



**An Australian Government Initiative**

## **NCOS CARBON NEUTRAL PROGRAM**

### **PUBLIC DISCLOSURE SUMMARY**

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**NATIONAL AUSTRALIA BANK LIMITED**

## 1. ORGANISATION AND PRODUCT INFORMATION

Organisation Name: National Australia Bank Limited ABN 12 004 044 937

Inventory Period: 1 July 2009 to 30 June 2010

Certification/Disclosure Period: 1 July 2010 to 30 June 2011

Date of most recent verification: September 2010 (Greenhouse gas emissions & offsets data)  
November 2010 (NCOS certification)

Carbon Neutral Disclosure Type:

- a. Organisation ☒
- b. Product ☐

Description: NAB's Australian Business Operations

## 2. ORGANISATION DESCRIPTION

### Introduction:

The National Australia Bank Limited Group (NAB) is a financial services organisation that provides a comprehensive and integrated range of banking and financial products and services including wealth management. NAB has operations based in Australia, New Zealand, the United Kingdom, the United States and Asia.

### Carbon Footprint Boundary:

NAB's certification under the National Carbon Offset Standard (NCOS) is for a defined inventory of greenhouse gas (GHG) emissions resulting from the activities of its Australian-based business. NAB's Australian operations account for around 79% of the Group's carbon inventory in 2010 and as a service-based organisation, stationary energy use in buildings represents the most significant source of GHG emissions.

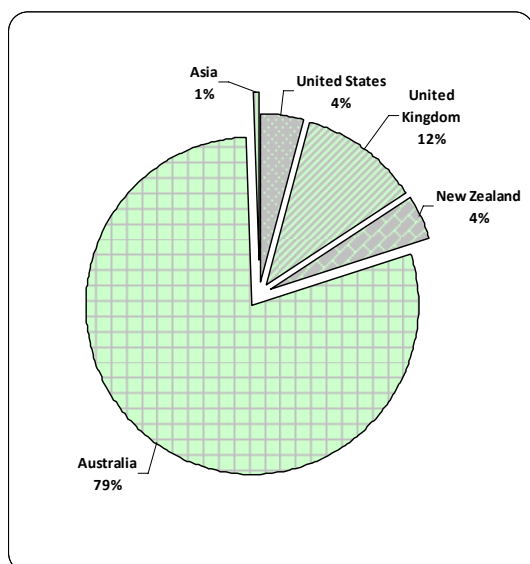


Figure 1: Regional distribution of NAB Group's 2010 carbon inventory

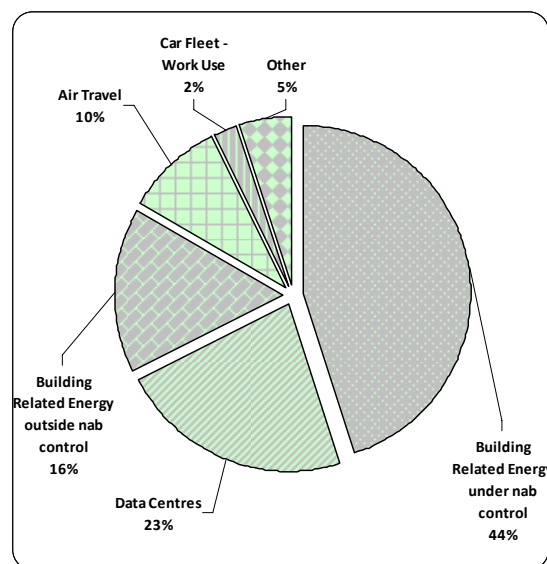


Figure 2: Percentage of NAB's 2010 Australian carbon inventory by significant emissions sources.

\