean energy technologies between now and 2030.
Waypoint 2050	• Technology, energy systems and operational measures can be used for the complete decarbonisation of air transport. • Assumes support from governments, the finance sector, the energy industry and research institutions.
International Aluminium Institute (AIA) 1.5˚C Scenario	• Details full life cycle emissions for aluminium products. • Majority of emissions are reduced through decarbonising the electricity used in manufacturing of aluminium. • Other decarbonisation comes from increased aluminium recycling in the smelting process.
SBTi Buildings	• Aligned with the IEA NZE scenario. • Stays within the 500Gt carbon budget necessary to align with a 1.5˚C scenario.
Inevitable Policy Response 1.5˚C aligned Required Policy Scenario	• Demonstrates the policy responses that would be needed to limit warming to 1.5˚C. • Deepens analysis on policy, land use, emerging economies, Negative Emissions Technologies and value drivers. • Key reductions expected through reduction in unabated coal generation, phase out of vehicles using fossil fuels and increases in renewable generation.
Poseidon Principles (PP) Pathway (2018)	• Supported by industry specific climate alignment methodology. • Provides a method to apply and establish a target carbon intensity for ships.

It is important to note the scenarios used for climate risk analysis represent possible future scenarios and that there is a high degree of uncertainty related to both the qualitative and quantitative outcomes produced in scenario analysis, which means impacts could be significantly larger or smaller, depending on actual future events that may occur.

No climate scenario run in 2025 resulted in material financial impacts in the short or medium-term. For further information on climate scenario analysis completed in 2025 refer to pages 21 to 25 and to the scenario attributes described in *Climate scenarios for climate risk analysis* on page 68.

Using climate-related scenarios

Application of scenario analysis

Climate risk-related scenario analysis (both at a portfolio and customer level) is complementary to that required for assessing customers' transition plans and determining NAB's sectoral portfolio decarbonisation pathways.

In 2025, the Group continued to consider and leverage key learnings from its climate risk-related scenario analysis. Ongoing refinements included:

- Continuing to integrate climate risk considerations within risk appetite, credit appetite strategies and ESG-related policy settings, where appropriate to manage climate-related risks.
- Developing or expanding the application of physical risk analysis tools to our exposures including: HomeID, to help NAB gain a deeper appreciation of the physical and financial risks to the home lending portfolio; FarmID, to help NAB understand climate risk-related physical risk impacts on agribusinesses; and Commercial-ID to help evaluate climate risk impacts on commercial properties. Further details are provided below.
- Incorporating knowledge and understanding of climate risk into climate-related training for colleagues. For further information refer to the *Investing in capabilities* on page 10.
- Further integrating consideration of climate risk within credit risk assessment and due diligence procedures and processes.

NAB continues to develop its understanding of the different economic pathways that support a transition to net zero and the use of scenario analysis to model the consequences of those pathways for the bank's customers and value chain.

NAB's transition risk modelling uses carbon price to explore the financial implications of different policy settings, such as those required to limit global warming to no more than 1.5˚C. The analysis does not restrict the consequences of such policies to high emitting sectors but reflects their impact on the broader economy, allowing the bank to explore second order outcomes such as higher energy prices. Any material insights are expected to be disclosed from 2026.

Assessing physical climate risk

In 2025, NAB continued to develop use cases for its physical risk analysis tools. These tools incorporate key learnings from participating in APRA's Climate Vulnerability Assessment in 2022, research NAB has undertaken, including through partnerships with other organisations, and NAB's own experience of severe climate events.

NAB intends to further extend its scenario analysis of physical risk events in 2026 with a particular focus on the compounding effects of simultaneous events of different types, as recommended in the design of Network for Greening the Financial System (NGFS) short-term climate scenarios and as experienced in Auckland in 2023, when severe flooding was immediately followed by cyclone Gabrielle.

A key feature of NAB's climate risk management tools, once fully developed, will be the internal capability for applying geospatial analytics to the lending portfolio. This will provide us with an ability to drill down from the portfolio-level to individual customer-level granularity when full functionality is delivered.

Our physical risk tools contain physical risk-related climate data based on up to three key Intergovernmental Panel on Climate Change scenarios: RCP8.5 (<4.8˚C by 2100), RCP4.5 (<2.6˚C by 2100) and RCP2.6 (<1.7˚C by 2100). Further details on each of these tools are provided below.

Table 6: Data Attributes of physical risk tools

Attribute	HomeID	FarmID	Commercial-ID
Granularity	Address (point location data)	Security land title (parcel boundaries)	Address (point location data)
Aggregation	Portfolio level	Geography, industry and / or credit risk	Geography, industry and / or credit risk
Coverage	All residential properties in Australia	All securities held as collateral against NAB agricultural lending	All commercial & industrial properties held as security by NAB
Physical Risk Scenarios	Current risk and potential risk at 2030, 2050 and 2100 using RCP 2.6,4.5 and 8.5, including tail risks(1)		
Peril Information	Flood, bushfire, cyclone and storm	Flood, bushfire, cyclone, storm, drought, extreme temperature, and soil erosion	Flood, bushfire, cyclone and storm
Event Severity	Annual average and severe 1-in-X-year events where the return period (X) equals 1, 5,20,25,50,100, 200, 250, 500 and 1000 years		

(1) FarmID uses RCP4.5 and 8.5 and forecasts risk to 2050.

Case study: Cyclone Alfred

In 2025, Cyclone Alfred caused the most widespread disaster impact on NAB's business since a series of adverse weather events struck Auckland in early 2023. Like other businesses, NAB heeded government warnings and closed 56 branches and business banking centres as the storm swept through South East Queensland and Northern New South Wales. All locations were re-opened without incident on the first working day after the worst of the weather passed and NAB colleagues were safe throughout. NAB's crisis management and business continuity processes were active throughout the event and operated without incident.

In the aftermath of Cyclone Alfred, NAB provided financial hardship assistance to customers and colleagues in the affected area. Customers received around 2,800 disaster relief grants of almost $3.5 million in total. There has been no observable change in delinquency or default rates in storm-affected areas in the six months after the cyclone.

Similar support was also provided to more than 300 NAB colleagues to help with emergency expenses, while more than 600 Queensland and Northern NSW colleagues took Declared Emergency or Crisis Leave for the duration of the event.

NAB is using the lessons learned from Cyclone Alfred to enhance its climate risk scenario analysis, with the event highlighting the maturity of the bank's crisis management and business continuity processes.

Case Study: Physical Risk in NAB's property portfolio

NAB has analysed the potential physical climate risk that could impact the bank's buildings, branches and business centres, to further enhance our understanding of the risk that acute weather might interrupt NAB's service and strengthen business continuity planning. That analysis relied on the same data and models that underpin NAB's HomeID tool. While all threat levels are low, tabulating their relative current and future inherent threat levels offers useful insight:

Inherent threat level

NAB's property portfolio

Bushfire	Cyclone	Flood	Hail	Storm and surge
Current relative level				
○○○○○	●○○○○	●●○○○	●○○○○	○○○○○
2050 relative level under RCP8.5				
○○○○○	●●○○○	●●●○○	●○○○○	●○○○○

Flood, particularly riverine flood, has been the primary source of business interruption in the last five years and is expected to remain so into the future. Changing weather patterns mean that some locations will be exposed to unprecedented threats from cyclones, high winds and storms. These changes are not, however, expected to materially increase the risk of damaging hailstorms.

NAB's operational property footprint is concentrated in urban areas and so is less vulnerable to bushfires and storm-driven tidal surges than to damaging floods, cyclone or hail. While these two remote risks are also expected to increase in a warmer world, fire is more likely to impede NAB colleagues being able to work than it is to damage the buildings from which NAB services are delivered.

For all climate perils, the mitigating impacts of the bank's well-developed disaster management processes reduce the residual risk to very low levels.

Supporting climate risk management for the mortgage portfolio: HomeID

In 2025, NAB continued to scale-up its coverage (currently at ~70%) of HomeID for climate risk analysis of its home lending portfolio, following a proof-of-concept that commenced in 2023.

HomeID is currently used at the portfolio level. The goal of this tool is to provide access to a data asset for the home lending portfolio so NAB can make more effective decisions in response to the potential physical risk impacts arising from climate change. HomeID is integrating external data sources (climate, insurance and property data) with NAB's internal data (property information, lending exposures, and other risk data).

Figure 1: Areas categorised as 'Very high' for flood hazards

The picture above identifies areas[1] where there are ten or more residential properties securing NAB loans predicted to be at very high risk of riverine flood. The analysis is based on a sample (~70%) of NAB's residential mortgages, whose locations have been matched to flood risk data obtained from third party providers. Fewer than 3% of NAB's matched residential properties were identified as being in very high-risk locations[2].

NAB is leveraging HomeID outputs for a range of identified and prospective use cases, primarily for acute climate risk, to help assess and manage impacts arising from multiple climate hazards including flood, bushfire, cyclone and storm.

Supporting climate risk management for the agribusiness portfolio: FarmID

FarmID is still in development. Currently FarmID is being used at the portfolio level to help target growth and enable improved risk management of NAB's agribusiness lending portfolio by providing accurate and granular data for location and climate considerations across Australia. The tool uses a combination of internal and external data sets. Internal data includes exposure, revenue, and credit metric and collateral data. External data includes official Land Title Offices records, spatial representation of cadastral parcels defined by the State and Territory governments of Australia, climate scenario data and the modelled impact to productivity of key agricultural sectors (dairy, animal protein, grains and oilseeds) within NAB's lending portfolio.

NAB has continued to make further enhancements to its FarmID tool during 2025, increasing the granularity of its metrics and introducing the visualisation of individual land parcels held as collateral for NAB loans. It was presented to APRA during the year.

Further enhancements are being made to FarmID to support its future use by frontline bankers. The goal of this work is to enable 'self-service' capabilities to support detailed analysis, including forecasts of climate risk, at individual farm level.

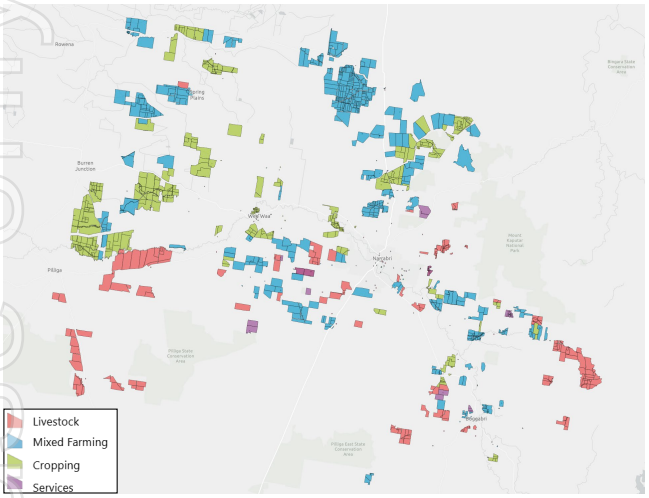
Current climate variables within the tool include:

- For animal protein, grains and oilseeds – seasonal (winter/summer) rainfall and temperatures.
- For dairy – spring soil moisture (due to the dominance of the effects of soil moisture on dairy productivity).

(1) These areas correspond to Australian postcodes.
(2) Exposure in a very high risk location does not necessarily mean that NAB's risk of loss is elevated.

An illustrative example of the portfolio analytics currently available in FarmID is shown in Figure 2.

Figure 2: Illustrative example of FarmID output - individual farm boundaries and classifications



Current and in progress developments are utilising third party partnerships with: (1) a re-insurance provider to develop physical risk models covering acute perils; (2) a geospatial data aggregator; and (3) a satellite imagery analysis firm to identify land use and monitor land use change.

FarmID's business use cases currently include:

- Visualising geographic concentrations to assess potential impacts of a disease outbreak or natural disaster.
- Improving awareness of climate risks and potential mitigation and adaptation actions at the portfolio level.

FarmID case study: Funding improvements in ABARES farm climate impact data

Farmers and farm advisors are increasingly making use of climate data to help understand what climate change may mean for their business. NAB's FarmID tool consolidates and interprets climate data from several sources to better inform conversations between bankers and customers.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is a key supplier of data to FarmID. In 2025, NAB provided funding to help ABARES produce high-resolution simulations of farm profit under long-term climate projections, using the ABARES *farmpredict* model.

NAB expects to incorporate the outcomes of this work into FarmID during 2026.

Enhancing NAB's climate risk management for the commercial property portfolio: Commercial-ID

Commercial-ID is intended, once fully developed, to be a data tool providing insights relating to all commercial and industrial properties held as security by NAB, and their associated exposure, returns, and risk from severe weather events. The information can be used to model concentration risk and help customers mitigate and adapt to the risks arising from climate change.

At the end of 2025, Commercial-ID remains under development with material progress during the year to reconcile the locations of property securities to those recorded by the relevant Land Title Offices. In 2025, the potential benefits of the tool were highlighted through an early use case, to review the climate risks associated with NAB's Australian project finance exposures.

Use of scenario narratives by BNZ

BNZ has developed its own qualitative scenario narratives that are relevant for its business model and operating environment and to meet the requirements of the Aotearoa New Zealand Climate Standards. BNZ has also implemented a Climate Scenario Dashboard to monitor whether the underlying themes or 'flags' from the scenarios are occurring or are likely to occur. This aids the identification of emerging risks and opportunities. For further information about BNZ's climate scenarios refer to www.bnz.co.nz/about-us/sustainability/reports.

Metrics and targets

Performance summary

NAB uses metrics and targets to assess and manage performance against its climate strategy. The performance and targets detailed in this section should be read in conjunction with details provided in the *Supporting information* section.

	Target details								Absolute financed and facilitated emissions ($MtCO_2$-e)					Exposure (EAD)			Scope 1 and 2 Data quality (PCAF)[1]	
									Financed			Facilitated						
Sector decarbonisation targets[2]	**Target emissions metric**	**Base-line**	**2023**	**2024**	**2030 Target**	**Reference pathway**	**Scope**	**Geo-graphic boundary**	**2023**	**2024**	**2024 % of total**[3]	**2023**	**2024**	**2023 ($bn)**	**2024 ($bn)**	**% of total EAD**	**2023**	**2024**
Power generation	tCO_2-e/MWh	0.17	0.18	**0.14**	0.14	IEA NZE 2050 (2021)	1 & 2	Global	2.7	**2.4**	**16.0%**	0.4	**0.3**	5.5	**6.7**	**0.9**	1.8	**1.4**
Thermal coal	$MtCO_2$-e	4.9	0.9	**0.3**	0.0	IEA NZE 2050 (2021)	1,2 & 3	Global	0.8	**0.3**	**1.8%**	0.1	**0.0**	0.3	**0.1**	**0.01**	1.4	**2.7**
Oil and gas[4]	$MtCO_2$-e	3.4	1.3	**1.1**	2.5	IEA NZE 2050 (2023)	1,2 & 3	Global	1.1	**1.1**	**7.3%**	0.1	**0.02**	0.9	**0.8**	**0.1**	1.5	**1.4**
Cement[5]	tCO_2-e/tCement	0.57	0.56	**n/a**	0.46	IEA NZE 2050 (2021)	1 & 2	Global	0.2	**0.2**	**1.0%**	n/a	**n/a**	0.27	**0.27**	**0.04**	2.5	**1.6**
Aluminium	tCO_2-e/tAluminium	1.8	1.4	**1.8**	5.0	IAI GHG 2050 (2021)	1 & 2	Global	0.1	**0.2**	**1.6%**	n/a	**n/a**	0.04	**0.10**	**0.01**	1.9	**1.9**
Iron and steel[6]	$MtCO_2$-e	6.1	0.9	**0.9**	4.8	IEA NZE 2050 (2022)	1 & 2	Global	0.9	**0.9**	**6.2%**	n/a	**n/a**	0.14	**0.27**	**0.04**	2.0	**2.2**
Transport																		
Road	gCO_2/vkm	217.0	212.5	**212.8**	133.0	IPR 1.5°C RPS (2021)	1	Australia	0.1	**0.2**	**1.0%**	n/a	**n/a**	2.9	**2.9**	**0.4**	5.0	**5.0**
Aviation	gCO_2-e/pkm	104.0	104.5	**94.9**	77.0	ATAG Waypoint 2050 (2021)	1 & 2	Global	1.5	**1.1**	**7.3%**	n/a	**n/a**	3.0	**2.2**	**0.3**	2.6	**2.5**
Shipping	Alignment delta %	-1.0%	-3.6%	**-1.6%**	0.0%	PP Pathway (2018)	1	Global	0.7	**0.7**	**4.8%**	n/a	**n/a**	1.9	**2.0**	**0.3**	2.4	**3.0**
Real Estate																		
CRE - office	$kgCO_2e$/m2	70.8	65.7	**62.0**	29.6	SBTi Buildings (Australia) Office, Retail, Residential (v0.2, 2023)	1 & 2	Australia	0.3	**0.2**	**1.4%**	n/a	**n/a**	14.3	**14.4**	**2.0**	4.0	**4.0**
CRE - retail	$kgCO_2e$/m2	78.4	78.8	**77.2**	32.6		1 & 2	Australia	0.4	**0.4**	**2.4%**	n/a	**n/a**	16.5	**16.8**	**2.3**	4.0	**4.0**
RRE	$kgCO_2e$/m2	35.1	33.8	**32.0**	15.4		1 & 2	Australia	2.6	**2.6**	**17.3%**	n/a	**n/a**	358.8	**395.8**	**55.2**	4.0	**4.0**

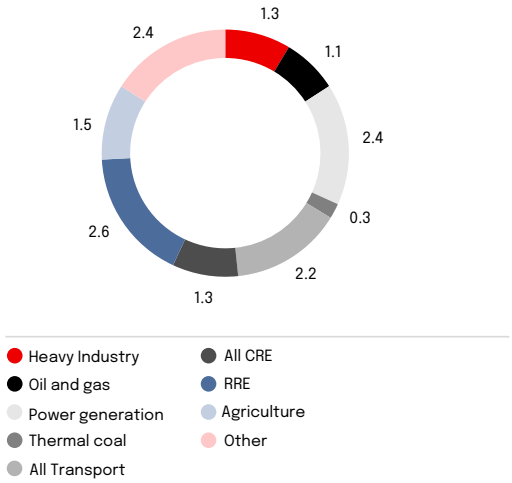
Other targets	Metric	2024	2025	Target
Environmental finance	$ billion	7.3	**10.4**	80
Operational emissions	% reduction v 2022 baseline (market-based method)	-57%	**-64%**	-72%
Sourcing renewable energy[7]	% operational electricity from renewables	95.1%	**100%**	100%

(1) For further information, including PCAF scores for Scope 3 emissions, refer to Sector data quality in the Supporting information section.
(2) Financed and facilitated emissions estimates are based on data to 30 June of the prior year (31 December for shipping). Figures in this table are rounded. For further information refer to Reporting timelines in Supporting information.
(3) Financed emissions coverage estimate as a proportion of estimated total financed emissions attributable to NAB's lending portfolios.
(4) EAD for oil and gas includes projects under construction. This is an exception to NAB's methodology but it is considered material and its inclusion is of value to users of this report.
(5) The number of customers in NAB's cement portfolio reduced during the reporting period. To protect customer confidentiality, emissions performance has not been disclosed.
(6) Scope 3 for metallurgical coal customers are included in the boundary of this target.
(7) Target to source 100% of Group operational electricity from renewables by 30 June 2025.

Reducing financed and facilitated emissions

As a bank, NAB recognises that it can have the greatest impact on reducing GHG emissions through the financing it provides customers, in particular lending to high-emitting sectors. NAB has set twelve sector decarbonisation targets for eight of the nine high-emitting sectors identified in the UNEP FI Guidance (no target set for agriculture sector) and continues to monitor financed and facilitated emissions to understand and manage the exposure in our portfolio. The members of the Net Zero Banking Alliance recently voted in favour of a proposal to dissolve the Alliance and transition to a non-binding, open-access framework for climate target-setting. This change does not impact on NAB's ambition to align with the Paris Agreement or sector decarbonisation targets.

Chart 1: Financed emissions by sector in 2024 ($MtCO_2e$)(1)



(1) Methodology and inclusions as per financed emissions coverage calculation. For further information refer to *Financed emissions targets coverage* on pages 65 to 66. Heavy industry includes cement, iron and steel and aluminium.

Our role and key dependencies

NAB provides banking services to a broad spectrum of the Australian economy, and we share in our customers' and the economy's climate-related risks and opportunities. The most impactful role that NAB can play in the transition to net zero is to provide finance to fund investment in transition activities and assets.

Rapid decarbonisation of high-emitting sectors relies on the efforts of a variety of stakeholders and outcomes from a number of initiatives. At the economy level, key dependencies include:

- Decarbonisation of the electricity grid, including building capacity in renewable-powered generation, expanding and upgrading the transmission network and building storage. More on this dependency is provided below.
- Policies and regulations that incentivise investment and/or change of practice. Continued and transparent incentives to encourage business and asset owner investment will be required to accelerate the pace of change.
- Ensuring the transition takes into account and responds to stakeholder views, including through community engagement. This will be particularly (although not exclusively) relevant to enable the success of Renewable Energy Zones.

NAB continues to consider how these key dependencies are playing out in practice – including in light of recent significant Federal Government announcements such as the National Climate Risk Assessment, National Adaptation Plan, 2035 Emissions Reduction Target, Net Zero Plan and sector emissions reductions plans. We will disclose any material updates to our targets or plans that result from these recent developments in future reports.

Beyond providing funding for transition, NAB continues to investigate and deploy a range of levers to drive portfolio decarbonisation, including:

- Engaging with customers and industry associations to understand their challenges and priorities.
- Realising opportunities to finance customers whose operations or assets are already lower-emissions, or who are investing in reducing emissions (e.g. Green CRE or Equipment Finance loans).
- Managing exposure to fossil fuel sectors.

Decarbonising the electricity grid

Between now and 2030, the key lever to decarbonise the Australian economy is to decarbonise the electricity grid. Electricity is the primary driver of emissions for many sectors, particularly real estate, so increasing the proportion of renewables in the grid is critical to meeting both Australia's and NAB's 2030 and future targets.

To date, national renewable energy deployment has been slower than will be required (on a linear basis) to meet the Federal Government's legislated commitment to 82% renewable energy by 2030. This impacts the current performance of our CRE and RRE portfolios, which are not currently aligned (on a linear basis) with the trajectory required to meet our targets. Despite barriers to the energy transition (including delays to the decommissioning of certain coal fired power generation assets), the Federal Government continues to reiterate its commitment to its 82% renewable energy by 2030 target. Government announcements and funding commitments in 2025 demonstrate continued ambition for renewable energy generation in line with this policy, including most recently through its Energy and Electricity Sector Plan released in September 2025. Recent DCCEEW forecasts indicate that subject to sustained investment from the Government, including delivery of committed investments, its target remains achievable. NAB will continue to actively monitor the decarbonisation of Australia's electricity grid and assess the implications of any material deviations for our target achievement.

Given the criticality of this outcome, NAB will continue to look for opportunities to support renewable energy projects and associated infrastructure through targeted lending, and will monitor energy sector dynamics (including Australian Energy Market Operator(AEMO) forecasts and further updates to the Integrated System Plan (ISP)).

For further information on NAB's outlook for the decarbonisation of the electricity grid, including key sector-level dynamics and challenges refer to *Sector decarbonisation target updates* on pages 30 to 40.

Understanding financed and facilitated emissions

Power generation, thermal coal and oil and gas sector decarbonisation targets include both financed and facilitated emissions. Other targets include only financed emissions. NAB is not intending to include facilitated emissions in further sector decarbonisation targets in 2026, but will continue to assess data availability over time for sectors where facilitation activity occurs.

Key terms used in this section include the following:

- Metric: measure of GHG emissions used to assess performance against sector decarbonisation targets (may be either absolute emissions or emissions intensity).
- Baseline: emissions metric and reference year against which future performance is measured.
- Target: goal for 2030 portfolio emissions performance.
- Data quality: measure of reliability and accuracy of underlying data sources, based on the PCAF scoring methodology[1].
- Reference pathway: science-based trajectory, aligned to climate goals, used to inform 2030 targets.
- Geographical boundary: location of businesses and assets included in sector decarbonisation targets.
- Emissions Scope: customer Scopes (1, 2 or 3) included in sector decarbonisation targets.
- Sector boundary: scope of activities, assets and associated emissions included in sector decarbonisation targets.

NAB manages sector decarbonisation targets at a portfolio level and may lend to customers outside a target's trajectory if doing so is consistent with the management of targets at a portfolio level.

Subject to NAB's sustainability risk-related policy and appetite settings, and stated requirements around Customer Transition Plans, new lending will occur, including to enable and accelerate customers' transition to net zero. This may lead to a temporary increase in reported metrics, however these are intended to decline over time to meet NAB's sector decarbonisation targets and net zero emissions by 2050 ambition.

The Group's customer-related sustainability risk-related policy and appetite settings relevant to high-emitting sectors complement its sector decarbonisation targets. For further information refer to *Sustainability risk-related policy and appetite settings* on pages 17 to 18.

Operational uplift this year

Key updates to support management of sector decarbonisation targets this year include:

- Continuing to invest in climate data and systems to improve the quality of reporting, including uplift in processes and controls, data sources and methodologies.
- Reviewing and updating internal sector transition plans for sectors where targets have been set. Plans are based on the Glasgow Financial Alliance for Net Zero (GFANZ) Transition Plan framework and guide the strategy, portfolio management, decision making and stakeholder engagement within these sectors.

Coverage of financed emissions

NAB has estimated three ratios to describe the coverage of sector decarbonisation targets:

- Financed emissions covered by sector decarbonisation targets as a percentage of all financed emissions associated with NAB's lending portfolios[2]: 68%
- Financed emissions covered by sector decarbonisation targets as a percentage of financed emissions associated with NAB's lending to the nine high-emitting sectors[3] listed in the UNEP FI Guidance: approximately 81%
- EAD of customers covered by sector decarbonisation targets as a percentage of NAB's total in-scope EAD[2]: 62%

These coverage ratios have decreased slightly since last year due to reduced exposure in some high-emitting sectors covered by sector decarbonisation targets. As high-emitting sectors decarbonise, target coverage (as a proportion of financed emissions and EAD) is likely to continue to decrease over time.

Refer to *Financed emissions targets coverage* estimation methodology on pages 65 to 66 for further details.

BNZ's sector emission reduction targets

NAB's baselines and targets for sector decarbonisation targets exclude BNZ, which has separately set its own sector emission reduction targets. Learn more about BNZ's progress in its climate reporting at www.bnz.co.nz/about-us/sustainability/reports.

Important note about sector decarbonisation targets

The UNEP FI Guidance expressly acknowledges that methodological and data limitations present challenges for precisely measuring financed emissions and are therefore subject to a degree of uncertainty.

Emissions reduction across the lending portfolio is unlikely to be linear. Financed emissions metrics are influenced by a number of non-emissions-related factors which can drive variability. These include, for example:

- Changes to operational production output (e.g., new assets coming online or ramping up capacity to meet demand).
- Changes to portfolio mix, especially in small portfolios.
- Changes to company valuations (in response, for example, to changes in commodity prices).

Methodologies and other supporting information

Other sections of this Report include important information that is relevant to NAB's sector decarbonisation targets and which will assist readers in assessing and understanding the targets NAB has set, including:

- Key assumptions and dependencies on which we have modelled our ability to reach each sectoral target in *Supporting information* from page 51.
- Information relating to financed emissions methodology, target setting methodology and other measures, metrics and methodologies relevant to sector targets in *Approach to financed and facilitated emissions* from pages 51 to 66.
- *Complexities and limitations* in measuring financed emissions and setting targets on page 59.
- *Notes on forward-looking statements* on page 73.

(1) See section 5: The Global GHG Accounting and Reporting Standard for the Financial Industry
(2) Excludes BNZ, facilitated emissions, derivatives and exposures to sovereigns and financial institutions. Figure as at June 2024.
(3) Refer to the list of carbon intensive sectors located in the sector decarbonisation targets-related *Financed emissions coverage estimation methodology* on page 65.

Power generation

Sector overview

Shifting from fossil fuels to renewable sources of electricity is critical to the net-zero transition. Australia has legislated an 82% renewable energy by 2030 target, the achievement of which is a key dependency for decarbonisation across a number of sectors and is vital to unlocking emissions reductions in other sectors, particularly as the electrification of other sectors will result in increased demand.

Sector boundaries

Includes: electricity generation from fossil fuels and renewable sources.

Excludes: transmission, distribution and storage due to their immateriality to value chain emissions.

Emissions scope

Scope 1 and 2.

Portfolio update

NAB's power generation portfolio emissions intensity has decreased since last year. This is due to both an increase in the proportion of renewables in the portfolio and a slight decrease in emissions intensity of some larger customers.

NAB's approach

The key action to achieve the targeted reduction is to increase financing to renewable power generation. Further, from 1 October 2025, the application of NAB's Customer Transition Plan Assessment Framework for in-scope Corporate and Institutional Banking power generation customers will further assist portfolio allocation decisions. For further information refer to *Understanding the transition plans of our high emitting customers* on pages 19 to 20.

NAB's thermal coal sector risk policy settings are also expected to help NAB meet this target. For further information refer to *Sustainability risk-related policy and appetite settings* in the *Risk management* section on pages 17 to 18.

The need to manage the phase out of high-emitting power generation assets over time will require continued investment. Therefore, the focus of NAB's customer engagement in this sector is with the Australian integrated generator/ retail customers.

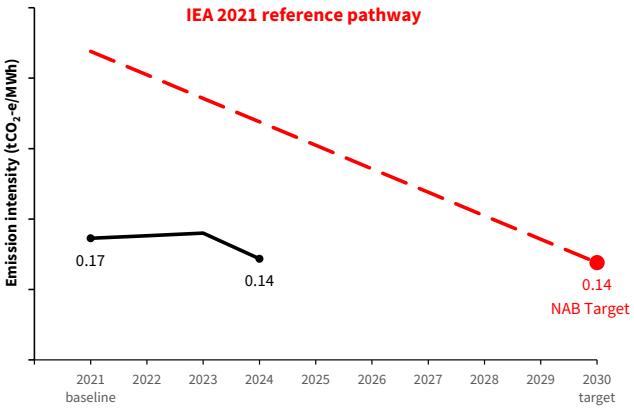
As NAB provides lending to support this transition, including to support investment in emissions reduction activities, emissions may increase in the short-term. NAB does not anticipate a linear pathway between now and 2030.

Key dependencies

NAB has selected the IEA NZE 2050 (2021) reference scenario for the power generation sector. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

On a global scale, the phase-out of unabated coal-fired generation in advanced economies is occurring slower than expected. Additionally, grid stability and firming capacity constraints are expected to result in new non-renewable power generation assets. Having regard to customer

Figure 1: Power generation sector target and IEA NZE 2050 (2021)



trajectories and general market conditions in this sector, we have revisited certain assumptions within our portfolio trajectory modelling for this sector. This includes:

- No longer assuming that customers will replace their generation capacity with renewable energy entirely by 2030; and
- Updated timeframes for closure of existing thermal coal generation assets.

Despite these challenges, the target currently remains feasible due to deliberate reshaping of NAB's portfolio composition toward lower-emitting customers and renewable energy projects.

NAB will continue to monitor the pace of transition in the power generation sector and consider the impact of any significant deviation on our ability to achieve our target.

Thermal coal

Sector overview

Phasing out reliance on thermal coal for electricity generation, both in Australia and internationally, will be critical to the transition to a net zero economy. This will be achieved through decommissioning coal-fired power plants. AEMO is expecting coal generation to be 100% withdrawn in Australia by 2038 (46% by 2030)(1).

Sector boundaries

Includes: mining of black coal and brown coal(2) and includes diversified miners where these activities make up greater than 5% of their revenues(3).

Excludes: emissions associated with metallurgical coal mining customers, including those with more than 5% revenue from thermal coal sales, as these are captured within the *Iron and steel* sector emissions (for further information refer to page 35).

Emissions scope

Scope 1, 2 and 3.

Portfolio update

NAB's thermal coal portfolio absolute emissions have decreased since last year.

Changes to the portfolio composition (including exits and inclusion changes based on the requirement to include diversified companies with more than 5% revenues from thermal coal and fluctuating commodity values) have resulted in a decrease in data quality (PCAF) score.

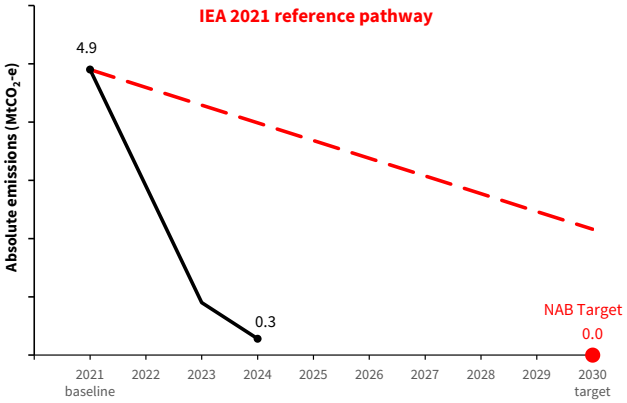
NAB's approach

Achieving this target will require exiting lending to customers that do not transition their operations away from thermal coal. NAB's sustainability-related thermal coal sector risk policy settings are also expected to help NAB meet this target. For further information refer to *Sustainability risk-related policy and appetite settings* in the *Risk management* section on pages 17 to 18.

Key dependencies

NAB has selected the IEA NZE 2050 (2021) reference scenario for the thermal coal sector. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64. Note that although a number of assumptions in the reference scenario are not on track, NAB's strategy for this sector supports the ability to achieve the target.

Figure 2: Thermal coal sector target and IEA NZE 2050 (2021)



(1) For further information refer to https://aemo.com.au/en/energy-systems/major-publications/integrated-system-plan-isp/2024-integrated-system-plan-isp.
(2) Note that previous sector boundaries disclosed lignite in addition to brown coal. The two are geological synonyms, and the duplication has been removed this year. There is no change to sector boundaries.
(3) NAB applies a materiality floor of $1 million EAD in identifying relevant diversified mining customers and may still hold some exposures to thermal coal in 2030, only through residual performance guarantees to rehabilitate existing coal mining assets. These guarantees are excluded from the boundary of this target. For further information refer to *Approach to sector target-setting* on pages 51 to 64.

Oil and gas

Sector overview

Oil and gas currently fuels electricity generation, the transport sector, building heating and appliances and many industrial processes. Mature technologies present viable options to reduce reliance in some but not all of these industries, and the AEMO Integrated System Plan (ISP) 2024 recognises gas will play a role through to 2050. Within the sector, key decarbonisation measures include methane management and post-combustion carbon capture and storage.

Sector boundaries

Includes: extraction and production of natural gas, Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG) and oil (i.e. upstream oil and gas activities).

Excludes: exploration activities, transportation and distribution[1].

Emissions scope

Scope 1, 2 and 3.

Portfolio update

NAB's oil and gas portfolio absolute emissions have decreased since last year. This is due to a decrease in exposure to customers in this sector.

Across the sector, we see customers investing to transition their businesses. Transition plans include reduced fuel, flare and fugitive emissions, co-located renewable development, and carbon capture and storage and/or afforestation/ biodiversity projects.

Evolving government energy policies, a dynamic set of considerations around the role of gas in the energy transition, and the commercialisation of carbon capture and storage technology are key influences for decarbonisation of this sector.

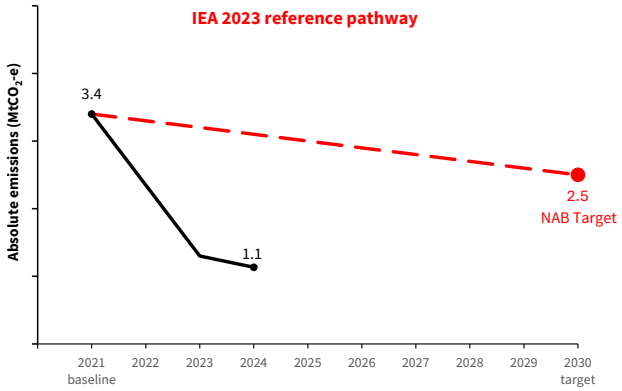
NAB's approach

NAB has two main levers to achieve its oil and gas sector target:

- Where there is customer appetite, supporting customers with financing to reduce emissions, including by decarbonising their extraction operations, such as through the reduction of methane leaks and flaring, investment in carbon capture and storage, and diversifying their businesses into low or zero carbon activities; and
- Portfolio allocation that prioritises supporting customers transitioning their operations to more efficient extraction methods.

From 1 October 2025, the application of NAB's Customer Transition Plan Assessment Framework for in-scope Corporate and Institutional Banking oil and gas customers will further assist portfolio allocation decisions (for further information refer to *Understanding the transition plans of our high emitting customers* on pages 19 to 20). NAB's oil and gas sector risk policy settings are also expected to assist NAB to meet this target. For further information refer to *Sustainability risk-related risk policy and appetite settings* on pages 17 to 18.

Figure 3: Oil and gas sector target and IEA NZE 2050 (2023)



Key dependencies

NAB has selected the IEA NZE 2050 (2023) reference scenario for the oil and gas sector. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64. NAB will continue to monitor the evolution of the oil and gas sector against these key assumptions and consider the impact of any significant deviation on our ability to achieve our targets.

(1) Sector boundary disclosure has been updated to clarify that transmission and distribution are excluded. This is a change to disclosure only, not the target boundary or metrics.

Cement

Sector overview

As a key component of concrete, cement is one of the most used materials in the world. No mature substitutes exist and so decarbonisation efforts are focused on increasing the use of alternative fuels and raw materials, as well as energy efficiency measures.

Sector boundaries

Includes: portland and hydraulic cement manufacturing.

Excludes: concrete and lime manufacturing.

Emissions scope

Scope 1 and 2.

Portfolio update

The number of customers in NAB's cement portfolio reduced during the reporting period. To protect customer confidentiality, portfolio emissions intensity has not been disclosed.

Portfolio emissions intensity is within 10% of the reference pathway trajectory.

NAB's approach

NAB considers that supporting customers with finance to decarbonise their operations is a credible action to achieve our cement sector target.

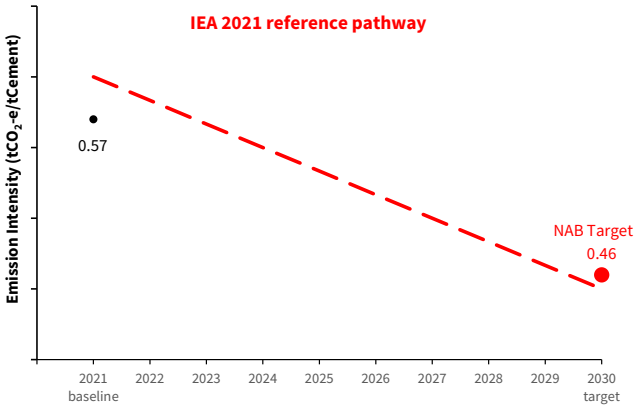
NAB's lending exposure to the cement industry is concentrated across a small number of customers. Any change in the composition of NAB's lending exposure to the cement industry could significantly impact NAB's progress toward achieving its target for the cement sector.

Key dependencies

NAB has selected the IEA NZE 2050 (2021) reference scenario for the cement sector. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64. If the pathway assumptions do not occur as anticipated, NAB's sector target for cement will be difficult to achieve without additional government action and/or significant technological improvement in the sector.

Cement remains a harder-to-abate industry with a key dependency on grid decarbonisation to deliver emissions intensity reductions within the sector. While advancements in lower carbon cement and other developing technologies continue, they are not sufficiently commercialised to deliver reliable emissions reduction impact in the near-term. NAB will continue to monitor global market trends, the Australian market and their impact on our cement portfolio and our ability to achieve our target.

Figure 4: Cement sector target and IEA NZE 2050 (2021)



Aluminium

Sector overview

Aluminium is a strategic material[1], used heavily in the construction, manufacturing and packaging industries. Smelting is the most emissions-intensive part of the aluminium value chain and highly electricity-consumptive, so emissions reductions will be largely driven by decarbonisation of the electricity grid and/or direct access to renewable power.

Sector boundaries

Includes: bauxite mining, alumina refining, aluminium smelting.

Portfolio update

NAB's aluminium portfolio emissions intensity has increased since last year. This is due to increased exposure to smelting activity.

Emissions scope

Scope 1 and 2.

NAB's approach

NAB's upper bound sector target for aluminium represents an appetite to increase emissions against the baseline, acknowledging the role that aluminium has in the energy transition and that the relative composition of NAB's aluminium sector portfolio may change over the period, from a skew towards customers in lower-emissions mining and refining activities, to potentially include more customers involved in higher-emissions smelting activities.

The increase in exposure to smelting customers during the reporting period is in line with this strategy, and NAB's aluminium portfolio is now more representative of the aluminium value chain.

Although direct comparison is difficult, the 2030 intensity target remains well within the 11.5 tCO_2-e/tAluminium value-chain target in the IAI GHG reference scenario. For further information on the financed emissions calculations and the target-setting design, refer to *Approach to sector target-setting* on pages 51 to 64.

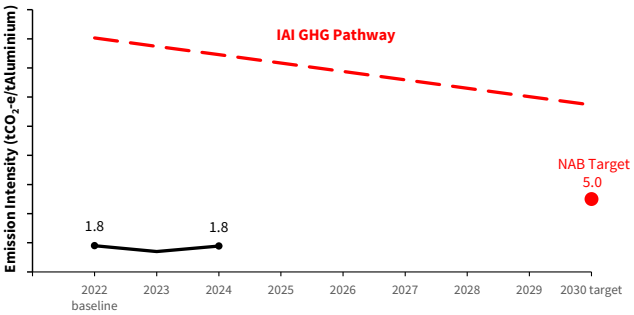
Key dependencies

NAB has selected the IAI GHG 2050 (2021) pathway, which is aligned to, but gives more granularity than, the IEA NZE 2050. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

The upper bound target for this sector was set noting that the portfolio at the time was not reflective of a balanced value chain and with the assumption that the makeup of the Australian aluminium market, and the relative need for investment, stays weighted to bauxite and alumina through to 2030.

Australia's alumina refiners are well progressed with their decarbonisation plans: the 2030 alumina target implied by the IAI GHG pathway is 2.1 tCO_2e/tAluminium and further emissions reductions are likely to be minimal. Those reductions are still likely to be driven by electrification and decarbonisation of the power grid. In modelling portfolio trajectory, we have

Figure 5: Aluminium sector target and IAI GHG pathway to 2050 (2021)



assumed that the electricity grid decarbonises in line with the Federal Government's legislated commitment to 82% renewable energy by 2030. If this economy-level ambition is not achieved, it will be difficult for customers in this sector to achieve emissions reductions.

NAB will continue to monitor the aluminium sector against these key assumptions and dependencies and consider the impact of any significant deviation on our ability to achieve our target.

(1) As classified in Australia's Critical Minerals List and Strategic Materials List | Department of Industry Science and Resources

Iron and steel

Sector overview

The iron and steel sector is critical to Australia's economy and is a key input to construction and infrastructure. Current steel smelting technology, which utilises metallurgical coal as a reductant, is a key contributor of GHG emissions. Use of scrap steel can help reduce emissions in this sector through to 2030 however in the longer term, it will be necessary to commercialise technologies such as Direct Reduction Iron (DRI).

Sector boundaries

Includes: steel smelting and metallurgical coal mining.

Excludes: iron ore mining and steel fabricators.

Emissions scope

Scope 1, 2 and 3 for metallurgical coal customers, Scope 1 and 2 for smelting customers.

Portfolio update

NAB's iron and steel portfolio emissions have not materially changed since last year. Emissions remain below reference pathway trajectory.

NAB's approach

Given NAB's portfolio composition (skewed to metallurgical coal mining) and the limited abatement options for this sector, the key lever to reduce emissions is to reduce exposure. Further, from 1 October 2025, NAB's in-scope Corporate and Institutional Banking metallurgical coal mining customers are required to have a Customer Transition Plan in place for new or renewed corporate lending or project-level lending (for further information refer to *Understanding the transition plans of our high emitting customers* on pages 19 to 20).

NAB recognises that currently there are no readily available substitutes for the use of metallurgical coal in steel production, and will continue providing finance to its customers in this segment, subject to enhanced due diligence which further considers underlying sustainability risks.

NAB's lending exposure to the iron and steel sector is concentrated across a small number of customers and so any change in the composition of the portfolio could impact NAB's progress toward achieving its target for the sector.

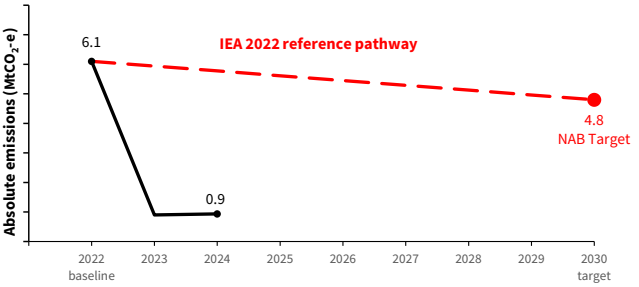
Key dependencies

NAB's has selected the IEA NZE 2050 (2022) reference scenario for this sector. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

NAB has also made the following additional assumptions:

- Limited decarbonisation of this sector will occur between now and 2030, given the lack of input (scrap) availability in the Australian market and the ongoing demand for metallurgical coal (especially overseas).
- Emissions reductions achieved by smelting customers will be largely via optimising existing assets and processes and for metallurgical coal miners via reduction of operational emissions.

Figure 6: Iron and steel sector target and IEA NZE 2050 (2022)



NAB will continue to monitor the evolution of the iron and steel sector against these key assumptions and dependencies and consider the impact of any significant deviation on our approach to achieving our target.

Transport – road (cars and light commercial vehicles)

Sector overview

The decarbonisation of light vehicles will be driven by adoption of low or no-emissions vehicles (hybrids or electric vehicles). Accelerating uptake is a priority for both state and federal governments, with initiatives and regulations in place to drive uptake of EVs and hybrids. Accelerated adoption will rely on continued government support and roll out of charging infrastructure and networks, as well as appropriate insurance and service options.

Sector boundaries

Includes: loans secured by cars[1] and light commercial vehicles (LCVs)[2].

Excludes: The following are excluded from this target:

- Heavy vehicle (rigid trucks).
- Buses and motorbikes.
- Personal or business loans used to finance cars and LCVs that are not explicitly secured against specific vehicles.

NAB will continue to monitor developments within the excluded sub-sectors for opportunities to expand scope. NAB's support for EV loans and financing the associated infrastructure is discussed in the *Supporting our customers* section from page 8.

Emissions scope

Scope 1[3].

Portfolio update

NAB's road portfolio emissions intensity has not materially changed since last year. The emissions intensity metric for this sector continues to use top-down industry-level data, where emissions reduction associated with increased adoption of EVs and hybrids has been countered by an increase in the average emissions intensity of petrol and diesel cars and LCVs. NAB is enhancing data quality in this sector by transitioning from top-down national averages to asset-level methodologies to provide a more accurate foundation for measuring and reporting our financed emissions.

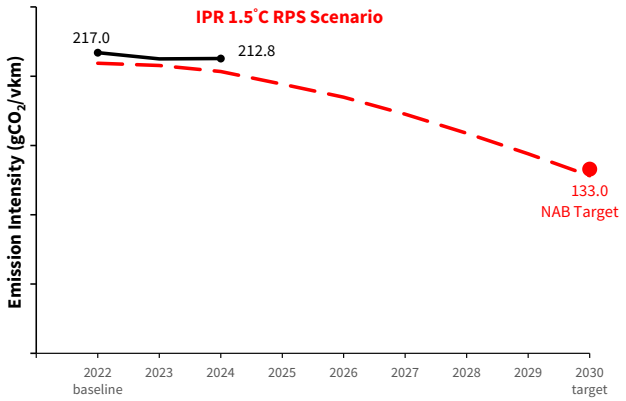
Enhancements made to the modelling process and availability of data have resulted in an increase in reported absolute financed emissions between 2023 and 2024 (but does not impact emissions intensity).

NAB's approach

The decarbonisation of the road portfolio is heavily dependent on an accelerated switch from internal combustion engines to battery electric vehicles and hybrids.

While many of the key external drivers of decarbonisation of this sector are outside of NAB's direct control, NAB continues to monitor for opportunities to support customers, and to contribute to the acceleration of the switch to EVs and hybrids, including through its Green Finance for Vehicles business proposition.

Figure 7: Transport – road (cars and LCVs) sector target and UN PRI 1.5˚C (2021)



Key dependencies

NAB has selected the IPR 1.5˚C RPS Australian scenario commissioned by the UN PRI as the reference pathway. As this pathway does not consider emissions on a per vehicle kilometre basis, NAB has used activity forecasts published by DCCEEW to derive the relevant emission intensity pathway, equating to a 39% reduction in portfolio emission intensity between 2022 and 2030. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

NAB's modelling of the achievability of meeting its sector decarbonisation target for road also depends on the following assumptions:

- Australia's New Vehicle Efficiency Standard (NVES)[4] will result in an average emissions intensity reduction of 60% for cars and 50% for LCVs by 2030.
- There will be a 10% increase in total vehicle kilometres travelled between 2022 and 2030 (in line with DCCEEW's estimate)[5].
- The electricity grid will decarbonise in line with AEMO's Electricity Statement of Opportunities (ESOO) 2023 Step Change scenario (which assumes an 82% renewables mix by 2030).
- Governments and industry invest in the required infrastructure to support an increase in demand for EV charging.

NAB's ability to reach its road target is significantly dependent on accelerated switching from internal combustion engines to battery electric vehicles and hybrids, and improvements to the fuel efficiency for new ICE vehicles prior to their phase-out. While EV penetration continues to be limited by issues such as charging infrastructure availability, 'range anxiety' and comparative cost, government policy settings to support decarbonisation in this sector are evolving, and government data continues to signal an acceleration in EV penetration by 2030. NAB will continue to monitor all material dependencies and assumptions as market and policy settings evolve in 2026.

(1) Cars include sedans, hatches, sports utility vehicles and 4WDs.
(2) LCVs are defined as goods vehicles with a 'Gross Vehicle Mass' not exceeding 3.5 tonnes, including utes and vans.
(3) The national average emissions intensity is limited to Scope 1 CO_2 tailpipe emissions of vehicles.
(4) For further information refer to https://www.infrastructure.gov.au/infrastructure-transport-vehicles/vehicles/new-vehicle-efficiency-standard.
(5) Available at https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf Table 21.

Transport - aviation

Sector overview

Aviation is important for Australian tourism due to the vast distances required for travel. The International Civil Aviation Organisation (ICAO) has started to implement the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which intends for aircraft operators to monitor emissions and encourage use of Sustainable Aviation Fuel (SAF)[1], noting that supply and availability of SAF will need to increase in the intervening years to enable this. Beyond SAF usage, decarbonisation of the aviation sector in the short to medium-term will rely on engine and aircraft efficiencies (e.g., improved aerodynamics and reduction in weight). Longer-term, hydrogen-fueled aircraft are likely to support decarbonisation of the sector. In the shorter-term, carbon offsets play a role in many airlines' 2030 commitments.

Sector boundaries

Includes: scheduled passenger aviation (both domestic and international).

Excludes: freight and business jets.

Emissions scope

Scope 1 and 2 of aircraft operators.

Portfolio update

NAB's aviation portfolio emissions intensity has decreased since last year. This is due to reduced net average emissions intensity of a number of operators in our portfolio.

NAB's approach

NAB's aviation portfolio is a mix of corporate lending to airlines and asset financing to aircraft lessors. NAB's primary lever to achieve this target is to prioritise new transactions with Australia and New Zealand customers with 2030 emissions reduction ambitions.

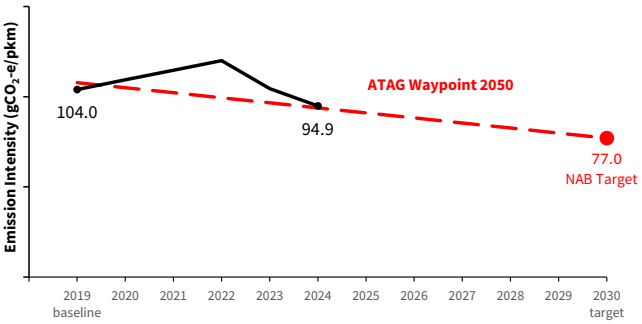
Key dependencies

NAB selected the ATAG Waypoint 2050 (2021) as the reference pathway for the aviation sector target because it was developed by an industry body with contributors across the value chain. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64. Of note, the ATAG Waypoint pathway includes carbon offsets in the near-term to neutralise residual emissions as the sector works on long-term, permanent, in-sector reductions through the ramp-up in alternative energy and new technology. NAB will also allow certified, high integrity, additional carbon offsets in this sector.

In assessing NAB's portfolio trajectory, there are two additional assumptions which underpin NAB's ability to achieve the target for this sector, regarding the activities and emissions of customers and operators of leased aircraft:

- Those portfolio companies with public 2030 decarbonisation ambitions achieve them.
- All portfolio companies (even those without public commitments) comply with the International Civil Aviation Organisation's Carbon Offsetting Reduction Scheme for International Aviation mandate, which requires airlines in almost all jurisdictions to cap absolute emissions at 2019 levels. Combined with the forecast increase in demand for passenger air travel, this is estimated to result in an average reduction of ~15% in emissions intensity.

Figure 8: Transport - aviation sector target and ATAG Waypoint 2050 (2021)



Globally, the aviation sector faces decarbonisation challenges, including modest Sustainable Aviation Fuel penetration and delivery delays for newer, fuel-efficient aircraft. If the above assumptions and those on which our reference pathway is based, do not occur as anticipated, NAB's sector target for aviation will be difficult to achieve. NAB continues to monitor these developments and decarbonisation trajectories within our own portfolio, and to consider options for reallocation away from higher-emitting operators.

(1) For further information refer to https://www.icao.int/environmental-protection/CORSIA/Pages/default.aspx.

Transport - shipping

Sector overview

Shipping is a vital part of our economy, transporting the bulk of our international trade volumes with demand forecast to grow. The International Maritime Organisation (IMO), the United Nations agency responsible for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships, has a GHG strategy to reach net zero total emissions by or around 2050, with an interim ambition to reduce absolute emissions by 20-30% by 2030[1] compared to 2008 levels. In the short term, decarbonisation of the sector will be driven by improvements in operational efficiency, ship maintenance and engine and ship design. Longer term, low and zero emission fuels such as green methanol and ammonia (hydrogen) are expected to drive decarbonisation of the sector.

Sector boundaries

Includes: Sector inclusions have been determined in reference to the data and methodology requirements of the Poseidon Principles (PP - 2018 version), which are linked to IMO emissions standards reporting requirements, and includes secured lending to customers in Corporate and Institutional Banking for:

- Vessels governed by IMO emission standards and mandatory reporting of data to the IMO Data Collection System (DCS) applies.
- Vessels over 5,000 GT that are engaged in international freight.
- Vessels for which a PP trajectory exists.

Excludes: Passenger vessels, unsecured lending to shipping companies and domestic freight vessels.

Emissions scope

Scope 1.

Portfolio update

NAB's shipping portfolio continues to perform below the PP trajectory. Portfolio emissions intensity decreased during the reporting period but at a rate lower than the rate required by the PP trajectory (-3% p.a.). Unlike other sector targets, shipping is reported as at 31 December 2024 (to align with IMO reporting periods).

NAB continues to apply the 2018 PP reference scenario despite recent PP and IMO pathway updates, noting that the IMO regulations by which its updated pathway will be operationalised are not yet in force.

NAB's approach

NAB's shipping portfolio consists of asset financing to tonnage providers secured over vessels.

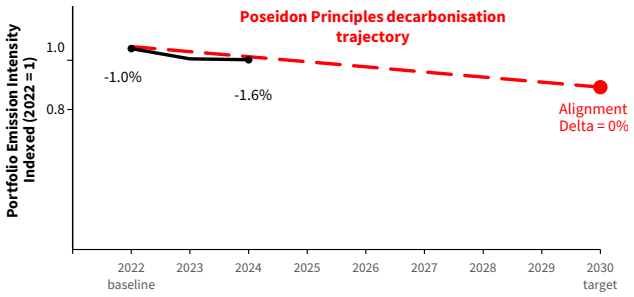
Changes to the composition of NAB's shipping portfolio are likely to result in a non-linear emissions reductions trajectory and have impacted data quality score.

Key dependencies

NAB has selected the Poseidon Principles (2018) reference scenario as it provides a framework and methodology for measuring performance, leveraging data required to be provided to the international shipping regulator and used widely in the industry to measure emissions performance. For further information about key assumptions and dependencies for this scenario refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

In assessing NAB's portfolio trajectory, NAB has assumed operational and maintenance efficiency gains of at least 15% by 2030, as required by IMO minimum standards.

Figure 9: Transport - shipping sector target and Poseidon Principles Pathway (2018)[1]



(1) If the Portfolio Alignment Delta % is positive, the portfolio is said to be misaligned. i.e., the average carbon intensity of the portfolio is greater than the carbon intensity required for decarbonisation in line with the reference scenario. If the Alignment Delta % is 0%, the portfolio is aligned with the reference scenario, and if it is negative, it is outperforming the reference scenario. For a portfolio to maintain a 0% alignment delta, it will need to reduce its emissions intensity by 20% between 2022 and 2030. Given NAB is starting below the pathway (i.e., portfolio has a slight negative Alignment Delta %), the resulting reduction in carbon intensity that is required for NAB portfolio to achieve the target alignment delta of 0% by 2030 is 19%.

(1) For further information refer to https://www.imo.org/en/OurWork/Environment/Pages/2023-IMO-Strategy-on-Reduction-of-GHG-Emissions-from-Ships.aspx.

Commercial real estate

Sector overview

Emissions associated with the operation of commercial real estate are predominantly Scope 2 (electricity usage), with gas used for heating and cooling accounting for the balance.

Decarbonisation of Australian CRE will be primarily driven by the transformation of the electricity grid, however improved energy efficiency of CRE buildings (both new and retrofit) will be important.

Sector boundaries

CRE sector inclusions have been defined according to APRA Reporting Standard *ARS 230.0 Commercial Property*.

Includes: Secured, on-balance sheet CRE lending where the collateral is located in Australia and where the property is used for CRE office or retail purposes.

Excludes: The following parts of CRE are excluded:

- Other sub-sectors, such as industrial buildings.
- Unsecured assets.
- Vacant land or pre-development sites.

We will monitor developments within the excluded sub-sectors for opportunities to extend scope.

Emissions scope

Scope 1 and 2.

Portfolio update

NAB's commercial real estate - office and retail portfolio emissions intensities have both decreased since last year. This is due to a reduction in emissions factors for buildings (driven by an increased proportion of renewable electricity generation) during the reporting period. The difference in the rate of change between the two subsectors is largely driven by improved classification of assets, resulting in higher energy consumption estimates for those assets.

NAB's approach

While decarbonisation of the electricity grid will be the main driver of decarbonisation of this sector, NAB continues to identify internal levers to help achieve these targets. These are focused on supporting customers to invest in more energy efficient buildings and upgrades to existing buildings.

Depending on portfolio trends over time and the rate of energy grid decarbonisation, these levers alone may not result in portfolio intensity aligned with the target. As such, NAB continues to assess the impact of current strategies and new opportunities to determine the right combination of levers that will enable NAB and customers to meet climate objectives.

Key dependencies

NAB has selected the SBTi (Australia) Buildings - office and retail reference scenarios for the CRE sub-sectors. For further information about key assumptions and dependencies for these scenarios refer to *Climate scenarios for sectoral decarbonisation target setting* from pages 62 to 64.

Additionally, NAB has applied assumptions set out in the AEMO ESOO (2025) Step Change scenario to model pathways to the targets. Key assumptions of this model include:

Figure 10: CRE office sector target and SBTi reference scenario

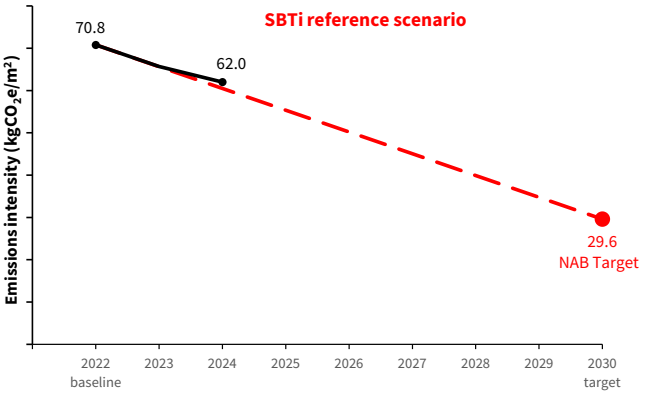
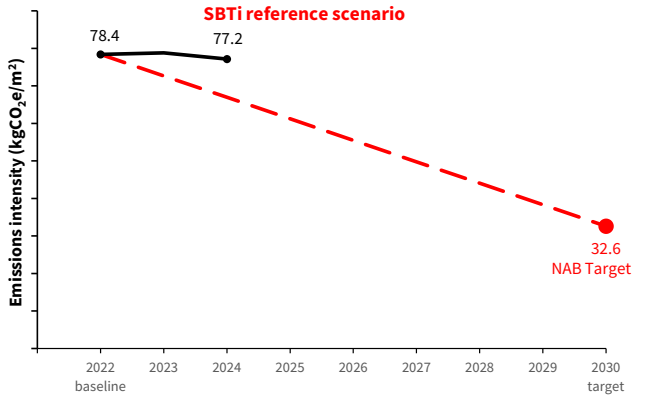


Figure 11: CRE retail sector target and SBTi reference scenario



- Achievement of the Federal Government's legislated commitment to 82% renewable energy by 2030.
- Reduced gas consumption in CRE buildings (6% reduction by 2030).
- Increased energy efficiency of CRE buildings producing energy savings of 4% by 2030.

Given the dependence on the electricity grid for decarbonisation, along with investment in building-level improvements, and commitments made by Federal, State and Territory governments to provide support, these levers are critical to reducing emissions at a rate required to rapidly decarbonise the sector and any delays or changes to government commitments or the above assumptions will make it difficult for NAB to meet these targets.

Decarbonisation is also reliant on the property owners' willingness and ability to install rooftop solar systems and battery storage and invest, over time, in building upgrades to improve energy efficiency to reduce the property's carbon emission footprint, particularly for existing buildings.

Should the key assumptions above not occur as anticipated, for example if the electricity grid does not decarbonise in line with current government ambition, or if policy settings to support building energy reduction are delayed or are not implemented, then the gap to the target will increase and make it very difficult for NAB to achieve its targets.

NAB will continue to monitor the evolution of the CRE sector against these key assumptions and consider the impact of any significant deviation on our ability to achieve our targets.

Residential real estate

Sector overview

The Australian RRE sector consists of standalone properties and apartments/flats, with the property type largely determining the decarbonisation options that are available to customers. Emissions from this sector are largely driven by electricity consumption and natural gas usage and so decarbonisation of the grid is the key lever for emissions reductions. Other important levers include solar panels and batteries, energy efficiency upgrades, and electrification of heating/cooling appliances.

Sector boundaries

Includes: all on-balance sheet residential lending where the collateral is located in Australia and the property is used for residential purposes[1].

Emissions scope

Scope 1 and 2.

Portfolio update

NAB's residential real estate portfolio emissions intensity has decreased since last year. This is due to a reduction in emissions factors for homes (driven by an increased proportion of renewable electricity generation) during the reporting period.

NAB's approach

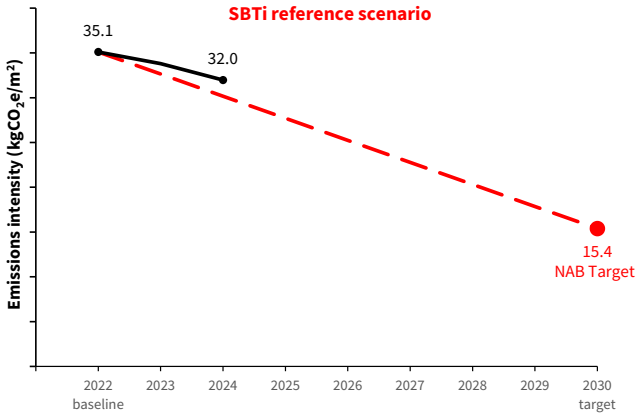
NAB does not intend to manage its target by restricting lending where customers do not meet 'green' criteria. Though decarbonisation of the grid is expected to drive the majority of emissions reduction in this sector, NAB considers the key internal lever to achieving this target is supporting customers to invest in more energy efficient homes and upgrades to existing homes, including by way of insights to assist in their decision making. We continue to evolve our approach to supporting customers with their home energy efficiency needs.

Key dependencies

NAB has selected the SBTi Residential Buildings (Australia) reference scenario. This is a downscaled IEA NZE 2050 pathway with regional specificity. It was developed in partnership with the Carbon Risk Real Estate Monitor (CRREM) which sources AEMO's emission factors (see below for additional NAB assumptions).

Key assumptions for the SBTi Residential Buildings (Australia) reference scenario are provided in the *Climate scenarios for sectoral decarbonisation target setting* section from pages 62 to 64.

Figure 12: RRE sector target and SBTi (Australia)



NAB has additionally applied the assumptions set out in the AEMO ESOO (2025) Step Change scenario to model pathways to the 2030 RRE target. Key assumptions of this model include:

- Achievement of the Federal Government's legislated commitment to 82% renewable energy by 2030.
- Increased energy efficiency of homes through home improvements and new builds (10% improvement by 2030).
- Increased household rooftop solar adoption (over 50% of households by 2032).
- Reduced gas consumption (27% reduction by 2030).

Further, decarbonisation relies on the uptake of home owners installing rooftop solar and battery storage systems. It also depends on the rate that home owners invest in more energy efficient products and appliances over time to reduce the property's carbon emission footprint – this is particularly important for existing properties.

Commitments made by Federal, State, and Territory governments to support decarbonisation are critical to reducing household emissions at a rate required to rapidly decarbonise this sector, and any delays or changes to government commitments or the above assumptions will make it difficult for NAB to meet this target.

NAB will continue to monitor the evolution of the RRE sector against these key assumptions and consider the impact of any significant deviation on our ability to achieve our target.

(1) Off-balance sheet exclusions include undrawn but committed mortgages and capital relief Residential Mortgage-Backed Securities (RMBS). Lending activity to Special Purpose Vehicles to finance third-party lenders and investments in RMBS securities are also excluded.

Agriculture

Sector overview

Australia's agriculture and land sector is a key contributor to jobs, GDP and exports. It provides high quality food and fibre to Australians and the rest of the world. Demand for the commodities produced by the Australian agricultural sector is forecast to continue growing to meet the needs of a larger global population.

The sector is also a significant contributor to Australia's emissions, with the majority coming from livestock. Near-term emissions reduction is likely to be driven by livestock and fertiliser productivity improvements, while technologies to reduce enteric fermentation are more likely to become drivers in the longer term, once available at a commercial scale.

Update on target setting

NAB recognises the significant scale of the challenges to decarbonise the agricultural sector, and the complex socio-economic interdependencies at play.

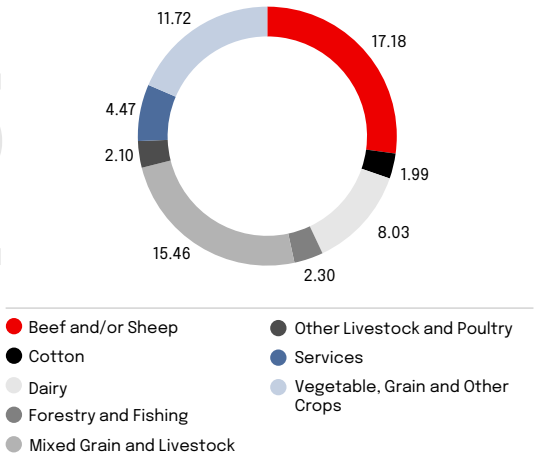
In 2025, NAB re-assessed setting targets for the agricultural sector, concluding that significant challenges remain (including lack of economic incentives to decarbonise, absence of locally relevant reference scenarios, and availability of data). Consequently, NAB has not set a target for the sector this year.

NAB welcomes the release of the Australian Government's Net Zero Plan, including the Agriculture and Land Sector Plan and will work to support our customers as they take action.

Backing Australia's agriculture sector through climate change

NAB has supported Australian farmers for over 160 years and is the largest lender to the agriculture sector[1]. It accounts for 5.9% of NAB's total Group EAD and 9.9% of NAB's total Group absolute financed emissions. Our portfolio reflects the unique and diverse nature of the sector.

Chart 2: Group agriculture, forestry and fishing exposure (AUD$ bn)[1]



(1) Based on EAD as at 30 September 2025.

In 2025, we have continued to take steps both to better understand the risks and opportunities our customers face, and to support them:

- **Financing**: Supported by the CEFC, launched our Agribusiness Emissions Reduction Incentive Program, offering support to farmers introducing innovative on-farm practices and technologies to reduce greenhouse gas emissions and adapt to climate change. This is in addition to our existing Green Finance propositions for Agribusiness and for Vehicles and Equipment to help decarbonise operations. For further information refer to *Supporting our customers* on page 9.
- **Colleague capability**: Continued to offer climate training to our agribusiness bankers to help them better serve customers by engaging with them on the climate risks and opportunities they are experiencing. For further information refer to *Investing in capabilities* on page 10.
- **Operations, risk and governance**: Continued to develop our capabilities to better understand and manage agribusiness climate portfolio risk through our FarmID platform. For further information refer to *Using climate-related scenarios* on pages 23 to 25.
- **Advocacy and engagement**: Provided philanthropic funding, via the NAB Foundation, to support enhancements to FCA's *Australian Agricultural Insights Study* and *Climate Smart Farming toolkit* and is engaging with the ASFI Taxonomy pilot for Agriculture. For further information refer to *Investing in partnerships and advocacy* on page 11.

Nature-related disclosures

For information on NAB's approach to managing nature-related risks and opportunities, including land use change and deforestation, see the Climate change and environment section of NAB's 2025 Annual Report.

(1) By market share calculated using the *RBA Lending to Business - Business Finance Outstanding by Business Size and Industry - D14.1* data as at 31 August 2025 for agriculture, forestry and fishing, and NAB's submissions to this dataset.

Environmental finance ambition

NAB has supported customers to improve environmental outcomes by providing $10.4 billion of environmental finance in 2025. This includes $7.9 billion of lending activity and $2.4 billion of facilitated capital markets activity.

NAB's environmental finance ambition and climate opportunities

In 2025, NAB continued to support customers as they invest in their sustainable future through our environmental finance ambition of $80 billion by 2030. The ambition is a cumulative measure of performance from the period 1 October 2023 to 30 September 2030. As at 30 September 2025, cumulative environmental finance reached $17.7 billion.

The environmental finance ambition recognises the climate-related opportunities as the world transitions to a low-carbon future. It also represents a key metric for quantifying and communicating climate-related opportunities for NAB and our customers.

NAB will continue to progress towards achieving this ambition to support customers undertaking mitigation efforts to decarbonise, adapt and build resilience.

Progression of NAB's environmental finance ambition

In 2025, NAB included NatHERS 7+ Star energy efficient residential real estate lending as a new category in our ambition[1].

Contributions from NAB's environmental unit trading activity relating to Australian Carbon Credit Units (ACCUs) are expected to begin in 2026.

For further information refer to Table 1 below.

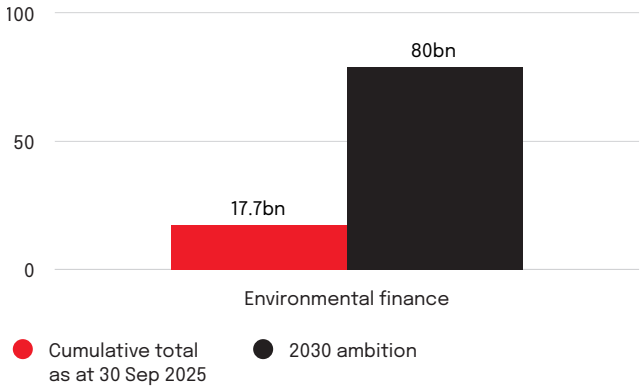
Basis for calculation

The calculation includes the following:

- For the period from 1 October 2023 to 30 September 2030.
- On a cumulative basis, new and refinanced lending facilities and NAB's share of Green Bond arranging and underwriting activity.
- Lending measured by reference to facility limits at origination (finance or refinance as recognised in source system).

For further information on how environmental financing is defined and calculated refer to the *Environmental finance methodology* section on page 66.

Chart 3: Progress towards NAB's environmental finance ambition



Scope of NAB's environmental finance ambition

- Scope to update the ambition for quantum and composition through the period. NAB acknowledges the release of the ASFI Sustainable Finance Taxonomy and is participating in an ASFI-led implementation pilot project. The ASFI Taxonomy may inform NAB's sustainable and environmental financing activities going forward.
- Where lending presents both environmental and other relevant social benefits they may be reported under both those respective social targets and this ambition.

Table 1: Environmental finance ambition progress[1]

Total environmental finance as at 30 September 2025	2025 $m	2024 $m	Total $m
Lending activities			
Large scale renewables	**2,100**	3,235	**5,335**
Green labelled business lending propositions (Agribusiness, CRE, Vehicles and Equipment)[2]	**1,340**	799	**2,139**
Energy efficient residential real estate lending	**4,478**	0	**4,478**
Total lending activity	**7,918**	4,034	**11,952**
Capital markets activities			
Green Bond arranging and underwriting	**2,444**	3,266	**5,710**
Total	**10,362**	7,301	**17,662**

(1) Totals may not sum due to rounding.
(2) Agribusiness includes both NAB Green Finance for Agribusiness and the NAB Agribusiness Emissions Reduction Incentive proposition.

(1) Energy efficient home lending is linked to construction and new home lending for NatHERS 7+ star homes. For further information refer to the *Environmental finance methodology section* on data and dates of collection.

Reducing operational emissions

NAB's climate ambition is to achieve net zero by 2050 across our operations by implementing energy-efficient initiatives, reducing waste, and transitioning to renewable energy sources.

Reducing operational emissions and environmental impact

The Group is taking action to reduce its operational emissions, with a particular focus on Scope 1 and 2 emissions where it has established a 2030 emissions reduction target. In respect of Scope 3 operational emissions, the Group continues to take steps to better understand its footprint, particularly with regard to its supply chain. This has led to the Group expanding its emissions inventory over recent years, whilst continuing to undertake actions to reduce Scope 3 emissions.

The Group applies an 'operational control' approach to establishing our emissions reporting boundary and implements reduction measures in line with the GHG emissions reduction hierarchy, as defined by the GHG Protocol(1) and Reporting Standard and the National Greenhouse and Energy Reporting (NGER) Act 2007. All references to the Group's operational emissions correspond to the Group's environmental reporting year ending 30 June.

For further details on the measurement and calculation of operational emissions refer to the *Carbon inventory and exclusions for operational emissions* on pages 70 to 71.

Total GHG operational emissions

In 2025, the total gross GHG operational emissions were 131,062 tCO_2-e(2). This is an increase of 2,363 tCO_2-e compared to 2024(3) due to an expanded emissions boundary and expansion of operations in India and Vietnam.

Each year the Group calculates internal carbon pricing in relation to our own operations and activities. In 2025, our internal carbon price was $24.85 per tonne of CO_2-e(4).

The Group's science-based operational emissions reduction target(5), which is aligned with a pathway to limit global warming to 1.5˚C, is to reduce combined operational Scope 1 and 2 (market-based method) emissions by 72% by 2030, based on a 2022 baseline. To achieve this target, NAB regularly monitors its emissions reductions and implements energy-saving measures across its building portfolio and data centres.

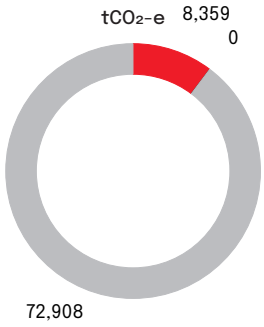
In 2025, the Group sourced 100% of its electricity from renewable sources, achieving its 30 June 2025 target. Given that Scope 2 emissions accounted for 84.2% of total Scope 1 and 2 emissions in 2025, the purchase of renewable energy remains crucial to the Group's ability to meet its targets. For further information refer to page 45.

Other than purchased electricity, fuel used by the Group's vehicle fleet is the largest source of operational GHG emissions, with approximately 17.9 million kilometres driven each year in service of our customers. Emissions from the Group's vehicle fleet make up 3.8% of NAB's total operational emissions. Finding lower emissions alternatives to the petrol, petrol-hybrid and diesel cars in NAB's fleet is therefore a viable lever to support our Scope 1 and 2 GHG emissions reduction target.

As of 2025, 77% of NAB's fleet is hybrid, while BNZ's fleet comprises 95% plug-in hybrid and battery electric vehicles.

In 2025, we built upon our 2024 assessment of NAB's future EV infrastructure requirements by developing and commencing a pilot to test our approach to using EVs in NAB's Australian fleet. The pilot aims to assess the benefits, challenges and practical considerations of adopting EVs across select commercial sites, particularly having regard to continued ability to meet customer needs. This will help determine the feasibility of broader adoption in future.

Chart 4: NAB's market-based operational emissions by Scope in 2025



Scope 1 Scope 2[1] Scope 3[2]

(1) Scope 2 market-based emissions are zero, reflecting the Group's achievement of its RE100 target whereby 100% of our electricity is sourced from renewable sources.

(2) Scope 3 emissions for NAB's operational footprint excludes financed emissions. For detail on how NAB is assessing Scope 3 emissions attributable to its financing, refer to pages 51 to 62.

Initiatives to reduce NAB's Scope 1 and 2 emissions and environmental impact

Syncromesh: An onsite information platform that provides detailed monitoring of energy monitoring broken down into key sources (e.g. lighting, ATM, HVAC), HVAC temperature sensor and humidity, and indoor air quality. In 2025, NAB piloted this system at a number of key sites. This has allowed NAB to more efficiently identify anomalies in consumption and move to address causes faster and with direct actions.

Smart Water Meter: NAB installed smart meters at several sites. The meters have allowed NAB to ensure all water usage relates to actual NAB activities, not other tenants for sites with shared utility meters. With the daily data updated, we have been able to identify and address water leaks faster and identify opportunities to reduce water consumption.

Scope 3 operational emissions

The Group regularly assesses its Scope 3 operational emissions. This process and subsequent changes to the Group's Scope 3 emissions inventory help ensure the Group includes relevant items within its inventory that reflect its business activities aligned to GHG Protocol Scope 3 emissions categories and notes exclusions where Scope 3 emissions categories are not assessed to be relevant.

(1) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) are referred to in this Basis for Conclusions as "GHG Protocol".
(2) No investees are under operational control, so there are no operational emissions associated with them.
(3) The Group has restated its 2024 operational emissions number by 19 tCO_2-e to correct an overstatement to emissions associated with waste incineration.
(4) This is calculated based on the cost of our purchases of international and domestic carbon offsets and of renewable energy in a given year.
(5) This target is science-based and has been developed using the SBTi target-setting tool and criteria. It has not been submitted to SBTi for validation.

The Group continues to work towards expanding its Scope 3 operational emissions boundary, and expects the phased introduction of mandatory reporting to improve access to more reliable supply chain emissions data.

In 2025, the Group has reassessed its emissions reporting boundary and included the emissions of cloud services for Australia[1]. These have been included as these emissions sources have been assessed as being relevant in line with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

In 2025, Scope 3 emissions increased from 71,821[2] tCO_2-e to 78,259 tCO_2-e. This was mainly due to NAB altering its emissions calculation methodology for working from home and employee commuting emissions to now include network staff, and expanding its emissions scope in 2025 to include cloud services for Australia; which has contributed 3,391 tCO_2-e to NAB's Scope 3 emissions.

Decarbonising the Group's supply chain

Working with suppliers and understanding their relevant climate policies, targets and actions will support the Group achieving its own targets.

In 2023, NAB first undertook a transition maturity assessment representing approximately the top 50% of supplier spend. This assessment was completed with reference to the Transition Maturity Diagnostic previously adopted for 100 of our largest GHG emitting customers. This assessment was repeated in 2024 with the same set of suppliers.

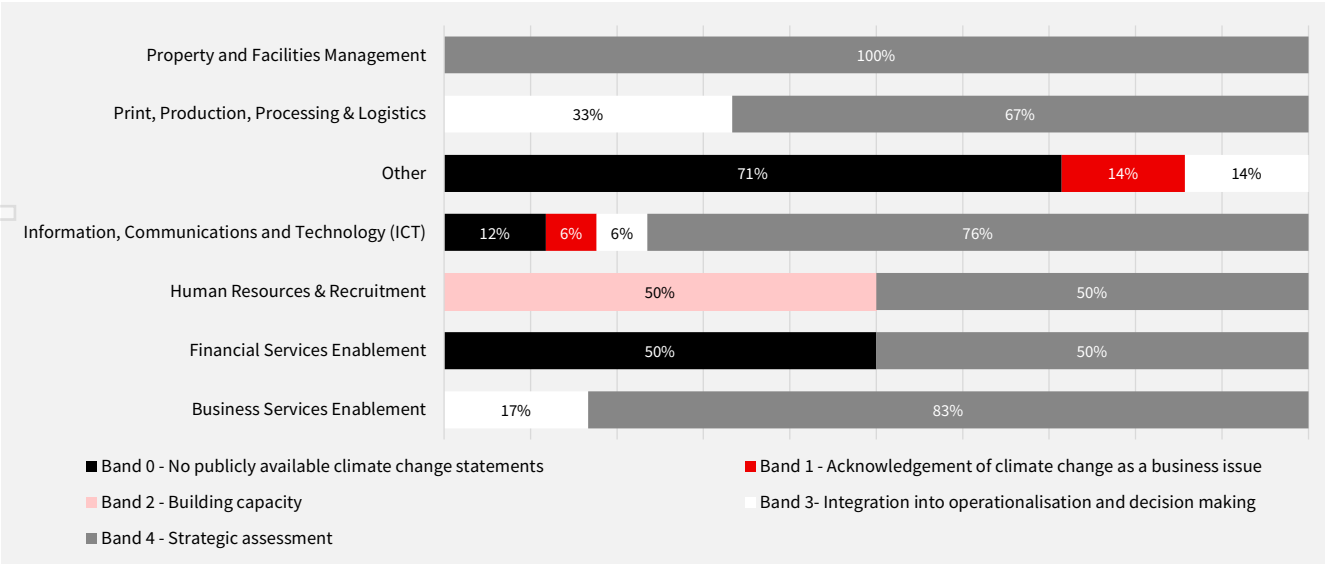
In 2025, NAB:

- Undertook an updated transition maturity assessment for the same set of suppliers as in 2024 and 2023 to help understand improvement over time and where NAB can provide support. While this assessment demonstrates that transition maturity for assessed suppliers has improved year-on-year, the results also highlight where NAB should engage further or can provide support.
- Partnered with Uber for Business as NAB's preferred ground transport provider, encouraging colleagues to select Uber Electric or Uber Comfort Electric for low or no-emissions options in order to support reduction in business travel emissions.
- Engaged with cloud providers to understand their emissions profile and the opportunities available to reduce NAB's emissions from these activities.

Supplier transition maturity assessment

- Overall, transition maturity for assessed suppliers has improved year-on-year since 2023.
- 76% of suppliers assessed have acknowledged climate change as a business issue, increased from 74% in 2024 and 72% in 2023.
- 74% of suppliers assessed have set a goal to be net zero emissions by 2050 or sooner, no change from 2024 and an increase from 70% in 2023.
- 67% have publicly available climate action or decarbonisation strategies to achieve their net zero targets, increased from 59% in 2024 and 33% in 2023.
- Transition maturity continues to vary across industries and within industries, particularly for smaller sized companies.

Figure 13: Transition maturity of suppliers accounting for approximately 50% supplier spend by sector[3]



(1) Cloud emissions do not currently include BNZ. For further information refer to the Carbon inventory and exclusions for operational emissions on page 70 to 71.
(2) The Group has restated its 2024 operational emissions number by 19 tCO_2-e to correct an overstatement to emissions associated with waste incineration.
(3) Percentage breakdown per sector may not sum to 100 due to rounding.

Case study: Driving down emissions from ground transport

Uber is a mobility platform that connects riders with drivers, helping people get from A to B with ease across Australia. Recently, Uber has become the preferred choice for colleagues when it comes to local mobility, enabling them to meet and serve customers wherever they are.

In 2025, NAB partnered with Uber to support colleague ground transport and also help reduce NAB's operational emissions. As Uber works towards a future that is shared and electric, it began phasing out hybrid vehicles for Uber Green in April 2025. Uber has also launched initiatives to support drivers in making the switch to EVs through promotions and partnerships. Colleagues who prefer zero-emission options can now choose *Uber Electric*, which is priced the same as UberX, or select *Uber Comfort Electric*.

Progress towards RE100 target

In 2025, the Group achieved its RE100[1] target to source 100% of its electricity from renewable sources. The renewable proportion of the Group's electricity consumption has increased from 95.1% in the 2024 environmental reporting year to 100% in 2025.

The Group's consumption of electricity currently includes power purchase agreements, contracts for renewable energy certificates in Australia and for our international offices as well as on-site solar generation in Australia.

Chart 5: Group electricity consumption (MWh) by fuel source type

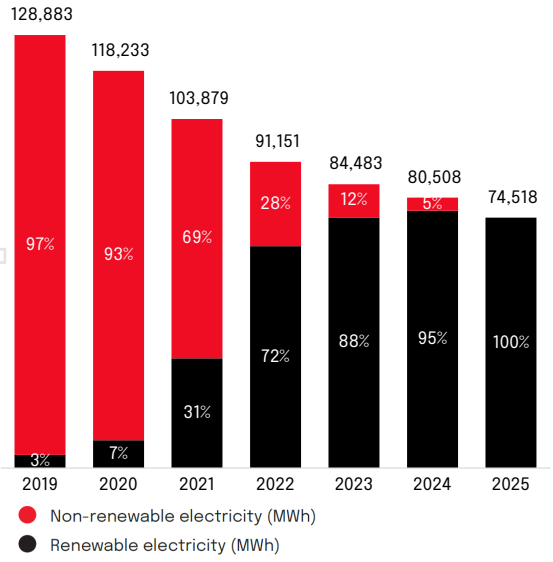


Chart 6: Group renewable energy by technology type in 2025[1]

(1) Total shown in chart may not sum due to rounding.
(2) NAB London has a supply contract with Ecotricity, which purchased electricity from a mixture of sources including Wind, Solar and Hydro. BNZ held a supply contract for electricity until 30 September 2024, which sourced power from a mixture of renewable sources including wind, solar and hydro. From 1 October 2024, BNZ holds a new contract that includes the purchase of renewable energy certificates, enabling claims to renewable energy generated in New Zealand from wind only.

Chart 7: Group renewable energy by sourcing method in 2025[1]

(1) Energy attribute certificates are standardised, tradable instruments issued to a unit of generation (generally, one MWh) which are used to aggregate and track energy attributes.

Approach to offsetting residual operational emissions

The Group first avoids and reduces greenhouse gas emissions associated with NAB's operational Scope 1, 2 and 3 emissions (excluding financed emissions) and then retires carbon offsets for residual emissions. The Group retired and allocated 81,267[2] offsets for its 2025 emissions liability. EY conducts limited assurance procedures over our global carbon inventory, and its assurance statement is available on NAB's sustainability performance and reporting website.

NAB's Australian operations are certified under the Climate Active Standard for Organisations. BNZ[3] is Toitū net carbonzero organisation certified.

The Group purchases quality accredited carbon offsets to neutralise remaining emissions. NAB maintains a Group Environmental Reporting and Offset Management Policy, to guide the purchasing and retirement of offsets, which are also

(1) RE100 is a global corporate leadership initiative bringing together businesses committed to 100% renewable electricity.
(2) In 2025, an additional 33 offsets have been retired to account for the impact of BNZ moving to the 1 October 2024 - 30 September 2025 reporting year.
(3) BNZ is a Toitū net carbon zero certified organisation. This voluntary carbon certification programme requires adherence to a set of standards and rules on an annual basis, focusing on measuring and reducing GHG emissions according to International Organization for Standardization 14064-1: 2018 standards.

disclosed annually in NAB's Climate Active Public Disclosure Statement, as part of Climate Active's certification of NAB's Australian operations.

NAB has previously purchased and maintains a bank of offsets that includes ACCUs from Australian projects including Indigenous-led savanna burning projects which utilise traditional First Nations land-practices, as well as Gold Standard and Verified Carbon Standard international offsets. NAB intends to continue to prioritise projects that deliver social value and other environmental co-benefits for communities, with a focus on Australia, India and Vietnam where NAB has a significant presence.

Environmental operational targets summary

The Group has been tracking and reporting performance against seven key environmental operational targets set in 2020. This year is the fifth and final year of reporting for six of these targets for our global operations. The Group has achieved four of the six 2025 targets relating to: (1) Gross Energy Use; (2) Water Use; (3) Office Paper Consumption; and (4) Waste to landfill. The Group did not achieve its targets for Customer e-Statements and Vehicle fuel Use. While the transition from internal combustion to hybrid vehicles resulted in a 40% reduction in vehicle fuels use in our Australian and New Zealand fleet, achieving the 50% target was heavily reliant on electric vehicle uptake by BNZ and NAB. However, the transition to electric vehicles in our car fleet was slower than expected due to challenges in market supply of appropriate vehicles and availability of required infrastructure to support NAB's use of these vehicles.

The Group continues to progress towards its 2030 target to reduce Scope 1 and 2 (market-based method) GHG emissions by 72% against a 2022 baseline, currently tracking at a reduction of 64% (compared to 57% in 2024).

NAB will continue to implement initiatives to reduce its environmental operational impact and report on performance. For further information on NAB's performance against its environmental operational targets refer to Table 2 below.

Regulatory and voluntary operational environmental reporting

The Group's operations are subject to the NGER Act. This is part of Australia's legislative response to climate change. The NGER Act requires the Group to report on an environmental reporting year (1 July - 30 June). For further information refer to NAB's 2025 Annual Report.

The Group's UK-based operations are subject to the Energy Savings Opportunities Scheme (ESOS) which requires mandatory energy assessments of an organisation's buildings and transport every four years. An additional obligation was introduced in 2024, requiring NAB to submit an ESOS action plan for its London Branch and to annually report to the UK Environment Agency on progress. Key actions in our plan include improvements to lighting controls and a reduction in the number of racks at our data centres. In 2025, NAB London reduced lighting-related electricity consumption by 7%.

The Group is voluntarily reporting data required for the Streamlined Energy and Carbon Reporting (SECR) requirements which are implemented through the *Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018* (United Kingdom) in this Report. The Group's United Kingdom-based (London Branch) energy use reported, and aligned to the SECR for the 2025 environmental reporting year was 480,925 KWh (2024: 497,665 KWh). The associated total gross GHG emissions from fuel combustion (Scope 1) and from electricity use (Scope 2) were 86 tCO_2-e (2024: 102 tCO_2-e). This equates to 193 KWh and 0.03 tCO_2-e per metre squared of property space occupied by the Group's London Branch. Further London Branch and Group energy and GHG emissions data is provided in Table 3 below to satisfy SECR requirements.

Sustainability Data Pack

Additional detail on NAB's environmental and climate-related performance is provided in the 2025 Sustainability Data Pack available at nab.com.au/annualreports.

Table 2: Progress against environmental operational targets

Indicator	2025	2024	2019 / 2022 baseline (1)(2)	Target (%)	Target date	2025 vs baseline (%)
Scope 1 and 2 (market-based method) science-based GHG emissions (tCO_2-e)(1)	**8,359**	9,880	23,018	▼72	2030	(64%)
Gross Energy use (GJ)	**349,206**	375,325	759,096	▼30	2025	(54%)
Office paper (A3, A4 and A5) (tonnes)	**171**	169	514	▼20	2025	(67%)
Customer eStatements (proportion online only - Aus and BNZ only) (%)	**78**	77	64	▲to 80	2025	N/A
Water use (kL)	**190,631**	199,997	385,005	▼5	2025	(50%)
Waste to landfill (tonnes)	**1,185**	772	1,871	▼10	2025	(37%)
Vehicle fuels (GJ) (Aus and BNZ only)	**72,895**	74,516	120,686	▼50	2025	(40%)

(1) In 2025, the Group continued to use a market-based approach as its primary electricity accounting method, having used a location-based approach until 2023. Market-based figures will vary from Climate Active reporting as the Climate Active methodology for calculating market-based emissions incorporates the renewables applicable to the Large-scale Renewable Energy Target (LRET) for the reporting period. The renewables applicable to the LRET are not included in NAB's other publicly reported market-based emissions calculations due to applicable emissions accounting requirements.

(2) Except for Scope 1 and 2 (market-based method) science-based GHG emissions reduction target, other environmental performance targets have not been re-baselined.

SECR disclosure

Under the United Kingdom's Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, NAB must disclose key GHG emissions and energy use data for its London Branch. Additionally, the Group voluntarily reports data required by SECR, as detailed in table 3, for the period 1 July 2024 to 30 June 2025.

Table 3: GHG emissions and energy use

	London Branch		Group (excluding London Branch)		Group Total[1]	
	2025	2024	2025	2024	2025	2024
GHG emissions and energy use						
Energy from gas consumption (KWh)	**58,280**	49,260	**1,854,751**	2,591,787	**1,913,031**	2,641,047
Energy from vehicle fleet fuel use (KWh)	**0**	0	**20,232,418**	20,834,210	**20,232,418**	20,834,210
Energy from electricity consumption (KWh)	**422,645**	448,405	**74,095,544**	78,113,179	**74,518,189**	78,561,584
Total energy for SECR reporting (KWh)[2]	**480,925**	497,665	**96,182,712**	101,539,176	**96,663,637**	102,036,841
GHG emissions from energy use (Scope 1 – Gas) (tCO_2-e)	**11**	9	**347**	488	**358**	497
GHG emissions from vehicle fleet (Scope 1) (tCO_2-e)	**0**	0	**4,975**	5,138	**4,975**	5,138
GHG emissions from energy use (Scope 2, location-based – electricity) (tCO_2-e)	**75**	93	**44,369**	49,472	**44,444**	49,565
Total gross Scope 1 and 2 GHG emissions for SECR reporting (tCO_2-e)[2]	**86**	102	**49,691**	55,098	**49,777**	55,200
Total gross Scope 3 emissions (tCO_2-e)[3]	**761**	815	**77,498**	71,006	**78,259**	71,821
Intensity ratio: Energy (KWh)/$ Financial metric[4]	**0.001**	0.001	**0.009**	0.010	**0.009**	0.009
Intensity ratio: Gross Scope 1 and 2 GHG (tCO_2-e)/ $ Financial Metric[4]	**0.0000002**	0.0000003	**0.0000047**	0.0000053	**0.0000045**	0.0000051
Intensity ratio: Energy (KWh)/ m^2	**193**	199	**173**	178	**173**	178
Intensity ratio: GHG (tCO_2-e)/ m^2	**0.03**	0.04	**0.09**	0.10	**0.09**	0.10
Intensity ratio: Energy (KWh)/ FTE	**1,921**	1,844	**2,449**	2,663	**2,445**	2,657
Intensity ratio: GHG (tCO_2-e)/ FTE	**0.34**	0.38	**1.27**	1.44	**1.26**	1.44
Emissions from electricity use (Scope 2, market-based – electricity) (tCO_2-e)	**0**	0	**0**	2,567	**0**	2,567
Total gross location-based Scope 1, 2 and 3 GHG emissions (before renewable energy)[2][3]	**847**	917	**130,215**	127,782	**131,062**	128,699
Total net market-based Scope 1, 2 and 3 GHG emissions (after renewable energy)[3]	**765**	712	**80,502**	76,106	**81,267**	76,818
Carbon offsets retired	**765**	712	**80,502**	76,106	**81,267**	76,818
Net carbon emissions	**0**	0	**0**	0	**0**	0

(1) This data is an extract of the Group's full energy and GHG emissions inventory data to satisfy SECR requirements. A full set of the Group's assured energy use and emissions data is available in the Group's 2025 Sustainability Data Pack.

(2) London Branch operations consume no Scope 1 diesel for stationary energy purposes (backup generators). The Group (excluding London Branch) figures include diesel used for backup generators (2024: 164,574 KWh and 42 tCO_2-e; 2025: 236,527 KWh and 60 tCO_2-e). The total net Scope 1, 2 and 3 GHG emissions (after accounting for UK and Australian renewable energy) figures also includes Scope 1 refrigerant gases from Australian and New Zealand vehicle fleets and heating, ventilation, and air conditioning systems and domestic refrigeration in offices and branches.

(3) The Group has restated its 2024 operational market-based emissions number from 76,837 to 76,818 tCO_2-e. Market-based scope 3 emissions were restated by 19 tCO_2-e to correct an overstatement to emissions associated with waste incineration.

(4) The Group has used 'Underlying profit' as a financial metric (rather than other financial measures of profit or economic activity) for normalisation of its environmental performance as this allows for meaningful comparison to prior years' data and to financial intensity measures used in the Group's Sustainability Data Pack and previous CDP disclosures due to the nature of its underlying business activities.

Methodology

The Group utilises and adheres to GHG Protocol and NGER Scheme legislation in setting its methodology to measure and disclose its energy and GHG emissions data. The Group has selected the operational control approach to account for operational emissions and utilises utility billing, including meter reads or estimates, to capture energy consumption data.

Emissions sources included in the Group's 2025 Carbon inventory are shown along with the relevance tests applied to emissions sources in *Carbon inventory and exclusions for operational emissions* on page 70.

The Group has applied the latest emission factors available at the time of reporting to the current year. Refer to methodology documents on NAB's website at nab.com.au/about-us/sustainability/environment/performance for a full list of the emission factor sources. Prior year figures reflect the emissions reported in that year, unless otherwise stated.

Intensity ratio calculations in the SECR reporting above have been calculated using location-based emission factors.

The financial intensity metrics in the SECR reporting above use an activity data numerator which is reported for the Group's environmental reporting year (1 July – 30 June) and a financial metric denominator which is reported for the Group's financial year (1 October– 30 September). This is to ensure that the Group uses the most updated metrics that are publicly available and because of the difference in the Group's environmental reporting and financial years.

Supporting information

TCFD content index

TCFD recommendation	Reference
Governance	
a) Board's oversight of climate-related risks and opportunities.	• Refer to the Corporate Governance Statement section of NAB's 2025 Annual Report.
b) Management's role in assessing and managing climate-related risks and opportunities.	• Refer to the Sustainability governance section of NAB's 2025 Annual Report.
Strategy	
a) Climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Banks should describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending.	• Processes to integrate climate-related risks from pages 15 to 25. • Financing of climate-related opportunities on page 42. • Credit exposures to carbon-related assets on page 69. • Climate-related risks are considered from pages 15 to 25.
b) Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Potential impacts of risks are identified on page 16.
c) The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Consideration of resilience to different climate-related scenarios on pages 21 to 25.
Risk management	
a) The organisation's processes for identifying and assessing climate-related risks. Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks should also consider describing any risk classification frameworks used.	• Processes to integrate climate-related risks from pages 15 to 25. • Climate-related risks are considered from pages 15 to 25.
b) The organisation's processes for managing climate-related risks.	• Processes for managing climate-related risks, including transition and physical risks detailed on page 17.
c) How the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• Processes to integrate climate-related risks on pages 15 to 25.
Metrics and targets	
a) Disclose metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending business activities in the short, medium, and long term. Banks should also provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities. Banks should describe the extent to which their lending and other financial intermediary business activities, where relevant, are aligned with a well below 2°C scenario, using whichever approach or metrics best suit their organizational context or capabilities. Banks should also indicate which financial intermediary business activities (e.g. loans to specific sectors or industries) are included.	• Metrics are disclosed on pages 27 to 47, and cover financed and operational emissions, exposure to emissions-intensive or sensitive sectors and finance intended to drive positive impact. • Financing of climate-related opportunities on page 42. • Credit exposures to carbon-related assets on page 69.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks. Banks should disclose GHG emissions for their lending and other financial intermediary business activities where data and methodologies allow.	• The Group's Scope 1, 2, and, where relevant, Scope 3 operational emissions on pages 43 to 47. • NAB's Scope 1, 2, and, where relevant Scope 3 financed emissions are available on page 27 to 40.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• The targets that have been set by NAB on pages 27 to 47.

Transition plan - TCFD table of equivalence

NAB has integrated key elements of its transition plan within this Report with regard to the guidelines and recommendations for financial institutions published by the GFANZ as follows:

GFANZ financial institution net zero transition plan framework	Component	TCFD	Page reference
Foundations	Objectives and priorities	Strategy	6
Implementation Strategy	Products and services	Metrics and targets	42
	Activities and decision-making	Strategy	6
		Governance	Corporate Governance section and Sustainability governance section of NAB's 2025 Annual Report
		Risk management	14
		Metrics and targets	26
	Policies and conditions	Risk management	14
		Metrics and targets	26
Engagement Strategy	Engagement with customers and portfolio companies	Strategy	6
		Risk management	14
		Metrics and targets	26
	Engagement with industry	Strategy	6
		Metrics and targets	26
	Engagement with government and public sector	Strategy	6
Metrics and Targets	Metrics and Targets	Strategy	6
		Risk management	14
		Metrics and targets	26
Governance	Roles, responsibilities, and remuneration	Governance	Corporate Governance section and Sustainability governance section of NAB's 2025 Annual Report
	Skills and culture	Strategy	6

Approach to financed and facilitated emissions

This section provides an overview of NAB's financed and facilitated emissions methodology and its approach to target-setting.

It should be read in conjunction with NAB's disclosures in the Metrics and targets section of this Report.

Approach to financed and facilitated emissions

NAB has set sector decarbonisation targets for the following sectors:

- Power generation
- Thermal coal
- Oil and gas
- Iron and steel
- Cement
- Aluminium
- Transport – aviation
- Transport – shipping
- Transport – road (cars and light commercial vehicles (LCVs))
- Real estate – commercial (office)
- Real estate – commercial (retail)
- Real estate – residential

Power generation, thermal coal and oil and gas sector decarbonisation targets include both financed and facilitated emissions, while other targets only include financed emissions.

All targets exclude BNZ and JBWere.

Updates to sector decarbonisation targets

NAB monitors sector developments for opportunities to improve target scope and/or boundaries, and improve data quality and estimation methodologies. It also monitors key assumptions and dependencies, and considers the impact of any significant changes on ability to achieve targets. This year, the reviews resulted in no material change to boundaries, scope or methodologies to sector decarbonisation targets.

Scope of financing activities

Financing activities included in scope of sector decarbonisation targets include:

- Corporate and project finance lending
- Asset financing and leasing
- Working capital facilities
- Trade finance
- Bank guarantees and letters of credit, except for AEMO bonds and rehabilitation bonds
- Primary debt capital markets activity, including public debt (bonds), US private placements and syndicated loans (for fossil fuel sectors only)
- Lending secured by commercial real estate
- Lending secured by cars and LCVs
- Mortgages

Sector decarbonisation targets exclude:

- Markets activity including derivatives
- Transactional banking, deposits, and risk management products
- Green bond arranging
- Securitisation facilitation
- Investing activity, including NAB Ventures

(1) National Greenhouse and Energy Reporting Scheme
(2) International Maritime Organisation

Scope of emissions

Sector targets include Scope 1 and 2 emissions for all sectors, and Scope 3 emissions for the fossil fuel sectors (thermal coal, oil and gas and metallurgical coal in the iron and steel sector), where end user combustion (Scope 3) represents the majority of emissions for the fossil fuel sectors. NAB has obtained or where unavailable, estimated, production data and applied emission factors to calculate Scope 3 emissions for lending to fossil fuel sectors.

EAD used in sector decarbonisation targets

Exposure to customers in target sectors is defined by EAD. EAD used in decarbonisation targets baselines and for setting sector targets excludes securitisation exposures within the scope of APS 120 Securitisation, off-balance sheet EAD (including performance guarantees to rehabilitate existing thermal coal mining and oil and gas assets) and markets-related EAD (including derivative exposures). Australian Energy Market Operator (AEMO) bonds have also been excluded as they are a requirement to participate in domestic electricity and gas markets for any entity not regulated by the Australian Prudential Regulation Authority.

The variance in EAD between the *Metrics and Targets* and *Risk management* sections is due to these differences in financing activity scope. For further information on the sector decarbonisation targets scope, see Scope of financing activities above.

Reporting timelines

Financed and facilitated emissions estimates are based on data to 30 June of the prior year (31 December for shipping). This aligns with many industry-level reporting dates (including NGERS(1) and IMO(2)) and allows time to incorporate published customer and industry data. This results in a lag between the date of NAB's reporting period end (30 September) and the reporting period of financed and facilitated emissions data.

Customers in scope

Customers in the energy and heavy industry sectors are identified through ANZSIC codes and are limited to customers in the Corporate and Institutional Bank. For further information refer to Table 1 on page 52.

Other customers in target sectors are identified by the type of lending product:

- Real estate: CRE sector includes lending where the underlying security is commercial real estate and RRE sector includes mortgages.
- Road: includes lending secured by a car or LCV.
- Shipping: includes exposure to shipping operators (mostly asset financing and leasing arrangements).
- Aviation: includes exposure to aircraft lessors (asset financing and leasing arrangements) plus business lending to airline operators.

Table 1: Sector definitions for NAB's target setting emissions baseline

Sector	NAB definition[1]	ANZSIC (1993)	ANZSIC (2006)	ISIC (Rev. 4)	Product types
Power generation	Electricity Generation	3610	2610	3510	See *Scope of financing activities*
	Electricity Generation Using Coal	3610	2611	3510	
	Electricity Generation Using Gas	3610	2611	3510	
	Hydro-Electric Power Generation	3610	2612	3510	
	Renewable Energy	3610	2619	3510	
	Wind Farms	3610	2619	3510	
Thermal coal	Black Coal Mining - Steaming	1101	0600	0510	See *Scope of financing activities*
	Brown Coal Mining	1102	0600	0510	
	Brown Coal Mining Not Elsewhere Classified (NEC)	1102	0600	0510	
	Lignite Mining	1102	0600	0520	
Oil and gas	Gas, Natural Extraction	1200	0700	0620	See *Scope of financing activities*
	L.N.G. Production At Wellhead	1200	0700	0620	
	Liquefied Petroleum Gas Production	1200	0700	0620	
	Natural Gas Separation At The Wellhead	1200	0700	0620	
	Oil Shale Mining	1200	0700	0610	
	Oil and Gas Extraction NEC	1200	0700	0610, 0620	
Cement	Cement Mfg (Except Adhesive Or Refractory)	2631	2031	2394	See *Scope of financing activities*
	Hydraulic Cement Mfg	2631	2031	2394	
	Portland Cement Mfg	2631	2031	2394	
	Other Cement and Lime Manufacturing NEC	2631	2031	2394	
Aluminium	Bauxite mining	1312	0802	0729	See *Scope of financing activities*
	Alumina refining	2721	2131	2420	
	Aluminium manufacturing	2721	2131	2420	
	Aluminium smelting	2722	2132	2420	
Iron and steel	Black Coal Mining - Coking	1101	0600	0510	See *Scope of financing activities*
	Flat-Rolled Products, Iron or Steel Manufacturing	2711	2110	2410	
Transport - road (cars and LCVs)	Australian cars and light commercial vehicles	n/a	n/a	n/a	Secured lending for Australian cars and LCVs
Transport - aviation	Aircraft used for scheduled passenger flights	n/a	n/a	n/a	Asset finance and leasing
Transport - shipping	International Sea Transport - Freight Transport Service	6301	4810	5012	Secured lending for eligible International Freight Vessels
	International Sea Transport n.e.c	6301	4810	5012	
	Other Transport Equipment Leasing	7742	6619	7730	
CRE[2]	Residential Property operators - Self Managed Superannuation Fund (SMSF) - Multi (4+)	7711	6711	6810	Commercial Real Estate Lending Products
	Residential Property operators - residential property/ies Single Site - Multi (4+)	7711	6711	6810	
	Commercial property/ies	7712	6712	6810	
	Commercial property and developers - Large Real Estate Investors[3]	7712	6712	6810	
	Commercial property and developers - SMSF	7712	6712	6810	
RRE	Lending for Australian residential properties	n/a	n/a	n/a	Home Lending Products

(1) NAB has used an internal classification system that provides greater granularity than ANZSIC 4 digit. The names of sectors included in NAB's targets and the concordance to ANZSIC 4 digit 1993 and 2006 are found within the table.
(2) ANZSICs determined by the APRA ARS230.0 Commercial Property definition. Internal classification of asset type (Office, Retail) determined by Commercial Property Returns (CPR) flag in internal systems and banker knowledge of assets.
(3) Greater than $250 million assets.

Measuring and reporting financed emissions

Measuring financed emissions involves considerable complexity and uncertainty, and there are challenges relating to the availability and quality of data and methodologies.

Emissions reduction across the lending portfolio is unlikely to be linear. Financed emissions metrics are influenced by a number of non-emissions-related factors which can drive variability. These include, for example:

- Changes to operational production output (e.g., new assets coming online or ramping up capacity to meet demand).
- Changes to portfolio mix, especially in small portfolios.
- Changes to company valuations (in response, for example, to changes in commodity prices).
- Updates to methodologies, improvements in data quality.

PCAF alignment

NAB has estimated financed and facilitated emissions across its lending portfolio in accordance with PCAF GHG accounting methodologies (PCAF Standard)[1]. PCAF's definition of lending only includes on-balance sheet loans and lines of credit, while NAB has expanded its definition to include off-balance sheet, off-market products (which includes financial guarantees and overdrafts). This is a conservative approach to cover the broader exposures of the bank, not only limited to cash flows.

For clarity, and in line with PCAF guidance, NAB's financed and facilitated emissions reporting excludes:

- Derivatives (excluded as movement in foreign exchange or commodity prices are not related to underlying lending).
- Rehabilitation performance guarantees and AEMO bonds as they are not directly linked to any emissions-generating activities.
- Transaction banking activities.
- Securitisation facilitation.

Reporting may not be fully aligned to PCAF guidelines where data and/or methodological limitations exist:

- There may be instances where not all gases covered by the Kyoto protocol are covered, including refrigerant gases and sulphur hexafluoride (SF6). This is due to gaps in public reporting.
- Emissions are reported as gross (i.e., before the impact of removals) for all sectors apart from Aviation. There may be instances where customers report net emissions or our data providers supply net figures, which we include as received.
- NAB has not applied any inflation adjustments to enterprise value including cash (EViC) for any of its valuations.

Customer use of offsets

As with NAB's own approach, the expectation of customers is that they prioritise investments in avoiding or reducing emissions before relying on offsets. However, NAB recognises that for certain hard-to-abate sectors, offsets have a role to play in the short-to-medium term. For most sectors, and where customer data allows, customer emissions have been estimated as gross, i.e., before offsets.

Transport - aviation is the only sector where offsets are counted, as they are explicitly accepted in the selected reference scenario (ATAG Waypoint 2050 (2021)). This is in line with UNEP FI Guidance. The limited role we see for offsets in pursuing sector decarbonisation targets is set out in more detail in *Transport - aviation* on page 37.

Approach to sector target-setting

NAB has considered the following key principles in its approach to target-setting.

Key principles for target-setting

- **Informed by UNEP FI Guidance** and decarbonisation objectives.
- **Alignment with scientifically credible pathways** in line with Australian market conditions.
- **Consistent** design across the portfolio where possible; departures may be made where the resulting baseline and/or target is more consistent with local market conditions and/or portfolio make-up.
- **Consideration of market practice** and alignment to emerging disclosure regimes.
- **Simplicity in reporting and operationalising** the targets that have been set.

Reference scenario selection

NAB assessed a range of scenarios aligned to its net zero emissions by 2050 ambition and has selected scenarios which have the following characteristics:

- Widely accepted, science-based from credible and well-recognised sources.
- Limited reliance on negative emissions technologies and carbon sequestration achieved through nature-based solutions and land use change and aligned to "no overshoot" or "low-overshoot" scenarios.
- Designed to maximise alignment with other United Nations Sustainable Development Goals, where possible.
- Closely aligned to Australian market conditions, including underlying assumptions and scope inclusions.
- Suitable for use by banks (i.e., with large and diverse portfolios).

Reference scenarios and decarbonisation technologies continue to develop and evolve. NAB will review reference scenario selection (and associated targets) as more relevant or localised versions are published.

A summary of the scenarios that have been used are available in *Climate scenarios for sectoral decarbonisation target setting* on page 62. Sector specific scenario assumptions are outlined in each sector target.

For further details on how NAB draws on scenarios for target setting and more generally risk management and strategy, refer to *Assessing potential climate risk using scenarios* on page 21.

Metric selection

NAB has adopted absolute emissions reduction targets for fossil fuel industries, as decline in the use of fossil fuels is a key driver of emissions reductions.

Emissions intensity targets have been adopted for sectors expected to grow to support living standards and transition activities. Setting emissions intensity targets for these sectors will enable NAB to identify and preferentially allocate capital towards investments and businesses whose activities are in line with its net zero ambitions.

(1) Available at: www.carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf.

Approach to facilitated emissions

Capital markets activity has been included in the targets for power generation, thermal coal and oil and gas.

Design considerations are informed by PCAF Guidelines and UNEP FI Guidance and consider NAB's ability to operationalise (availability and reliability of data, ability to leverage existing systems and processes). For consistency, sector boundaries and material design decisions made as part of initial sector decarbonisation target setting have been carried through for facilitated emissions.

Included activities are bonds, syndicated loans and US private placements where NAB is the lead bookrunner (i.e. activity where NAB is co-manager is excluded). Also excluded is:

- Advice or services provided by JBWere
- Securitisation
- Green Bonds

Other key design decisions:

- A 3-year rolling average has been used to reduce the lumpiness of these activities. This results in reasonably smooth, representative data.
- Facilitated emissions have been combined with financed emissions targets as there is significant overlap between the customer sets, and this allows NAB to manage the customer portfolio together.
- NAB has used the PCAF default of a 33% weighting for facilitated emissions(1). Share of deal is also factored (i.e., if two lead bookrunners, a 50% weighting is applied).

Financed and facilitated emissions calculations

Financed and facilitated emissions have been calculated using the PCAF Standard. The following equations have been sourced from Section 5 of the 2022 version of the PCAF Standard.

Methodology 1: Absolute financed emissions associated with equity investments, private companies and listed companies

Absolute emissions have been calculated using the approaches illustrated in Figures 1 and 2 below.

Figure 1: Absolute financed emissions calculation methodology for business loans and unlisted equity

For business loans and equity investments to/in private companies:

$$Financed\ emissions = \sum_{c} \frac{Outstanding\ amount_c}{Total\ equity + debt_c} \times Company\ emissions_c$$

For business loans to listed companies:

$$Financed\ emissions = \sum_{c} \frac{Outstanding\ amount_c}{Enterprise\ Value\ Including\ Cash_c} \times Company\ emissions_c$$

(with c = borrower or investee company)

Methodology 2: Absolute financed emissions associated with assets

Figure 2: Absolute emissions calculation methodology for lending secured by assets

$$Financed\ emissions = \sum_{a} \frac{Outstanding\ amount_a}{Total\ value\ at\ origination_a} \times Asset\ emissions_a$$

(with a = asset)

Treatment of lending for project finance and corporate entities

Lending can occur at a corporate level (for example, general facilities made available to the parent company of a group of companies), or at a project level (usually using project finance or a project-related corporate loan), that is on an individual project basis for a specific project purpose.

EAD has been assigned to the entity it was lent to, or the operator of a particular asset. This may mean that NAB has separate line items for project finance and the corporate entity that controls the project. NAB has kept these separate to preserve the valuation to EAD dynamics and apportion emissions as per the PCAF Standard. Emissions have been captured at the level of the corresponding counterparty where possible.

Figure 3: Absolute financed emissions calculation methodology for project finance

$$Financed\ emissions = \sum_{p} \frac{Outstanding\ amount_p}{Total\ equity + debt_p} \times Project\ emissions_p$$

(with p = project)

Methodology 3: Financed emissions intensity (weighted average)

Portfolio emissions intensity has been calculated using the approach illustrated in Figure 4 below. This approach, known as the weighted average method, involves weighting company-level emissions intensities by the outstanding loan amount for each customer. This approach is consistent with global peers(2) and removes the need to use company valuations in financed emissions estimations when calculating emissions intensity.

Figure 4: Portfolio emissions intensity calculation methodology

$$\frac{\sum_{Customer} \left(\frac{Emissions}{Production} \times Outstanding\ loan\ amount\right)}{\sum_{Customer} Outstanding\ loan\ amount}$$

Methodology 4: Absolute facilitated emissions

Where capital markets activity is included in the boundary of a sector target, the following equation is used to calculate absolute facilitated emissions.

Figure 5: Absolute facilitated emissions methodology

$$Facilitated\ emissions = \sum_{c} \frac{Facilitated\ amount_c}{Company\ value} \times Weighting\ factor \times Annual\ emissions_c$$

(with c = the issuing company)

(1) For further information refer to https://carbonaccountingfinancials.com/files/PCAF-PartB-Facilitated-Emissions-Standard-Dec2023.pdf

(2) We undertook a benchmarking exercise to assess how global and local peers have calculated intensity measures. We found this method to be commonly used across multiple peer banks.

Methodology 5: Portfolio weighted average financed and facilitated emissions intensity

The following equation is used to calculate a combined financed and facilitated portfolio emissions intensity.

Figure 6: Financed and facilitated emissions intensity methodology (weighted average)

$$\frac{Emissions}{intensity} = \sum \frac{Loan\ amount_{client} + (Facilitated\ amountclient \times Weighting\ factor)}{Total\ loan\ amount\ and\ (Facilitated\ amount \times Weighting\ factor)_{all\ clients}} \times \frac{GHG\ emissions_{client}}{Physical\ metric_{client}}$$

Sector-specific approach

Power generation

Approach

NAB's power generation portfolio emissions and target reporting include both financed and facilitated emissions (i.e., includes capital markets activity).

While NAB has selected a global reference scenario to inform its power generation target, NAB has given specific consideration to the dynamics of the Australian energy market, including government and market operator plans[1]. NAB selected an emissions intensity measure (tCO_2-e/MWh) recognising the underlying scenario anticipates increase in energy demand.

This sector adopts an operational control boundary to define sector inclusion. This aligns with NGERS reporting, where the majority of sector emissions information is sourced from.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute financed emissions associated with its power generation portfolio, ***methodology 4*** to estimate facilitated emissions, ***methodology 3*** to estimate financed emissions intensity and ***methodology 5*** to estimate combined financed and facilitated portfolio emissions intensity.

Approach to identifying customers with more than 5% of revenues from electricity generated from thermal coal

NAB has assessed its lending portfolio to identify customers outside of the power generation sector that generate more than 5% of their revenue directly from sale of thermal coal-fired electricity. This information has been sourced from public sources of coal generation assets, alongside company production information and revenue data where available. For further information on particular challenges associated with identifying diversified companies for this purpose and potential gaps in emissions capture resulting from those challenges refer to *Challenges in allocating emissions to sectors*.

Where emissions associated with renewable energy generators is not reported, NAB has assumed zero emissions.

Thermal coal mining

Approach

NAB's thermal coal portfolio emissions and target reporting include both financed and facilitated emissions (i.e., includes capital markets activity).

NAB's target for thermal coal mining is zero emissions associated with financing to the sector by 2030, which reflects our belief that no further growth in the sector is required, and in fact should be phased out as soon as practicable. NAB may still hold some exposures to thermal coal in 2030, only through residual performance guarantees to rehabilitate existing coal mining assets. These exposures are not included in the boundary for this target. The boundary includes diversified mining customers with >5% of revenue generated directly from thermal coal mining. It excludes metallurgical coal mining customers, as these customers are captured within the *Iron and steel* sector decarbonisation target.

Thermal coal uses an equity share boundary. This allocates an equity share of emissions based on ownership. This is done to ensure that emissions from thermal coal or metallurgical coal mines are attributed to NAB and not excluded as could occur with an operational control boundary.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute financed emissions associated with its thermal coal portfolio and ***methodology 4*** to estimate facilitated emissions. Facilitated and financed emissions are added together to find total facilitated and financed emissions (i.e., tCO_2e financed emissions + tCO_2e facilitated emissions).

Approach to identifying customers with more than 5% of revenues from thermal coal mining

To identify and include emissions from companies with greater than 5% of revenue generated directly from thermal coal mining, NAB has matched a global database of coal mines[2] to its customer list to identify customers with associated coal-based assets and revenues.

There are particular challenges associated with identifying diversified companies for this purpose (for further information refer to *Challenges in allocating emissions to sectors*) involving manual processing and analysis. It is often the case that small, diversified mining companies do not disclose breakdowns of their revenue or production, making it difficult to identify them for the purposes of the 5% revenue threshold. NAB applied a series of materiality thresholds in performing this analysis, including a $1 million EAD floor. This has the potential to result in some customers with relatively low absolute EAD, but who derive greater than 5% of their revenues from thermal coal mining, not being identified within NAB's thermal coal target.

Oil and gas

Approach

NAB's oil and gas portfolio emissions and target reporting include both financed and facilitated emissions (i.e., includes capital markets activity).

NAB has selected a global reference scenario (IEA NZE 2050 (2023)) for its oil and gas target in recognition that Australia's oil and gas industry is oriented towards the export market.

Oil and gas uses an equity share boundary. This allocates an equity share of emissions based on ownership. This is done to ensure that emissions from oil and gas entities are attributed to NAB and not excluded as could occur with an operational control boundary.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute emissions associated with its oil and gas portfolio and ***methodology 4*** to estimate facilitated emissions. Facilitated and financed

(1) This target and assumptions are based on the 2021 version of the reference pathway. NAB's consideration of key assumptions from the International Energy Agency (IEA) NZE 2050 (2021) relevant to power generation. This list is not exhaustive. This target and assumptions are based on the 2021 version of the reference pathway - IEA Net Zero by 2050 – A road map for the global energy sector

(2) Global Coal Mine Tracker - Global Energy Monitor

emissions are added together to find total facilitated and financed emissions (tCO_2e financed emissions + tCO_2e facilitated emissions).

Cement

Approach

NAB has selected a global reference scenario (IEA NZE 2050 (2021)) for its cement target, and an intensity metric to reflect its ongoing role in a decarbonised economy. This sector adopts an operational control boundary to define sector inclusion.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute emissions associated with its cement portfolio and ***methodology 3*** to estimate portfolio financed emissions intensity.

Aluminium

Approach

NAB has selected the IAI GHG 2050 (2021) pathway, which is aligned to, but gives more granularity than, the IEA NZE 2050.

The pathway includes bauxite mining, alumina refining and aluminium smelting, and therefore captures a complete view of the sector value chain. This sector adopts an operational control boundary to define sector inclusion.

NAB's 2022 baseline emissions intensity data and 2030 (upper bound) target do not reflect an emissions intensity figure equivalent to the full value chain metric applied by the IAI GHG. This is because:

- NAB's sectoral lending book reflects the skew of the Australian aluminium industry to upstream activities, in bauxite mining and alumina refining (the lower-emissions intensity activities within the value chain).
- NAB's reporting and target boundary excludes Scope 3 emissions.

NAB has utilised publicly available industry conversion metrics to convert bauxite and alumina volumes to aluminium tonnes (for the purposes of estimating the emissions intensity (tCO_2-e /tAluminium)).

Inclusion of Scope 3 emissions from bauxite and alumina customers would help to provide value chain equivalency, however significant data challenges exist in the estimation of the downstream (Scope 3) smelting emissions associated with those upstream activities. This is due to the wide variation in emissions depending on the country and facility in which that smelting occurs, such that 'averages' do not provide a valid proxy.

A portfolio which is more heavily weighted to smelting customers will likely have a higher emissions intensity, simply due to customer mix. This means that comparison across portfolios of different compositions is difficult. NAB will look for opportunities to refine its aluminium sector intensity methodologies to incorporate downstream Scope 3 (smelting) emissions of upstream customers, as data and methodologies improve.

As an interim metric, based on our current methodology that incorporates only Scope 1 and 2 emissions for upstream customers, the upper bound for portfolio intensity is 5.0 tCO_2-e /tAluminium. This is intended to provide NAB with the option to increase exposure to support smelting customers, whilst remaining significantly below the 11.5 tCO_2-e /tAluminium 2030 full value chain threshold indicated under the IAI GHG.

Table 2: Methodology of NAB's % revenue threshold

Customer grouping	Step	Resulting customers
NAB Corporate and Institutional Banking and Business and Private Banking customers	Compiled list of Corporate and Institutional Banking and Business and Private Banking customers, including primary ANZSIC classification and EAD.	200,000+
Customers with coal/ power asset ownership	Used a Jaccard index(1) for customer names to asset owners in a global data base of 20,000 power stations and 3,000 coal mines. Filtered out customers with <$1 million EAD(2), <80% customer-owned name match confidence or with correct sector already assigned.	30+
Customers not in existing sector analysis	Manually reviewed list to filter out customers where prior analysis has already reclassified into the correct sector.	6
Additional customers added to sector	Compared revenue from thermal coal/electricity sales to customer total revenue. Where revenue was not available, estimates of revenue were based on production, this was particularly relevant in the case of thermal coal mining. Majority of customers either used the coal/electricity for their own operations (not sold) or sales constituted <5% of total revenue. One customer was found to have >5% of revenues from thermal coal sales.	2

(1) Jaccard index compares two sets of names to see which characters are used in both. It is used to gauge the similarity between two datasets, in this case databases of names, to identify similar matches.
(2) Refer to explanation of materiality thresholds for the 5% revenue threshold requirement on page 61.

As with other small sector portfolios, a change in the composition of NAB's customers or lending exposure could impact the reported emissions.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute emissions associated with its aluminium portfolio and ***methodology 3*** to estimate portfolio financed emissions intensity.

Iron and steel

Approach

NAB has chosen to align its iron and steel portfolio to the IEA NZE 2050 (2022) reference scenario. This is a global scenario, and while NAB's customers are concentrated in Australia, they do export the majority of their production.

NAB has included metallurgical coal mining in the iron and steel sector scope due to its key role in the steel value chain.

NAB's Iron and steel target includes Scope 1, 2 and 3 for metallurgical coal and Scope 1 and 2 only for steel smelters. This treatment accounts for the fact that the majority of emissions are generated during the smelting process, which is Scope 1 for smelters and Scope 3 for miners.

This sector adopts an equity share boundary to define sector inclusion.

NAB's iron and steel portfolio (and sector emissions profile) is currently reflective of the Australian market: skewed towards metallurgical coal mining, rather than smelting customers. As technology in this sector matures, it is expected that demand for metallurgical coal and associated emissions will decrease.

Target metric calculation

NAB uses ***methodology 1*** to estimate absolute emissions associated with its iron and steel portfolio.

Transport - road (cars and light commercial vehicles (LCVs))

Approach

NAB has selected the IPR 1.5˚C RPS Australian scenario commissioned by the UN PRI as the reference pathway. As this pathway does not consider emissions on a per vehicle kilometre basis, NAB has used activity forecasts published by DCCEEW(1) to derive the relevant emission intensity pathway, necessitating a 39% reduction in portfolio emission intensity between 2022 and 2030. NAB's road portfolio is skewed towards larger cars and LCVs, reflecting the customer base financing vehicles through Business and Private Banking.

Scope of products included is secured lending for Australian cars and LCVS. Due to data limitations, unsecured personal or business loans for the use of financing of cars and LCVs have been excluded.

Target metric calculation

Top-down industry-level data has been used to estimate the emissions intensity of the portfolio.

The majority of the secured assets within NAB's portfolio are heavy sports utility vehicles (SUVs) and LCVs. Accordingly, we have applied the national average emission intensity for the SUV and LCV segments as a proxy for the emissions intensity for this portfolio(2). Three year old data was used to reflect the average age of assets in in the current portfolio.

NAB uses ***methodology 2*** to estimate absolute emissions associated with its Transport - road (cars and LCVs) portfolio, where asset emissions are a product of emissions intensity and average vehicle kilometres (based on the asset's state of registration(3), year of manufacture and vehicle type).

Transport - aviation

Approach

The aviation sector experienced severe disruption during the COVID-19 pandemic: overall emissions decreased due to reduced flight numbers but emissions intensity increased due to social distancing requirements. This resulted in non- representative emissions metrics across the sector in 2020-2022. For this reason, we have used 2019 as a more representative baseline year for this sector, enabling better comparison over time.

Air freight has been excluded from this target as it relatively immaterial, as are business jets as they are not directly financed.

The ATAG Waypoint 2050 reference pathway was selected because it was developed by an industry body with contributors across the value chain and takes into account the impact of the pandemic on the industry's emissions and trajectory.

The UNEP FI Guidance states that offsetting can play a role that is supplemental to sectoral and economy-wide decarbonisation, and that use in target setting should be aligned with climate science-based net zero scenarios. The ATAG Waypoint 2050 reference pathway notes that offsets will be required to decarbonise residual emissions in this hard-to-abate sector in the short-to-medium term, given the limited viability of other alternatives to reduce emissions. NAB will accept the use of certified, high integrity, additional carbon credits purchased by its aviation customers to offset residual emissions.

Target metric calculation

Where NAB finances lessors of an aircraft, and the operator is known, the average intensity of the aircraft operator has been applied. Where EAD was not easily allocated to an individual airline or where the operator of an aircraft was not known, we have used a portfolio average (relevant to the year) to estimate the emissions intensity.

NAB has calculated its attributable financed emissions for the aviation sector based on operators' Scope 1 and 2.

Transport - shipping

Approach

The Poseidon Principles (PP) pathway was selected as it provides a framework and methodology for measuring performance, leverages data required to be provided to the international shipping regulator and is used widely in the industry to measure emissions performance.

NAB has adopted the 2018 version of the PP pathway, which is aligned to the IMO's 2018 GHG strategy, and the IEA's Beyond 2˚C Scenario (B2DS).

Target metric calculation

Emissions have been estimated at the asset level for this sector by a specialist third-party provider. The third-party provider models vessel emissions based on several factors including vessel type, vessel capacity, actual distance travelled and fuel consumption by fuel type.

The PP use an emissions intensity metric, the Annual Efficiency Ratio (AER), to calculate the carbon intensity of a given vessel.

Figure 7: AER calculation

$$AER = \frac{Fuel\ consumed\ \times fuel\ emissions\ factor}{Distance\ travelled\ (nm) \times dwt^{31}}$$

The AER is compared to a predetermined trajectory for a given vessel type and size to generate an alignment delta (%).

Figure 8: Alignment delta calculation

$$\Delta_i = \left(\frac{x_i - r_s}{r_s} \right) 100$$

where x_i is the carbon intensity of vessel i and r_s is the required carbon intensity for the ship type and size class for time period t multiplied by 100 to convert into percentage terms.

(1) Available at https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf, Table 21
(2) Available at https://www.ntc.gov.au/sites/default/files/assets/files/CO2 Emissions Intensity for New Australian Light Vehicles 2022.pdf
(3) Available at https://www.abs.gov.au/methodologies/survey-motor-vehicle-use-australia-methodology/12-months-ended-30-june-2020

The portfolio delta is the weighted average delta (by EAD) of each of the individual vessel alignment deltas.

Figure 9: Portfolio delta calculation

$$\Delta_p = \sum_{i=1}^{N} w_i \Delta_i$$

where w_i is the vessel's EAD as a share of the total EAD and Δ_i is the vessel alignment delta %.

An alignment delta of 0% implies the portfolio is aligned with the pathway, a positive delta implies the portfolio is misaligned (i.e., more energy intensive), and a negative delta implies the portfolio is outperforming the pathway.

Commercial real estate (CRE)

Approach

NAB has adopted the subsector-specific Science Based Targets initiative (SBTi) Buildings (Australia) reference pathways for the office and retail sub-sectors, which are downscaled from the International Energy Agency's Net Zero by 2050 scenario (IEA NZE 2050) pathway with regional specificity. The pathways, which are specific to CRE sub-sectors, were developed in partnership with the Carbon Risk Real Estate Monitor (CRREM) which sources AEMO's emission factors.

NAB has set targets for the office and retail sub-sectors as they are the largest (by EAD) of the sub-sectors. Other sub-sectors, such as industrial buildings, are excluded at this stage due to methodology and scenario limitations. Unsecured assets (including those in Real Estate Investment Trusts) have been excluded as data limitations prevent the application of the emissions estimation approach used for the secured part of the portfolio. We will continue to monitor developments within the excluded sub-sectors and intend to extend scope once the data and methodologies are available.

Embodied emissions and emissions from diesel and refrigerants have been excluded.

In-scope assets

CRE definition is aligned to *ARS 230.0 Commercial Property*, which can be summarised as follows:

Properties with both of the following characteristics have been included within scope:

- Facility purpose is flagged as 'Commercial Property' and
- ANZSIC is 7711 or 7712.

In addition, properties with all of the following characteristics have also been included:

- Facility purpose is flagged as 'Commercial Property' and
- A property is flagged as 'Investment' and
- Servicing is flagged as 'Property-related'.

The scope does not include vacant land or pre-development sites.

Target metric calculation

- NAB commercial lending data comprises EAD, property location (e.g., property addresses and other location identifiers), asset type (e.g., office) and associated property value.
- Floor space estimates (F) in m^2 were obtained using a third-party capability by matching property details (parcel IDs) from internal NAB data. The third-party provider modelled floor space (building area, height and volume) based on satellite and aerial imagery to estimate whole-of-asset floorspace(1).
- Electricity and gas consumption intensity (T) in MJ/m^2 was obtained from the DCCEEW Commercial Building Baseline Study 2022. Intensities are given by SA4 geographic region and asset type. The DCCEEW Baseline Study uses Gross Lettable Area (GLA), consistent with our floorspace estimate.
- Electricity consumption (E) in MJ is the product of an asset's consumption intensity (T) and floorspace (F).
- Electricity and gas emission factors (K) were sourced from DCCEEW National Greenhouse Accounts Factors 2022.
- Attribution Factor (A) = EAD / property value at origination (or latest valuation on/before the reporting date where property value at origination is not available)

Figure 10: Emissions intensity calculation

$$\text{Collateral emissions intensity } \left(\frac{kgCO_2e}{m^2}\right) = \frac{\left(\text{Energy consumption}_{(E)} \times \text{Emission factor}_{(K)}\right)}{\left(Floorspace_{(F)}\right)}$$

$$\text{Portfolio emissions intensity } \left(\frac{kgCO_2e}{m^2}\right) = \sum_{Collateral_i} \left(Collateral_i \text{ emission intensity} \times \frac{Collateral_i EAD}{Total\ in-scope\ sub-sector\ EAD}\right)$$

Figure 11: Financed emissions calculation

$$\text{Financed emissions } (kgCO_2e) = \text{Energy consumption}_{(E)} \times \text{Emission factor}_{(K)} \times \text{Attribution factor}_{(A)}$$

NAB has calculated its attributable financed emissions intensity (Scope 1 and 2 for each asset) by aggregating the emissions and floorspace of its CRE portfolio.

Floorspace for each property was estimated using a third-party provider. This was for the entire building area including any tenanted areas. Where the third party was unable to provide floorspace, NAB has used SA4 geographic region averages for floorspace by asset type.

Emissions were estimated at the asset level using electricity and gas consumption averages based on sub-sector and geographic information sourced from the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Emissions intensity for each sub-sector was then calculated by dividing each property's emissions by its floorspace and weighting it by its EAD relative to NAB's total in-scope CRE EAD for that sub-sector.

Over time, more property-level data will be required to distinguish NAB's portfolio from the sector averages. Further adoption of the NABERS is one important initiative to achieve this.

(1) Alignment with National CRE baseline methodology (DCCEEW and CSIRO).

A range of initiatives are being explored to improve data availability and quality. As NAB's reliance on proxy data reduces and the inclusion of actual portfolio data increases, it is possible that the trajectory of NAB's CRE portfolio decarbonisation against target will not be linear. NAB will monitor the need for re-baselining to reflect any such changes in data quality and composition.

Complexities and limitations specific to sourcing and using data for this sector include:

- Where a property could not be matched, SA4 geographic region averages for floorspace by asset type have been used.
- The DCCEEW Commercial Building Baseline Study has captured actual grid consumption data which is net of any solar installed. It therefore means our grid consumption data is net of average rooftop solar rather than rooftop solar specific to NAB's portfolio.

Residential real estate (RRE)

Approach

NAB has selected the SBTi Residential Buildings (Australia) reference scenario. This is a downscaled IEA NZE 2050 (2021) pathway with regional specificity. It was developed in partnership with CRREM(1) which sources AEMO's emission factors.

In-scope assets

All NAB's on-balance sheet Home Loan exposures to Australian residential property have been included in the calculation of emissions for this sector.

Target metric calculation

- NAB residential lending data is used, covering all home lending products.
- NAB residential lending data comprises EAD, property details (i.e., property addresses), and associated property value at origination.
- Floor space estimates (F) in m^2 were obtained by a third-party provider by matching property addresses from NAB portfolio data. The third-party provider obtained the floor space estimates from several sources including Valuers General (availability differs by state), listing sources and valuation data where permitted (e.g., NAB PAD licence) and this data is not derived.
- Conversion factors from floor area to person headcount was then obtained using NCC whole-of-home-component 2022 resource from Federal Government (necessary as energy consumption estimate is done based on a per person basis).
- Electricity and gas consumption data by climate zone and postcode were calculated using the Australian Energy Regulator (AER) 2021 estimates relative to household size. This is based on actual measured grid consumption which therefore factors in rooftop solar. We have added back the consumption that would have been associated with rooftop solar based on state average solar uptake as this is accounted for below using a separate third-party provider to estimate solar uptake specific to NAB's portfolio.
- Base solar estimate (reducing electricity usage) has been calculated using a separate third-party provider. The third-party provider estimates solar panel area and capacity based on satellite data and aerial imagery. This provides rooftop solar uptake specific to NAB's portfolio by matching parcel IDs between both third-party providers. Multi-dwelling parcels are excluded from the matching due to inability to attribute solar to the exact property/address.
- Electricity and gas emission factors (K) were sourced from DCCEEW National Greenhouse Accounts Factors 2022.

Figure 12: Portfolio emissions intensity calculation

$$\text{Baseline emissions intensity } \left(\frac{kgCO_2e}{m^2}\right) = \frac{\sum_{Collateral}\left(\text{Energy consumption}_{(E)} \times \text{Emission factor}_{(K)}\right)}{\sum_{Collateral}\left(Floorspace_{(F)}\right)}$$

NAB has calculated its attributable financed emissions intensity (Scope 1 and 2) by aggregating the emissions and floorspace of its RRE portfolio.

Floorspace for each property was estimated using a third-party provider.

Emissions were estimated at the property-level by estimating inhabitants per property, sourced from ABS, and applying electricity and gas consumption per inhabitant by climate zone sourced from the Australian Energy Regulator (AER).

Conversion of consumption to emissions was estimated using state averages, sourced from DCCEEW.

Rooftop solar uptake within the NAB portfolio was estimated using a third-party provider. This estimate was based on AER state-averages and reflects a reduction in household electricity consumption.

Over time, more property-level data will be required to distinguish NAB's portfolio from the sector averages and initiatives to achieve this are progressing, including the roll out of smart meters. As NAB's reliance on proxy data reduces and the inclusion of actual portfolio data increases, it is possible that the trajectory of NAB's RRE portfolio decarbonisation against target will not be linear. NAB will monitor the need for re-baselining to reflect any such changes in data quality and composition.

Complexities and limitations specific to sourcing and using data for this sector include:

- We are currently unable to disaggregate EV energy consumption at the home from residential energy consumption. Therefore, the consumption data we have relied upon will include electricity to charge EVs. Given we are using an intensity target, this additional consumption is not expected to significantly impact our trajectory.
- Where floorspace estimate is not available, including for loans for vacant land and construction, the properties are assigned a floorspace based on NAB's RRE portfolio average. This is considered conservative and is not expected to materially impact the emissions intensity of the portfolio, although it will overstate the absolute financed emissions.
- NAB has not applied an attribution factor (e.g., Loan to Value Ratio) to our financed emission calculation of each property. Internal analysis found that leverage ratios did not materially differ between states and therefore this omission is not expected to be material.

Complexities and limitations

Climate-related metrics are underpinned by methodologies containing uncertainties, assumptions and judgements that

(1) Available at Home - CRREM

may limit the extent to which they can be relied upon. This applies to all climate-related metrics, including (without limitation) historical metrics relating to emissions and forward-looking climate metrics, such as goals, targets, climate scenarios or projections and pathways.

A summary of NAB's understanding of the main challenges associated with climate-related data, methodology and metrics is set out below. This is a non-exhaustive thematic summary of key risks that are relevant to consider in relation to climate related metrics and information, and each thematic risk will in turn involve a range of particular and specific risks that impact the quality, utility and effectiveness of climate-related information:

- Data availability, quality and timeliness vary within and across businesses, industries and geographies. This impacts both the ability to measure financed emissions and to set appropriate targets to reduce financed emissions. Measurement of emissions is, in many cases, based on estimates, and relies on data that NAB does not generate or control. The methodologies for estimating and calculating GHG emissions or emissions intensities and other climate-related metrics vary in their approaches. This may result in under or overestimates of financed and facilitated emissions.
- While there has been improvement, there is a lack of common definitions and standards for reporting climate-related information. Frameworks and methodologies are often voluntary and corporate organisations use a range of these to report on climate-related information and metrics. This makes comparison by investors and others evaluating the climate performance of corporate organisations often difficult.
- Estimating financed emissions is complex and requires significant methodological choices, judgements and assumptions. Methodologies to estimate financed emissions are evolving as understanding increases and data availability changes. This means methodologies used to estimate financed emissions are likely to change over time, impacting existing estimates, and targets based on existing estimates.
- When setting targets for reducing financed emissions, the inherent uncertainty in estimating financed emissions is exacerbated by the long time periods involved, for example, to set targets aligning to net zero emissions by 2050.
- Climate science, and the decarbonisation trajectory that it implies, is continually evolving. Climate scenarios are inherently uncertain, and there are limitations of climate modelling, including climate scenario modelling. Climate scenarios are modelled over a significantly longer time-frame than more traditional financial scenario modelling and therefore the complexity and risk of error is higher.
- Many factors relating to the achievement of financed emissions sector decarbonisation targets are outside the control of NAB.
- NAB's customer-base is not fixed. Changes to NAB's customer base over time can alter both the absolute level of financed emissions and the intensity of financed emissions. In addition, revenue and production for individual customers is volatile and subject to variation year-on-year.
- The reliance on customer data leads to lags between the time of the emissions being generated, and NAB's financed and facilitated emissions reporting. Financed and facilitated emissions data published in NAB's Climate Report is based on most recent available emissions and exposure data from 30 June in the previous year (except for transport – shipping, which is based on 31 December of the previous year).
- Scenarios, and customers' transition plans may have varying reliance on the commercialisation of currently unproven technologies to meet emissions reduction targets. Investment in these technologies may fail to achieve the intended outcomes. Our customers' over-reliance on unproven technologies may impact NAB's ability to achieve targets. Assumptions that underpin reference scenarios and sector trajectories are reviewed for validity annually.
- Absolute emissions and emissions intensity values are inclusive of both Scope 1 and Scope 2 emissions for all sectors, as well as Scope 3 emissions for thermal coal, oil and gas, and the metallurgical coal portion of Iron and Steel. The Scope 1 emissions created by the power generation sector are included in the total Scope 2 emissions for all other sectors. In order to fairly present emissions arising within each sector, NAB has included this 'double-count' within its attributable emissions estimate.

These challenges reduce the accuracy of estimated financed emissions, and mean that targets may not always be achieved despite NAB's efforts to pursue its targets.

Challenges in allocating emissions to sectors

ANZSIC codes

When a lending transaction is created in NAB's systems, for most loans, the relevant customer is assigned an ANZSIC code based on their primary business activity. It is not NAB's current practice, and NAB does not consider it to have been historic common industry practice, to assign or otherwise record secondary ANZSIC codes for customers with diversified business activities.

As such, under NAB's current methodology, estimated customer emissions and sector-specific emissions estimates are applied to each customer's EAD with the assumption that the emissions are 100% attributable to the assigned primary business activity. Accordingly, if a customer is diversified across business activities, the estimate of their emissions may be under or overstated in sectors for which they have secondary operations.

Further limitations associated with reliance on ANZSIC codes to identify financed emissions, which could impact the accuracy of the sector under which financed emissions are captured and/or the accuracy of total financed emissions captured, include:

- The possibility of manual processing error in ANZSIC coding at the time of loan origination and/or renewal.
- Any changes in customer activities between origination and renewal.
- Any lending undertaken by NAB without an ANZSIC code being recorded for the borrower. Manual efforts to identify all such lending may not have been successful.

For further information refer to Table 1: *Sector definitions for NAB's target setting emissions baseline* on page *52*.

UNEP FI Guidance 5% revenue threshold

The UNEP FI Guidance outlines that any bank customer with more than 5% of its revenue coming directly from thermal coal mining, and electricity generation activities, shall be included in the scope of targets.

To identify and include emissions from companies with greater than 5% of revenue generated directly from thermal coal

mining or coal-fired electricity generation, NAB has matched a global database of coal mines and coal generation assets to its customer list to identify customers with associated coal-based assets and revenues.

There are particular challenges associated with identifying diversified companies for this purpose, involving significant manual processing and analysis. It is often the case that small, diversified mining companies do not disclose breakdowns of their revenue or production, making it extremely difficult to identify them for the purposes of the 5% revenue threshold. To address this, NAB applied a series of materiality thresholds in performing this analysis, including a $1 million EAD floor. This has the potential to result in some customers, who are classified outside the power generation or thermal coal mining sector, with relatively low absolute EAD, but who derive greater than 5% of revenues from thermal coal mining, not being identified within NAB's thermal coal or power generation targets.

Data collection

Emissions

NAB's collection and estimation of customer emissions data is provided by sector as described above.

Production

In addition to emissions data, production data is required for each customer to derive emissions intensity figures. NAB obtained or estimated production figures from a variety of sources, including:

- Customer reports that state production levels or capacity figures.
- Operator data that states production levels.
- Publicly available third-party and industry reports that provide production level data.
- Revenue-based estimates that have used an assumed price for the particular commodity in question combined with company revenue to derive an estimate of production.

Valuation

We source customers' enterprise value as at 30 June of the previous year. For public companies, valuations are sourced from Bloomberg, Refinitiv and company statements. For unlisted companies or special purpose vehicles, internal credit data is used. This process aligns to section 5 of the PCAF Standard.

Data quality

NAB's assessment of data quality in accordance with the PCAF Standard (section 4) is shown below, where a score of 1 is highest data quality and a score of 5 is lowest data quality. This is assessed based on how emissions are captured, not other information (e.g. production).

Table 3: Sector data quality (PCAF scores)

	2024		2023	
Sector	Scope 1 and 2 Data Quality (PCAF)	Scope 3 Data Quality (PCAF)	Scope 1 and 2 Data Quality (PCAF)	Scope 3 Data Quality (PCAF)
Power generation	**1.4**	n/a	**1.8**	n/a
Thermal coal	**2.7**	**3.0**	**1.4**	**1.5**
Oil and gas	**1.4**	**1.9**	**1.5**	**2.2**
Cement	**1.6**	n/a	**2.5**	n/a
Aluminium	**1.9**	n/a	**1.9**	n/a
Iron and steel	**2.2**	n/a	**2.0**	n/a
Transport				
Transport - road (cars and LCVs)	**5.0**	n/a	**5.0**	n/a
Transport - aviation	**2.5**	n/a	**2.6**	n/a
Transport - shipping	**3.0**	n/a	**2.4**	n/a
Real estate				
CRE - office	**4.0**	n/a	**4.0**	n/a
CRE - retail	**4.0**	n/a	**4.0**	n/a
RRE	**4.0**	n/a	**4.0**	n/a

Target scope and boundaries

An overview of the coverage, scope and boundaries of NAB's decarbonisation targets is provided in *Performance summary* on page 27. For further information refer to *Sector definitions* on page 52.

Climate scenarios for sectoral decarbonisation target setting

Table 4: Summary of climate scenarios used by NAB in 2025 for sectoral decarbonisation target setting

	International Energy Agency (IEA)[1]
Description	Provides a technology pathway resulting in a clean, dynamic and resilient energy economy dominated by renewables like solar and wind instead of fossil fuels. This scenario requires massive deployment of all available clean energy technologies – such as renewables, electric vehicles and energy efficient building retrofits – between now and 2030. Most reductions in CO_2 emissions through to 2030 come from technologies available today. But in 2050, almost half the reductions will come from technologies that are currently at the demonstration or prototype phase.
Scenario used	Net Zero Emissions 2050
Scenario application	Used for sectoral decarbonisation target setting in the power generation, thermal coal, oil & gas, cement and iron & steel sectors.
Global warming by 2100	0.3˚C-1.7˚C
Policy reaction	High - significant cooperation
Technology change	Fast
Use of carbon dioxide removal	Medium use
Regional policy variation	Low variation
Physical impacts	Low
Carbon price range per tonne CO_2-e from 2030 to 2050	USD $130-USD $250[2]
Associated RCP	N/A
Key assumptions	**Power generation (2021 version)** • Emissions fall by 57% between 2020 to 2030 and carbon intensity decreases by 68% in the same period. • Renewables growth is initially driven by additional solar PV capacity, followed closely by wind before 2030. • Generation from coal drops to 9% in 2030, with 9% of coal-fired generation coming from plants fitted with carbon capture utilisation and storage (CCUS) technology. • Unabated natural gas-fired generation peaks by 2030. • Unabated coal-fired generation is phased out in advanced economies by 2030. • Coal-fired plants are retrofitted to co-fire with ammonia and gas turbines with hydrogen by 2025. **Thermal coal (2021 version)** • No new coal mines or extensions are required beyond those already committed. • Coal emissions decline by 55% by 2030 from 2021. **Oil and gas (2023 version)** • No exploration is required and no new oil or gas fields are needed beyond those that have already been approved for development from 2023. • Demand for oil declines by 23% from 2022 to 2030. • Demand for gas declines by 18% from 2022 to 2030. • Reductions in operational emissions of more than 50% via: – Ending flaring and methane leaks from oil and gas supply chains. – Using CCUS with centralised sources of emissions. – Electrification and enhanced efficiency of upstream operations. • 75% decrease from 2020-2030 in methane emissions using emissions reduction measures and technologies. **Iron and steel (2022 version)** • Fossil fuel share of overall fuel mix dropping from 85% in 2020 to just over 30% in 2050. • Technologies currently on the market deliver 85% of the emissions savings in steel production to 2030. • Share of steel production using an electric arc furnace grows from 24% in 2020 to 37% in 2030 and 53% in 2050. • Technology shift features prominently in the scenario, with electricity and other non-fossil fuels accounting for 70% of final energy demand in the sector, up from just 15% in 2020. This shift is driven by technologies such as scrap-based electric arc furnaces, hydrogen based DRI facilities, iron ore electrolysis and the electrification of ancillary equipment. **Cement (2021 version)** • Globally, cement production increases by 5% by 2030. • Increased blending of alternative materials into cement to replace a portion of clinker, and energy efficiency measures deliver around 40% of emissions reductions by 2030. • The clinker-to-cement ratio declines by about 0.8% per year, leading to a global average ratio of 0.65 by 2030. • CCUS technologies in cement production are commercialised by 2030.
Key limitations	• Not derived from Intergovernmental Panel on Climate Change models. • Trajectories lack granular local context: Australia is not currently designated as its own region. • Only covers CO_2 not CO_2e. • Significant reliance on technological improvements.

(1) Description adapted from IEA's NZE 2050 summary available at: Net Zero by 2050 – Analysis - IEA available at www.iea.org/reports/net-zero-by-2050.

(2) These numbers are based on USD 2019 dollars and relate to advanced economies only. Refer to Table 2.2 in the IEA Net Zero by 2050: A Roadmap for the Global Energy Sector and Table 2.2 in the Net Zero Roadmap: A Global Pathway to Keep the 1.5 ˚C Goal in Reach – 2023 Update.

Table 5: Summary of climate scenarios used by NAB in 2025 for sectoral decarbonisation target setting

	Aviation Transport Authority Group (ATAG)[1]	International Aluminium Institute (IAI)
Description	The Aviation Transport Authority Group Waypoint 2050 demonstrates that there are several potential options for the almost complete decarbonisation of air transport. This is shown through a range of measures including technology, energy system and operational measures. The scenario assumes the right level of support from governments, the finance sector, the energy industry and research institutions. The majority of CO_2 emissions come from innovations in fuel efficiency through new generation aircraft, operational improvements such as air traffic management, deployment of sustainable aviation fuel and investment in out of sector carbon reduction market based measures (offsets).	The International Aluminium Institute's 1.5˚C scenario details full life cycle, cradle to grave emissions for aluminium products. This includes processes from mine and end of life product collection to fabrication. In this scenario, the majority of emissions are reduced through decarbonising the electricity used in the manufacturing of aluminium. Other significant decarbonisation comes from reduction of process emissions and increased aluminium recycling in the smelting process.
Scenario used	Waypoint 2050 (2021)	IAI 1.5˚C Scenario (2021)
Scenario application	Used for sectoral decarbonisation target setting in the transport - aviation sector.	Used for sectoral decarbonisation target setting in the aluminium sector.
Global warming by 2100	1.5˚C	1.5˚C
Policy reaction	High – significant cooperation	Not specified
Technology change	Fast	Fast
Use of carbon dioxide removal	High use	None
Regional policy variation	Low variation	Low variation
Physical impacts	Low	Low
Carbon price range per tonne CO_2-e from 2030 to 2050	Not specified	Not specified
Associated RCP	N/A	N/A
Key assumptions	• Impacts of COVID-19 include reduced technology and infrastructure investment and reduced passenger volumes and therefore reduced efficiency. • Improvements in aircraft technology, operations and infrastructure efficiency and increased usage of SAF will all contribute to decarbonisation of the sector, but offsetting mechanisms will play a major role, especially through to 2030. • Of the emissions reduction required, ATAG expects SAF to reduce emissions intensity by ~7%, operational emissions to reduce by a further ~7% and the remainder of the reduction (~20%) to come from offsets.	• Aluminium primary production is expected to grow from its current 64 million tonnes to 68 million tonnes in 2050, with recycled production growing from 19 million tonnes to 81 million tonnes. • The majority of emissions reductions are expected to come from the switch to renewable energy.

(1) Description adapted from ATAG Waypoint 2050 summary available at: Waypoint 2050 (www.aviationbenefits.org)

Table 6: Summary of climate scenarios used by NAB in 2025 for sectoral decarbonisation target setting

	Science Based Targets initiative[1]	Inevitable Policy Response (IPR)[2]	Poseidon Principles (PP)[3]
Description	The SBTi Building scenario are pathways developed in partnership with the Carbon Risk Real Estate Monitor. The pathways are aligned with the IEA NZE scenario. The pathway stays within the 500Gt carbon budget that SBTi has determined is necessary to align with a 1.5 degree scenario.	The IPR Required Policy Scenario demonstrates the policy responses that would be needed to limit warming to 1.5 degrees. The pathway draws on insights from 200 global policy experts with a regional breakdown of policy status and responses required. The scenario builds on the IEA NZE scenario by deepening analysis on policy, land use, emerging economies, NETs and value drivers. Key emissions reductions are expected through reductions in unabated coal generation, phase outs of fossil fuel cars in almost all markets and significant increases in renewable generation. Carbon prices are supplemented with subsidies and other policy responses to stimulate these changes.	The PP are a framework for assessing the climate alignment of ship finance portfolios. They are supported by a specific industry climate alignment methodology and establish transparency requirements for signatories. The principles provide a method to apply and establish a target carbon intensity for a given ship type and size class in a given year.
Scenario used	SBTi Buildings (2021)	1.5˚C aligned Required Policy Scenario (2021)	PP Pathway (2018)
Scenario application	Used for sectoral decarbonisation target setting in the CRE - office, CRE - retail and RRE sector.	Used for sectoral decarbonisation target setting in the transport - road (cars and LCVs) sector	Used for sectoral decarbonisation target setting in the transport - shipping sector
Global warming by 2100	1.5˚C	1.5˚C	2.0˚C
Policy reaction	Not specified	High – significant cooperation	Not specified
Technology change	Not specified	Fast	Medium
Use of carbon dioxide removal	Not specified	Limited	None
Regional policy variation	Not specified	Low variation	Not specified
Physical impacts	Low	Low	Low
Carbon price range per tonne CO_2-e from 2030 to 2050	Not specified	Not specified	Not specified
Associated RCP	N/A	N/A	N/A
Key assumptions	• Global floor area will increase by around 15% to 2030[4]. • Sector emissions converge to net zero by 2050. • SBTi pathways were developed in partnership with CRREM, which references the AEMO ISP 2022 in its emission factor development. Both the AEMO ISP 2022 and the AEMO ESOO 2023 align to the Federal Government's legislated commitment of 82% renewable energy by 2030.	• 33% reduction in absolute emissions from cars and LCVs in Australia between 2022 and 2030. • New fossil fuel light duty vehicle sales are phased out by 2035 in Australia and globally by 2045.	• Modelled off the Initial IMO GHG Strategy. • 50% reduction in Global CO_2 emissions between 2008 and 2050. • Global transport demand (billion tonnes nautical miles) increases by 160%[5] between 2008 and 2050. • Absolute emissions reduce by 50% between 2008 and 2050. • Reduction in intensity of 81% between 2008 and 2050. • Constant rate of improvement in emission intensity on average across the fleet year on year between 2012 and 2050. • Widespread reporting of tank-to-wake emissions[6].
Key limitations	• Does not provide a pathway for all Commercial Property types that NAB finances. • No immediate link between SBTi and AEMO or DCCEEW resources, however pathways have been formulated in partnership with CRREM which does reference AEMO.	• Does not provide emissions on a per vehicle kilometre basis.	• Not 1.5˚C aligned, not net zero. • Annual Efficiency Ratio is based on a vessel's capacity rather than tonnage carried. • Fuel emission factors account for CO_2 emissions only and do not incorporate other GHG's. • Does not cover Scope 2 or 3 emissions. • Significant reliance on alternative fuels for decarbonisation.

(1) Available at http://www.iea.org/reports/net-zero-by-2050
(2) Available at https://www.unpri.org/inevitable-policy-response/what-is-the-inevitable-policy-response/4787.article
(3) Available at https://www.poseidonprinciples.org/download/Poseidon_Principles.pdf
(4) This is a global assumption and is differentiation for Office and Retail sub-sectors.
(5) Available at poseidonprinciples.org/finance/wp-content/uploads/2019/07/Poseidon_Principles.pdf
(6) Emissions that result from burning of fuel once it is already onboard. It does not include emissions related to upstream or downstream activities associated with the fuel production, storage, or transportation.

Financed emissions targets coverage

NAB has disclosed three metrics in relation to portfolio coverage of its sector decarbonisation targets, as follows:

- Coverage ratio 1: coverage as percentage of financed emissions arising as a result of NAB's total lending portfolios.
- Coverage ratio 2: coverage as a percentage of financed emissions arising from NAB's total lending to the nine high-emitting sectors listed in the UNEP FI Guidance.
- Coverage ratio 3: coverage as a percentage of total EAD.

These coverage ratios include all NAB subsidiaries except BNZ and JBWere. Also excluded are facilitated emissions, derivatives and exposures to sovereigns and financial institutions. Ratios are as at 30 June 2024.

Table 7: Financed emissions coverage

	2024 EAD		Absolute financed emissions	
Sector target[1]	**$bn**	**% total**	**$MtCO_2$-e**	**% total**
Power generation	6.7	0.9%	2.4	16.0%
Thermal coal	0.1	0.01%	0.3	1.8%
Oil and gas	0.8	0.1%	1.1	7.3%
Cement	0.27	0.04%	0.2	1.0%
Aluminium	0.10	0.01%	0.2	1.6%
Iron and steel	0.27	0.04%	0.9	6.2%
Transport - road	2.9	0.4%	0.2	1.0%
Transport - aviation	2.2	0.3%	1.1	7.3%
Transport - shipping	2.0	0.3%	0.7	4.8%
CRE - office	14.4	2.0%	0.2	1.4%
CRE - retail	16.8	2.3%	0.4	2.4%
RRE	395.8	55.2%	2.6	17.3%
Covered total	**442.3**	**61.7%**	**10.4**	**68.2%**

	EAD		Absolute financed emissions	
Sector	**$bn**	**% total**	**$MtCO_2$-e**	**% total**
Other				
Other transport (Heavy vehicles)	2.9	0.4%	0.2	1.0%
CRE - other (Unsecured CRE, CRE-industrial, other CRE)	39.3	5.5%	0.7	4.8%
Agriculture	42.2	5.9%	1.5	9.9%
Other	189.7	26.5%	2.4	16.0%
Excluded total	**274.2**	**38.3%**	**4.8**	**31.8%**
Total EAD - all sectors	**716.5**	**100.0%**	**15.2**	**100.0%**

Coverage ratio 1	**68%**
Coverage ratio 2	**81%**
Coverage ratio 3	**62%**

(1) Lending and absolute financed emissions represented by sector boundaries disclosed for NAB's sector decarbonisation targets, it does not include all lending within relevant sector.

Sector decarbonisation targets portfolio coverage methodology

To estimate coverage ratio 1, NAB has taken the estimated total financed emissions for the sector decarbonisation targets and divided this by an estimate of financed emissions attributable to NAB's lending portfolios.

In simplified form, this may be presented as

Estimated Sector Coverage = A/B, where:

A = estimated financed emissions for the sector decarbonisation targets

B = estimated financed emissions attributable to NAB's total lending portfolios.

To estimate coverage ratio 2, NAB has taken the estimated total financed emissions for the sector decarbonisation targets and divided this by an estimate of financed emissions attributable to NAB's lending portfolios within the UNEP FI's high emitting sectors. This includes commercial real estate and agriculture emissions not covered by our targets.

In simplified form, this may be presented as

Estimated Sector Coverage = A/C, where:

A = estimated financed emissions for the sector decarbonisation targets

C = estimated financed emissions attributable to NAB's lending portfolios within the UNEP FI's high emitting sectors (includes an estimate of emissions from customers that are not covered by a target, including other transport (e.g., heavy vehicles), other CRE (e.g., industrial buildings) and agriculture)

To estimate coverage ratio 3, NAB has taken the estimated total EAD for the sector decarbonisation targets and divided this by NAB's total EAD as reported in its 2024 Pillar 3 Report minus the exclusions listed above.

Data sources for coverage estimate

A hierarchy of data sources/approaches has been used to estimate the portion of NAB's financed emissions covered by sector decarbonisation targets.

1. Customer emissions data as reported to the National Greenhouse and Energy Reporting Scheme (NGERS).
2. Customer emissions data or estimates used in sector decarbonisation target reporting (for customers and emissions not covered by NGERS, including RRE, most of CRE, and most of the Transport sub-sectors).
3. Sector-specific methodologies
   - Agriculture has been estimated using the NAB share of national emissions in this sector (portfolio financed available at https://greenhouseaccounts.climatechange.gov.au/, Emissions inventories - Paris Agreement inventory emissions = national sector total * Farms with debt (%) * NAB market share * average debt/equity ratio).
   - Financed emissions from other CRE and other transport have been estimated by extrapolating GHG emissions per dollar of EAD (CO_2-e/EAD) from calculated CRE and Transport - road sectors respectively.
4. Customer emissions not covered by any of the above were estimated by extrapolating the Scope 1 and 2 emissions per dollar of EAD from RRE.

Environmental finance methodology

Environment focused lending activity

A summary of eligibility criteria and the nature of in-scope activities for each category of activity classified by NAB as falling within its environmental finance criteria is set out below. More detailed criteria for certain in-scope activities can be found in the NAB Green Bond Framework(1), Green Finance for Agribusiness(2), Green Finance for CRE(3) and Green Finance for Vehicles and Equipment(4) pages. The monitoring and calculation of performance against the ambition has been conducted according to an internal methodology.

Where recording of origination of finance or refinance under the ambition crosses from one reporting period to the next, that finance may be picked up in the later period, but not counted in both.

Specialised and structured finance

- For the 2025 year, this only includes new finance or refinance of large-scale renewables lending. Currently includes specialised lending and structured financing for various activities which are set out in the NAB Green Bond Framework under the category of renewables.
- Where only a proportion of the activities or assets funded are eligible, NAB only counts the proportion of funding provided that is attributable to the eligible activity or asset.
- If the lending is a syndicated facility only the NAB proportion is counted. The reported figure for large scale renewables includes amortisation for refinanced facilities where relevant.

Green Finance for Commercial Real Estate (CRE)

- This category of environmental finance includes new financing or re-financing of commercial real estate within NAB's Green Finance for CRE lending proposition.
- NAB includes finance for properties which qualify for the Green CRE proposition through compliance with the Climate Bonds Standard Low Carbon Buildings criteria.
- This meets the criteria set out in the Green Building Council of Australia and NABERS Sustainable Finance Guide(5).
- Lending is recognised when NAB determines that the pre-defined eligibility criteria has been met.

Green Finance for Vehicles and Equipment

NAB's Green Finance for Vehicles and Equipment includes finance for a range of vehicles, energy efficient equipment and renewable energy sources, and sets out specific performance criteria for each equipment related use of proceeds. Equipment eligible includes:

- Electric vehicles.
- Electric and hybrid trucks and buses.
- Renewable energy generation equipment, including solar panels.

(1) Available at https://capital.nab.com.au/content/dam/nab-capital/documents/green-and-sri-bonds/2022-NAB-Green-Bond-Framework-April-2022.pdf
(2) Available at https://www.nab.com.au/business/loans-and-finance/agribusiness-loans/green-finance-agri#ciypmbe
(3) Available at https://www.nab.com.au/business/loans-and-finance/business-loans/commercial-real-estate
(4) Available at https://www.nab.com.au/business/loans-and-finance/vehicle-or-equipment/green-equipment-finance/asset-eligibility
(5) Available at https://gbca-web.s3.amazonaws.com/media/documents/gbca-sustainable-finance-final.pdf

- Sustainable agricultural equipment.
- Waste management and recycling equipment.
- Manufacturing equipment dedicated to zero emissions technology.

Green Finance for Agribusiness

NAB's Green Finance for Agribusiness includes financing and refinancing for a range of agricultural practices, on-farm equipment and projects. NAB's Green Finance for Agribusiness proposition sets out specific performance criteria for each related use of proceeds or qualifying activity. Eligibility requirements are linked to the Climate Bonds Standard Agriculture criteria. Lending is recognised when NAB determines that the pre-defined eligibility criteria has been met.

In addition to the Green Finance for Agribusiness proposition, the NAB Agribusiness – Emissions Reductions Incentive proposition, a discounted finance program supported by the CEFC sets out specific eligibility criteria and requirements to qualify for a 1.15% p.a. finance discount on eligible lending supporting green outcomes.

Eligible activities and investments include:

- On-farm solar projects.
- Projects to reduce emissions from fertiliser use.
- Registered land-based Emissions Reduction Fund projects.
- Establishing legumes in a livestock-pasture system.
- Tree planting activities.
- On-farm bioenergy projects.
- Sustainable use of crop residues.
- Other sustainable and low emissions projects and practices.

Lending scope is linked to the Climate Bonds Standard Agri criteria and is screened against criteria set out in the NAB Green Business Lending Framework. Eligible Green Agri lending is not included in NAB's Green Bond Program for the 2025 period.

Energy efficient residential real estate (RRE) lending

- From the 2025 reporting year, this category includes mortgage lending for new construction and major renovation of freestanding and semi-detached homes which rank within the top 15% of energy efficiency based on the approach set out in the Climate Bonds Standard Buildings criteria(1) for energy performance and utilising the National House Energy Rating Scheme (NatHERS) 7+ Star ratings as a benchmark.
- This category also includes mortgage lending for all homes (freestanding, semi-detached and apartment) built from 1 October 2023 onwards which have a minimum 7-Star NatHERS (or equivalent) energy efficiency rating. Newly erected dwelling lending is being counted 18 months after NCC implementation in each state by NAB's Personal Banking division. Construction lending from NAB's Personal Banking division is being counted from 12 months after NCC implementation in each state. Newly constructed home lending for ubank in NSW, ACT, QLD, VIC and SA may be counted from October 2024, which is 12 months after the first implementation of NCC 2022 in NSW. WA transactions may be counted from May 2025.
- To estimate and monitor eligibility within the top 15% of the percentage of lending for homes within the selected benchmark, total housing stock is calculated using census data and construction start data from the Australian Bureau of Statistics.

Capital markets and ACCU trading activity

Arranging and underwriting

- NAB includes the value of bond issuances where it is arranging or underwriting provided that the activities meet the definitions of green financing as per the NAB Green Bond Framework or are otherwise deemed to be eligible as green under such benchmarks as the Climate Bonds Standard or Green Bond Principles by external review.
- If NAB is not the sole advisor, arranger or underwriter, then NAB only includes its proportion of the advisory, arranging or underwriting activity towards NAB's environmental finance target.

Environmental unit trading activity

- From the 2025 reporting year, the ambition includes a category for NAB's environmental unit trading in Australian Carbon Credit Units (ACCUs). Eligible trades are expected to begin in 2026.
- ACCU trades for thermal coal customers are excluded from contribution to the ambition.

(1) Available at https://www.climatebonds.net/files/files/sector-criteria-buildings-criteria-v2-1-dec2023.pdf

Climate scenarios for climate risk analysis

Table 8: Summary of climate scenarios used by NAB in 2025 for climate risk analysis

	Transition Risks
Description	The Intergovernmental Panel on Climate Change (IPCC) Represented Concentration Pathway (RCP) scenarios (RCP 1.9 and 8.5) were used to test our resilience to acute and chronic physical effects of climate change. A higher RCP indicates greater greenhouse gas (GHG) concentration, which is associated with greater temperature increase. Across these RCPs, global mean temperature is projected to rise by up to 4.8˚C by 2100. NAB's formulation of RCP 1.9 gives rise to transition risk as changes in government policies reduce the viability of carbon intensive activities around the world, with widespread economic volatility.
Scenario used	IPCC's RCP 1.9 and 8.5, as modelled by G-cubed(1)
Scenario application	Used to inform the integration of climate risk into NAB's credit and financial risk modelling and stress testing capabilities.
Global warming by 2100	From below 1.5˚C to 4.8˚C(2)
Policy reaction	Delayed
Technology change	Slow/Fast
Use of carbon dioxide removal	Low/High
Regional policy variation	High variation
Physical impacts	Medium/High
Carbon price range per tonne CO_2-e from 2030 to 2050	The proof-of-concept used prices ranging from USD $34 to USD $256 for RCP 1.9; and USD $0 to USD $50 for RCP 8.5.

(1) For further information refer to G-cubed.
(2) The Fifth Assessment report of the Intergovernmental Panel on Climate Change.

Table 9: Summary of climate scenarios used by NAB in 2025 for climate risk analysis

	Physical risks
Description	The Intergovernmental Panel on Climate Change (IPCC) Represented Concentration Pathway (RCP) scenarios (RCP 2.6, 4.5 and 8.5) were used to test our resilience to acute and chronic physical effects of climate change. A higher RCP indicates greater greenhouse gas (GHG) concentration, which is associated with greater temperature increase. Across these RCPs, global mean temperature is projected to rise by up to 4.8˚C by 2100.
Scenario used	IPCC's RCP 2.6, 4.5 and 8.5, consistent with the Climate Measurement Standards Initiative(1)
Scenario application	Used to assess the change and magnitude of physical risks and identify measures for adaptation.
Global warming by 2100	From below 1.7˚C to 4.8˚C(2)
Policy reaction	Net Zero 2050, Delayed, Current Policies
Technology change	Slow/Fast
Use of carbon dioxide removal	Low/High
Regional policy variation	High variation
Physical impacts	Medium/High
Carbon price range per tonne CO_2-e from 2030 to 2050	n/a

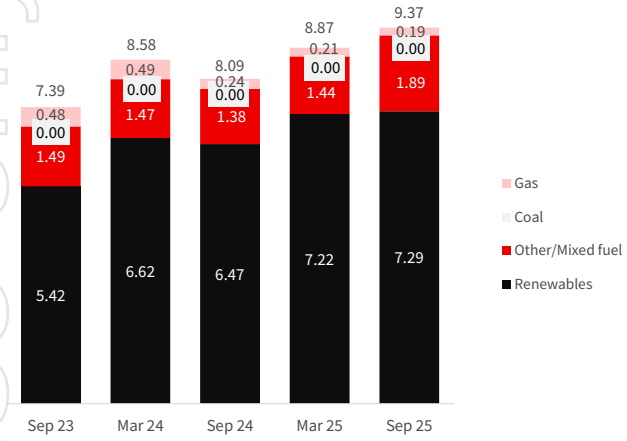
(1) For further information refer to CMSI | Climate Measurement Standards Initiative.
(2) The Fifth Assessment report of the Intergovernmental Panel on Climate Change.

Exposure to high-emitting sectors

The Group monitors its exposure to high-emitting sectors[1], climate sensitive and low carbon sectors in order to understand our potential exposure to transition and physical risk through our customers.

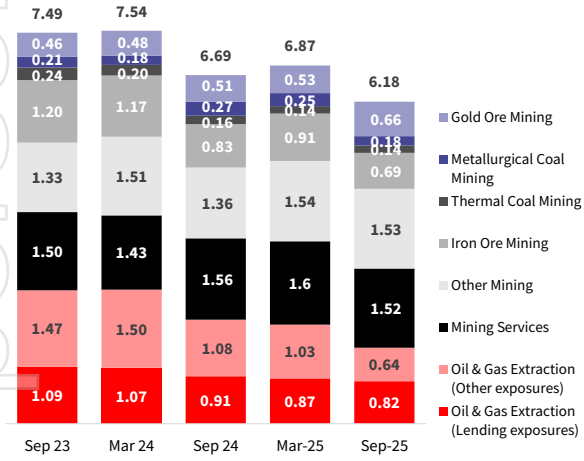
The Group's exposure to key high-emitting sectors, with potentially high levels of transition risk, are shown in Charts 1, 2 and 3 below. The values included in these Charts are based on the EAD as at 30 September 2025.

Chart 1: Group power generation EAD by fuel source[1][2][3] (AUD$bn)



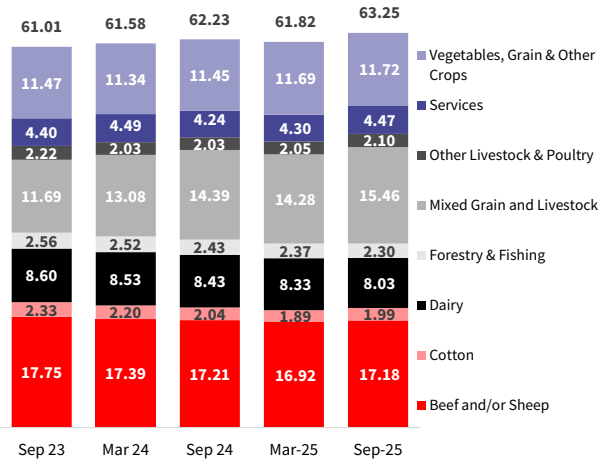
(1) Totals presented in chart may not sum due to rounding
(2) 77.8% of total power generation financing to renewables.
(3) NAB methodology (using NAB's extension of 1993 ANZSIC codes that distinguish between different types of energy generation) on a net EAD basis. Excludes exposure to counterparties predominantly involved in transmission and distribution. Certain renewable power generation companies in New Zealand may utilise strategic energy reserves that are non-renewable as critical back-up to support security of energy supply in New Zealand. NAB has no direct lending to coal-fired power generation assets remaining. Note there is indirect exposure to coal-fired power within the Mixed Fuel category as a result of NAB's corporate level exposure to gentailers, which have a mix of generation assets (including coal, gas and renewables) within their generation portfolios.

Chart 2: Group resources EAD by type[1][2][3] (AUD$bn)



(1) Totals presented in chart may not sum due to rounding.
(2) Oil and gas extraction exposures includes lending (e.g. revolving/term lending and guarantees) and other markets-related exposures (e.g. derivatives, repurchase agreements).
(3) Thermal coal exposure means direct exposure to customers and projects whose primary activity is thermal coal mining, on a net EAD basis, using NAB's extension of 1993 ANZSIC codes that distinguish between different grades of black coal. Includes lending, derivatives, financial guarantees and performance guarantees for the rehabilitation of existing coal mining assets. It excludes customers whose primary activity is metallurgical coal mining, diversified mining customers and transactional banking (including deposit services) that do not give rise to EAD and similar ancillary products and services.

Chart 3: Group agriculture, forestry and fishing exposure[1] (AUD$bn)



(1) Totals presented in chart may not sum due to rounding.

Exposures to other high-emitting sectors are outlined below consistent with the EAD breakdown in NAB's Pillar 3 report as at 30 September 2025. The industry shown in the Pillar 3 report may not align to the TCFD supplemental guidance provided for Financial Disclosures[2] which describes non-financial groups with the highest likelihood of climate-related financial impacts.

Table 10: Other exposures to high-emitting sectors

Industry	EAD post-CCF and post-CRM[1] $m	EAD (% of total EAD)[2]
Transport and storage	22,584	2.0%
Agriculture, forestry, fishing and mining	69,428	6.2%
Materials and buildings[3]	60,246	5.4%
Residential mortgages[4]	496,085	44.3%
Commercial property[4]	94,697	8.5%

(1) Credit conversion factor (CCF) and credit risk mitigation (CRM).
(2) EAD and total EAD is post-CCF and post-CRM. It is for the Level 2 regulatory group, excluding EAD for securitisation exposures within the scope of APS 120 Securitisation.
(3) Materials and buildings includes the classifications of business services and property services, construction and manufacturing as included in the Pillar 3 Report.
(4) Residential mortgages and commercial property are not specified as sectors in the TCFD supplemental guidance for reporting but have been included due to their proportion of total EAD they represent. Data for these two sectors can be found in NAB's September 2025 Pillar 3 report.

(1) Although there is significant overlap, for some high-emitting sectors, the boundaries of the sector decarbonisation targets differ slightly to the boundaries for this high-emitting sector exposure data, due to methodologies used in sector decarbonisation target setting. More information on the boundaries for sector decarbonisation targets can be found in the *Metrics and targets* and *Supplementary Information* sections.
(2) Refer to the *Task Force on Climate-Related Financial Disclosures: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021* page 56 Table 4 at www.fsb-tcfd.org/publications/.

Carbon inventory and exclusions for operational emissions

Emissions sources included in the Group's 2025 Carbon inventory for operational emissions are as follows:

Scope	GHG Protocol category	Emissions source	Australia	New Zealand	Asia	United Kingdom	Europe	United States
1	Stationary combustion	Diesel, natural gas	X	X		X		
	Fugitive emissions	Building-based refrigerants (in HVAC and refrigerators)	X	X	X	X		X
		Vehicle air conditioning refrigerant	X	X	X			
	Mobile combustion	Fuels used for the Group's vehicle fleet	X	X	X			
2	Purchased energy	Purchased electricity[1]	X	X	X	X	X	X
3	Category 1: Purchased goods and services	Office paper	X	X	X	X	X	X
		Customer statement paper		X				
		External data centre - electricity[2]		X		X		X
		Water	X	X	X	X	X	X
		Cloud services	X					
		Vehicle fleet - electricity		X				
	Category 3: Fuel and energy-related activities	T&D losses & WTT - diesel, natural gas, electricity	X	X	X	X	X	X
	Category 4: Upstream transportation and distribution	Courier, freight and postage	X	X				
	Category 5: Waste generated in operations	Waste to incineration			X	X		
		Waste to landfill	X	X	X		X	X
		Materials recycled/diverted from landfill		X				
		Wastewater		X				
	Category 6: Business travel[3]	Business travel – air travel	X	X	X	X	X	X
		Business travel – hotel stays	X	X	X	X	X	X
		Other business travel[4]	X	X	X	X	X	X
	Category 7: Employee commuting	Working from home	X	X	X	X	X	X
		Employee commuting[5]	X					
	Category 8: Upstream leased assets	Base building energy - diesel, natural gas, electricity	X					

(1) From 1 October 2024, emissions related to offsite charging of BNZ's plug-in hybrid and electric vehicles were reclassified from Scope 3 to Scope 2 following a reassessment of operational control over the emission source.
(2) Emissions associated with the services provided by the property manager. This inventory has been included in category 1.
(3) Business travel air includes radiative forcing uplift in line with the UK Government Department for Energy Security and Net Zero guidance (all operations).
(4) Other business travel includes colleague vehicles, rail (UK, Europe and Japan), rental cars, taxi use and work use vehicles.
(5) The Group has a policy of offsetting all emissions within its carbon inventory. Both NAB and BNZ quantify and disclose emissions associated with employee commuting. NAB has offset employee commuting in line with the requirements of the Climate Active Carbon Neutral Standard for Organisations, and these emissions have been included in the Group's carbon inventory. BNZ is not required to offset employee commuting under the terms of the Toitū net carbonzero certification standard, and these emissions have not therefore been included in the Group's carbon inventory.

The below emission sources have been excluded from the Group's 2025 Carbon inventory for operational emissions as they are either not applicable to the Group's business model or have not passed two or more criteria of the relevance test as outlined in the table below. Scope 3 'financed emissions' and 'facilitated emissions' are outside NAB's operational emissions inventory boundary. However, NAB separately reports financed emissions attributable to its lending in emissions-intensive sectors associated with its goal to align with pathways to net zero by 2050. For further information refer to the *Metrics and targets* section on pages 30 to 40.

Emission sources tested for relevance [1]	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
Other purchased goods and services	N	N	N	N	N	**Size:** Emissions from other purchased goods and services is material. The Group includes and reports certain sub-categories in our operational emissions boundary: office paper, water, etc. Other sub-categories are being assessed and will be considered for inclusion in the future. **Influence:** The Group does not have full operational control to influence certain sub-categories. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The emission sources are not activities NAB has previously undertaken within its boundary.
Capital goods	N	N	N	N	N	**Size:** The Group as a financial services provider is not a significant purchaser of capital goods that have material climate change impacts compared to other sectors. The GHG emissions arising from capital goods such as IT equipment, cars are being assessed and will be considered for inclusion in the future. **Influence:** The Group does not have full operational control to influence emissions reduction for this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.
Downstream transportation and distribution	N	N	N	N	N	**Size:** Due to the intangible nature of financial products and services we do not require downstream transportation and distribution of a physical product. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.
Processing of sold products	N	N	N	N	N	**Size:** Due to the intangible nature of financial products and services we do not require processing of sold physical product. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.

(1) The relevance test applied by the Group is adapted from GHG Protocol – Corporate Standard (WBCSD and WRI, 2004). An emissions category is considered relevant if it meets two or more of the five relevance criteria, as outlined in the table above.

Carbon inventory and exclusions for operational emissions (cont.)

Emission sources tested for relevance [1]	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
Use of sold products	N	N	N	N	N	**Size:** The Group as a financial services provider sells intangible products. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.
End-of-life treatment of sold products	N	N	N	N	N	**Size:** The Group as a financial services provider sells intangible products that don't require actual end-of-life treatment. Accordingly, we have assessed this source of emissions as being not relevant to our industry sector and business. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.
Downstream leased assets	N	N	N	N	N	**Size:** The Group has an immaterial number of downstream leased assets in the form of a small number of buildings that are owned and leased to tenants. The tenancy agreements for these assets give the tenant operational control of the energy use of the asset and the tenant pays the energy bills. Emissions from downstream leased assets are not large relative to the Group's total emissions. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.
Franchises	N	N	N	N	N	**Size:** The Group does not have franchises, therefore this emissions source is not relevant. **Influence:** The Group has limited ability to influence emissions from this source. **Risk:** This emissions source does not contribute to significant GHG risk exposure. **Stakeholder:** This emissions source is deemed irrelevant by key stakeholders. **Outsourcing:** The Group does not undertake this activity within our organisation's boundary. Comparable organisations do not typically undertake this activity within their boundary.

(1) The relevance test applied by the Group is adapted from GHG Protocol – Corporate Standard (WBCSD and WRI, 2004). An emissions category is considered relevant if it meets two or more of the five relevance criteria, as outlined in the table above.

Additional information

Boundaries

Some references to 'NAB', 'Group' , 'we', 'our', 'the bank' or the 'Company' in this Report refer to National Australia Bank Limited, excluding BNZ. BNZ has its own climate strategy and its climate reporting is available at www.bnz.co.nz/about-us/sustainability/reports.

Accordingly, references to 'NAB', 'our', 'the bank' or 'the Company' in the *Strategy* and in the sector targets and related information in *Metrics and targets* sections of this Report refer to National Australia Bank Limited and its controlled entities, excluding BNZ.

The information on *Governance* and *Risk management* in this Report refers to NAB Group policies, frameworks and processes. For further information on Governance refer to NAB's 2025 Annual Report. Information in *Metrics and targets* related to operational emissions includes BNZ in the reporting boundaries. Specific parts of *Supporting information* include BNZ - refer to the below table which shows the boundaries in relevant sections of this Report.

Table 11: Boundaries by section

Section	NAB	BNZ	Group
Introduction	✓		✓
Strategy	✓		
Metrics and targets - financed emissions	✓		
Metrics and targets - environmental finance ambition	✓		
Metrics and targets - operational emissions	✓	✓	✓
Supporting information - TCFD index and transition plan	✓		✓
Supporting information - financed emissions methodology	✓		
Supporting information - environmental finance ambition methodology	✓		
Supporting information - climate scenarios	✓		
Supporting information - exposure to high-emitting sectors	✓	✓	✓
Supporting information - carbon inventory	✓	✓	✓

Financial year and environmental reporting year

The Group's financial year ends on 30 September. The financial year ended 30 September 2025 is referred to as 2025 and other financial years are referred to in a corresponding manner. References in this Report to the year ended September 2025 are references to the twelve months ended 30 September 2025. References in this Report to the environmental reporting year are references to the twelve months ended 30 June 2025, unless otherwise stated.

Due to the timing and availability of customer emissions data which is reported in line with the environmental reporting year (ending 30 June), there is a lag between the date of NAB's reporting period (financial year ending 30 September) and the date for financed emissions reporting. In this Report, financed emissions data is based on the year from 1 July 2023 to 30 June 2024, reported in alignment with the NGER Scheme Act 2007 (except for Shipping, where the reporting year is the twelve months ending 31 December 2024 in line with global shipping industry reporting). Other environmental reporting years are referred to in a corresponding manner.

Further information on non-financial information boundaries is available in NAB's 2025 Sustainability Data Pack. Any references to changes (including an increase or decrease) relate to the previous year, unless otherwise stated.

All figures quoted are in Australian dollars unless otherwise stated. The abbreviations $m and $bn represent millions and thousands of millions (i.e. billions) of Australian dollars respectively.

Key terms used in this Report are contained in the *Glossary*.

Forward-looking statements

This report contains statements that are, or may be deemed to be, forward-looking statements, including climate-related goals, targets, pathways and ambitions. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "ambition", "believe", "estimate", "plan", "project", "anticipate", "expect", "goal", "target", "intend", "likely", "may", "will", "could" or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. The sector decarbonisation targets set out on pages 27 to 40, the various targets relating to operational emissions reduction set out on pages 43 to 47 and the environmental finance ambition set out on page 42 are all forward-looking statements.

As at the date of this report (6 November 2025), NAB considers there to be a reasonable basis for making the forward-looking statements contained in this Report. However, users are cautioned not to place undue reliance on such forward-looking statements. The measures and forward-looking statements in this Report reflect best estimates, assumptions and judgements (including in relation to customer and other third-party data over which the Group has no control) as at the date of this Report. There is a risk that these judgements, estimates or assumptions may subsequently prove to be incorrect.

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. There are uncertainties, assumptions and judgments underlying climate-related information (including climate-related metrics, methodologies and modelling) that limit the extent to which climate-related information is useful for decision making. This 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.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine, and Middle Eastern conflicts and other geopolitical tensions, the Australian and global economic environment and capital market conditions and changes in global trade policies.

Forward-looking statements may also be made – verbally and in writing – by the Group's directors or management in connection to this Report. Such statements are subject to the same limitations, qualifications and assumptions set out in this Report.

Subject to applicable disclosure requirements, NAB expressly disclaims any obligation to update or revise the information, measures, or forward-looking statements contained in this Report, whether to reflect any change in its expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any statement is based, or otherwise.

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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Independent Limited Assurance Report to the Management and Directors of National Australia Bank Limited

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by National Australia Bank Limited ('NAB') to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below for the periods defined below. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

We reviewed the following Subject Matter in NAB's Full Year Investor Presentation ("IP"), Climate Report ("CR") and Sustainability Data Pack ("SDP") (the 'Reports'):

What our review covered (Subject Matter)	Criteria applied by NAB (Criteria)	Period	Location
NAB's reported performance of its financed emissions as included within NAB's CR, including: • Financed emissions for selected sectors • Facilitated emissions for selected sectors Refer to Appendix A for detailed metrics.	The Global GHG Accounting and Reporting Standard Part A: Financed Emissions (Second Edition, PCAF, 2022) The Global GHG Accounting and Reporting Standard Part B: Facilitated Emissions (First Version, PCAF, 2023) NAB Group's publicly disclosed Financed Emissions Methodology and Target Setting Baseline Methodology	Financed emissions – 1 July 2023 – 30 June 2024 (other than Transport – Shipping, which has a 1 January 2024 to 31 December 2024 period) Facilitated emissions – Average of arrangements across a 3 year period (1 July 2023 – 30 June 2024, 1 July 2022 – 30 June 2023, and 1 July 2021 – 30 June 2022)	CR
NAB's reported performance on specified environmental data for the London Branch, NAB Group (excluding London Branch) and NAB Group as included in the Metrics and Targets section in NAB Group's CR. Refer to Appendix B for detailed metrics.	World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol and NAB Group's Environmental Reporting and Offset Management Policy Streamlined Energy and Carbon Reporting (SECR) obligation (implemented through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (UK)	1 July 2024 to 30 June 2025	CR

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What our review covered (Subject Matter)	Criteria applied by NAB (Criteria)	Period	Location
NAB's specified GHG emissions and offset data from operations in Australia, New Zealand, United Kingdom, France, United States and Asia as included in the CR and SDP Refer to Appendix C for detailed metrics.	NAB Group Environmental Reporting and Offset Management Policy and reporting methodologies	1 July 2024 to 30 June 2025	CR, SDP
NAB's progress for the year ended 30 June 2025 towards NAB Group 2030 science-based emissions target to reduce scope 1 and 2 (market-based method) GHG emissions from operations, from a 2022 base-year previously disclosed in NAB's 2024 CR, and disclosed in the 2025 CR and SDP. Refer to Appendix D for detailed metrics.	Sectorial Decarbonisation Approach (SDA) methodology published by the Science-Based Target Initiative and developed jointly by CDP, the World Resources Institute and WWF		
NAB's reported performance of NAB Group renewable energy generation as a proportion (%) of NAB Group's exposure to the power generation sector, expressed as Exposure at Default (EaD) as included in the IP, CR and the SDP. Refer to Appendix E for detailed metrics.	NAB Group Methodology as reported in the IP, the CR, and the SDP	1 October 2024 to 30 September 2025	IP, CR, SDP
NAB's Environmental Finance Ambition disclosures as included in the CR and the SDP Refer to Appendix F for detailed metrics.	NAB's Environmental Finance Ambition (EFA) Methodology as reported in the CR and the SDP		CR, SDP

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Reports, and accordingly, we do not express an opinion or conclusion on this information.

Key responsibilities

NAB's responsibility

NAB's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

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EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's Austr*alian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), *Assurance Engagements on Greenhouse Gas Statements* (ASAE 3410) and the terms of reference for this engagement as agreed with NAB. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- Conducting interviews with personnel to understand the business, reporting processes and systems for collecting and collating data.
- Undertaking analytical review procedures to support the reasonableness of the data underpinning the Subject Matter.
- Testing, on a sample basis, underlying source information to inspect the accuracy of the data.
- Evaluating that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the criteria.
- Identifying and testing underlying assumptions related to the Subject Matter.
- Evaluating the appropriateness of the presentation of selected performance disclosures in the Reports.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our

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procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

The greenhouse gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter, with the exception of the metrics disclosed in Appendix B. Our report does not extend to any disclosures or assertions made by NAB relating to future performance plans and/or strategies disclosed in the CR and SDP.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of NAB, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Ernst & Young

Ernst & Young
Melbourne, Australia
6 November 2025

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Appendix A

NAB's reported performance of its Financed Emissions (FE) as included within NAB Group's CR for the following sectors:

Sector	Absolute Emissions ($MtCO_2$-e)	Facilitated Emissions[4] ($MtCO_2$-e)	Performance against sector metric	Coverage Ratio[2] (%)	
				% EAD	% total FE
Power generation	2.4	0.3	0.14 (tCO_2-e /MWh)	0.9	16.0
Thermal coal[1]	0.3	0.0	0.3 ($MtCO_2$-e)	0.01	1.8
Oil and gas[1]	1.1	0.02	1.1 ($MtCO_2$-e)	0.1	7.3
Cement	0.2	n/a	n/a	0.04	1.0
Aluminum	0.2	n/a	1.8 (tCO_2-e/Aluminum)	0.01	1.6
Iron and steel	0.9	n/a	0.9 ($MtCO_2$-e)	0.04	6.2
Transport – road	0.2	n/a	212.8 (gCO_2/vkm)	0.4	1.0
Transport – aviation	1.1	n/a	94.9 (gCO_2-e/pkm)	0.3	7.3
Transport – shipping[3]	0.7	n/a	-1.6% (alignment delta %)	0.3	4.8
Transport – other (incl. rail and heavy vehicles)	0.2	n/a	n/a	0.4	1.0
Commercial real estate (CRE) – office	0.2	n/a	62.0 ($kgCO_2$-e/m^2)	2.0	1.4
Commercial real estate (CRE) – retail	0.4	n/a	77.2 ($kgCO_2$-e/m^2)	2.3	2.4
Commercial real estate (CRE) – other	0.7	n/a	n/a	5.5	4.8
Residential real estate	2.6	n/a	32.0 ($kgCO_2$-e/m^2)	55.2	17.3
Agriculture	1.5	n/a	n/a	5.9	9.9
Whole portfolio	15.2	n/a	n/a	100	100

[1] Inclusive of Scope 3 emissions
[2] Percentage of EAD and percentage of financed emissions
[3] Transport - Shipping utilises a 1 January to 31 December reporting period
[4] Facilitated Emissions includes an average of arrangements across a 3 year period, i.e. 2024 includes arrangements from 2022, 2023 and 2024.

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Appendix B

NAB's reported performance on specified environmental data for the London Branch, NAB Group (excluding London Branch) and NAB Group (including London Branch) as included in the metrics and targets section in NAB Group's CR:

#	Non-financial performance metrics	London Branch	NAB Group (excl. London Branch)	NAB Group (incl. London Branch)
1	Energy from gas consumption (KWh)	58,280	1,854,751	1,913,031
2	Energy from vehicle fleet fuel use (KWh)	0	20,232,418	20,232,418
3	Energy from electricity consumption (KWh)	422,645	74,095,544	74,518,189
4	Total energy for SECR reporting (KWh)	480,925	96,182,712	96,663,637
5	GHG emissions from energy use (Scope 1 – Gas) (tCO_2-e)	11	347	358
6	GHG emissions from vehicle fleet (Scope 1) (tCO_2-e)	0	4,975	4,975
7	GHG emission from energy use (Scope 2, location-based – electricity) (tCO_2-e)	75	44,369	44,444
8	Total gross Scope 1 and 2 GHG emissions for SECR reporting (tCO_2-e)	86	49,691	49,777
9	Total gross Scope 3 GHG emissions for SECR reporting (tCO_2-e)	761	77,498	78,259
10	Intensity ratio: Energy (KWh)/$ Financial Metric	0.001	0.009	0.009
11	Intensity ratio: Gross Scope 1 and 2 GHG emissions (tCO_2-e)/$ Financial Metric	0.0000002	0.0000047	0.0000045
12	Intensity ratio: Energy (KWh)/m^2	193	173	173
13	Intensity ratio: GHG (tCO_2-e)/m^2	0.03	0.09	0.09
14	Intensity ratio: Energy (KWh)/FTE	1,921	2,449	2,445
15	Intensity ratio: GHG (tCO_2-e)/FTE	0.34	1.27	1.26
16	Emissions from electricity use (Scope 2, market-based – electricity) (tCO_2-e)	0	0	0
17	Total gross location-based Scope 1, 2 and 3 GHG emissions (before renewable energy)	847	130,215	131,062
18	Total net market-based Scope 1, 2 and 3 GHG emissions (after renewable energy)	765	80,502	81,267
19	Carbon offsets retired	765	80,502	81,267
20	Net carbon emissions	0	0	0

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Appendix C

NAB's specified GHG emissions and offset data from operations in Australia, New Zealand, United Kingdom, France, United States and Asia as included in the CR and SDP:

#	Non-financial performance metrics	Tonnes of carbon dioxide equivalent (tCO_2-e)
1	Actual consolidated Scope 1, Scope 2 (market-based method) and selected Scope 3 (as determined by NAB) net GHG emissions for the year ended 30 June 2025	81,267
2	Actual quantity of carbon offsets purchased and retired for the year ended 30 June 2025	81,267
3	Estimated consolidated Scope 1, Scope 2 (market-based method) and selected net GHG emissions for the forecast year ending 30 June 2026	81,267
4	Actual quantity of carbon offsets purchased and retired for the market-based forecast for the year ending 30 June 2026	81,267

Appendix D

#	Non-financial performance metric	Percentage (%)
1	NAB's progress for the year ended 30 June 2025 towards NAB Group 2030 science-based emissions target to reduce scope 1 and 2 (market-based method) GHG emissions from operations, from a 2022 base-year previously disclosed in NAB's 2024 CR, and disclosed in the 2025 CR and SDP.	64

Appendix E

#	Non-financial performance metric	Percentage (%)
1	NAB's reported performance of NAB Group renewable energy generation as a proportion (%) of NAB Group's exposure to the power generation sector, expressed as Exposure at Default (EaD) as included in the IP, the CR and the SDP.	77.8

Appendix F

NAB's environmental financing disclosures as included in the CR and the SDP:

#	Financial performance metrics	Value as at 30 September 2025 ($m) for the period 1 October 2024 to 30 September 2025
Lending activities		
1	Large scale renewables	2,100
2	Green labelled business lending propositions (Agribusiness, CRE, Vehicles and Equipment)	1,340
3	Energy efficient residential real estate lending	4,478
Total lending activity		7,918
Capital markets activities		
4	Green Bond arranging and underwriting	2,444
Total		10,362

Glossary

ABARES
Australian Bureau of Agricultural and Resource Economics and Sciences.

ABS
Australian Bureau of Statistics.

ACCUs
Australian Carbon Credit Units.

AEMO
Australian Energy Market Operator.

AER
Australian Energy Regulator.

ANZSIC
Australian and New Zealand Standard Industrial Classification (2013).

APRA
Australian Prudential Regulation Authority.

BNZ
Bank of New Zealand, a subsidiary of National Australia Bank Group.

Capital markets activities
The definition of capital markets activities is drawn from the Partnership for Carbon Accounting Financials (PCAF) Facilitated Emissions Standard December 2023 being the primary issuance of capital market instruments (whether debt or equity-based) and loan syndication. For specific inclusions and exclusions refer to

- *Sustainability risk-related policy and appetite settings* on page 17.
- *Understanding the transition plans of our high emitting customers* on page 19.
- *Sector decarbonisation targets* on page 28.

CBI
Climate Bonds Initiative.

CDP (formerly Carbon Disclosure Project)
Not-for-profit organisation that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. It provides a dataset of environmental and climate metrics.

Climate Vulnerability Assessment
The Climate Vulnerability Assessment, a Council of Financial Regulators (CFR) initiative led by APRA, was an exercise adopting scenario analysis to assess the nature and extent of the financial risks that large banks in Australia may face due to climate change.

Climate-related opportunities
Refers to the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings, the adoption and utilisation of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market and industry in which an organisation operates.

Climate-related risks
Refers to the potential negative impacts of climate change on an organisation. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g. cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g. sea level rise). Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses and reputational considerations.

CO_2-e
Carbon dioxide equivalent (CO_2-e) is a measurement used to compare emissions from various GHG emissions based on their global warming potential. Other gas amounts are converted into the equivalent amount of carbon dioxide to provide a single emissions metric. Conversion factors vary based on the underlying assumptions.

CRE
Commercial real estate.

Customer Transition Plan
A customer's time-bound decarbonisation plan which details the customer's interim and long-term emissions reduction targets, goals or ambitions and outlines the overall strategies and actions to meet those targets, goals or ambitions. Such plans may also cover other climate-related issues including governance, just transition and scenario analysis.

DRI
Direct Reduction Iron.

Environmental finance ambition
NAB's projected ambition for new lending, capital markets activity and trading activity where the uses of proceeds and activities are linked to an environmental benefit.

Environmental reporting year
Year ended 30 June, in alignment with relevant environmental regulatory reporting requirements.

ESG
Environmental, Social and Governance.

ESOO
Electricity Statement of Opportunities.

Exposure at Default (EAD)
EAD is an estimate of the credit exposure amount outstanding if a customer defaults and its calculation is as defined by APRA. EAD is presented net of eligible financial collateral. EAD is used as a metric in both the Risk Management and the Metrics and Targets sections of this Report, however the boundaries vary slightly. Refer to the EAD used in sector decarbonisation targets section for further details.

Facilitated emissions
Facilitated emissions attributable from capital markets activity, including loan syndication, bond arranging and US private placement.

Financed emissions
Indirect GHG emissions attributable to financial institutions due to their involvement in providing capital or financing to the original emitter. Financed emissions are included within Category 15 'Investments' of the Greenhouse Gas Protocol Standard.

Financial year
Year ended 30 September.

Full-time equivalent employees (FTE)
Includes all full-time, part-time, temporary, fixed term and casual employee equivalents, as well as agency temporary employees and external contractors either self-employed or employed by a third-party agency. Note: this excludes consultants, IT professional services, outsourced service providers and non-executive directors.

Gentailers
Vertically integrated power companies operating in the National Electricity Market, where generators own and operate a retail arm.

Green, social, sustainability and sustainability-linked bond and loan transactions
A designation of 'green', 'social', 'sustainable' and/or 'sustainability-linked' is based on the application of relevant external guidelines and principles, such as the International Capital Market Association (ICMA) Green/Social/Sustainability-Linked Bond Principles, ICMA Sustainability Bond Guidelines, Loan Market Association (LMA)/Asia Pacific Loan Market Association (APLMA)/Loan Syndications and Trading Association (LSTA) Green/Social/Sustainability-Linked Loan Principles and/or the Climate Bonds Standard sector criteria.

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

Greenhouse Gas Protocol
Comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. The GHG Protocol supplies the world's most widely used GHG accounting standards.

Group
NAB and its controlled entities.

IEA
International Energy Agency.

IEA NZE 2050 (2021)
Refers to the International Energy Agency's Net Zero by 2050 scenario and report, October 2021 (4th revision).

IEA NZE 2050 (2022)
Refers to the International Energy Agency's Net Zero by 2050 scenario and report, October 2022 (5th revision).

IEA NZE 2050 (2023)
Refers to the International Energy Agency's Net Zero by 2050 scenario and report, September 2023 (6th revision).

ISP
Integrated System Plan.

Just transition
Global effort to transition to a low carbon economy in a way that is as fair and inclusive as possible to all people, creating decent work opportunities and leaving no one behind.

Large-scale generation certificate (LGC)
One LGC is evidence that one megawatt hour of electricity has been generated from renewable energy sources.

LCV
Light commercial vehicle.

LGCs
Large Scale Generation Certificates.

Location-based accounting
An emissions accounting approach that calculates electricity emissions based on the average emissions intensity of the electricity grid in the location (state) in which the electricity consumption occurs. Location-based accounting therefore does not recognise the surrender of LGCs as evidence of renewable electricity use.

Market-based accounting
An emissions accounting approach that allows total electricity consumption to be reduced by the megawatt hours of renewable electricity consumed by the company before applying an emissions factor to grid-imported electricity. Market-based accounting therefore recognises the surrender of Large-scale Generation Certificates LGCs), which are tradable certificates representing 1 megawatt-hour of renewable electricity generated, as evidence of renewable electricity use

NAB
'NAB', 'our', 'the bank' or the 'Company' means National Australia Bank Limited ABN 12 004 044 937.

NAB Green Finance for Agribusiness
The NAB Green Finance for Agribusiness is a tailored NAB business loan to finance eligible activities that are aligned to the independent taxonomy and requirements set out under the Climate Bonds Standard Agriculture Criteria.

NAB Green Finance for Vehicles and Equipment
Green Finance for Vehicles and Equipment refers to financing provided to categories of vehicles and equipment that NAB has determined are eligible to be financed under its Equipment Finance Green Asset framework.

NABERS
National Australian Built Environment Rating System.

NatHERS
Nationwide House Energy Rating Scheme is administered by the Australian Government and accredits a number of tools that can measure and rate a home's energy efficiency.

National Construction Code (NCC)
The NCC is a uniform set of technical provisions for the design, construction and performance of buildings and plumbing and drainage systems throughout Australia. The 2022 update includes, among other things, new requirements to facilitate the future installation of electric vehicle charging infrastructure in carparks.

National Greenhouse Accounts (NGA)
A collection of Australia's historical greenhouse gas emissions data. Australia uses this data to track progress towards national emissions reduction targets.

Net zero emissions by 2050
Net zero emissions by 2050 refers to achieving an overall balance between GHG emissions produced and GHG emissions taken out of the atmosphere. NAB's approach is informed by the UNEP FI Guidance pathways to net zero emissions that are aligned with limiting warming to a maximum of 1.5˚C above pre-industrial levels.

Network for Greening the Financial System (NGFS)
A group of authorities willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilise mainstream finance to support the transition toward a sustainable economy.

New Vehicle Efficiency Standard (NVES)
A new vehicle efficiency standard is a legislative framework that regulates CO_2 emissions from vehicles, by applying an average CO_2 target to a suppliers' fleet of new vehicles.

Paris Agreement
Refers to the agreement adopted within the United Nations Framework Convention on Climate Change in December 2015 and entered into force in November 2016. The agreement commits all participating countries to limit global warming to well-below 2˚C, striving for 1.5˚C above pre-industrial levels, to build resilience to adapt to impacts of climate change, and regularly increase efforts over time.

Paris Agreement Capital Transition Assessment (PACTA)
The PACTA tool aggregates global forward looking asset-level data (such as the production plans of a manufacturing plant over the next five years), up to parent company level. The tool then produces a customized, confidential output report, which allows investors to assess the overall alignment of their portfolios with various climate scenarios and with the Paris Agreement.

Paris Agreement Inventory 2022
Australia's greenhouse gas inventory reported under the United Nations Framework Convention on Climate Change, submitted under the Paris Agreement.

PCAF
Partnership for Carbon Accounting Financials.

Plenti
Plenti Group Limited.

Poseidon Principles (PP)
The Poseidon Principles are a global framework for assessing and disclosing the climate alignment of financial institutions' shipping portfolios.

Power purchase agreement (PPA)
An arrangement between an independent power generator and purchaser for the sale and supply of renewable energy.

Revised capital framework (RCF)
APRA's revised capital framework, applied since 1 January 2023.

RMF
Risk Management Framework.

RRE
Residential real estate.

Scope 1
This includes direct emissions from within an organisation's boundary. These emissions are from sources that the organisation owns or controls such as:

- Combustion of fuel in boilers, furnace or generators that are owned or controlled by the reporting company.
- Generation of electricity, steam or heat in equipment that is owned or controlled by the reporting company.
- Business travel in vehicles such as company cars or corporate jets that are owned or controlled by the reporting company, colleague commuting in company-owned or controlled vehicles, such as company cars.
- Hydrofluorocarbon emissions from company-owned or controlled refrigeration or air-conditioning equipment.

Scope 2
Indirect emissions from electricity that is used by the organisation but is generated outside the organisation's boundary by another company, such as an electricity provider. This is called 'purchased electricity'. This includes indirect emissions from purchased or acquired electricity, steam, heat or cooling.

Scope 3
All other indirect emissions that occur outside the boundary of the organisation as a result of the activities of the organisation, including indirect emissions from:

- Business travel in non-company owned or controlled vehicles, such as rental cars, colleague cars, rail and commercial planes.
- Combustion of fuel in boilers or furnaces not owned or controlled by the reporting company.
- Energy used by colleagues working from home.
- Third-party production or manufacture of materials and resources used by the reporting company, such as furniture, paper and equipment.
- Indirect losses resulting from the transmission of electricity and other fuels.
- Emissions generated through the investments a company makes, see definition for 'Financed emissions'.

Sector decarbonisation targets
Refers to interim 2030 sector-specific decarbonisation targets set towards achieving over-arching net zero emissions by 2050 targets. Also referred to as 'sector targets'.

SME
Small and medium-sized enterprises.

Streamlined Energy and Carbon Reporting (SECR)
Reporting of emissions sources required under the United Kingdom's Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Sustainability risk
Sustainability Risk is defined as the risk that ESG events or conditions negatively impact the risk and return profile, value or reputation of the Group or its customers and suppliers.

TCFD
The Financial Stability Board Task Force on Climate-related Financial Disclosures.

Thermal coal
Coal that is almost exclusively used as a fuel for steam-electric power generation.

Trade finance
Trade finance exposures included within NAB's sector decarbonisation targets are considered lending for the purpose of this requirement.

Transport - road (cars and LCVs)
Australian cars and light commercial vehicles.

UNEP FI
United Nations Environment Programme Finance Initiative.

UNEP FI Guidance
UNEP FI Guidance for Climate Target Setting for Banks version 4.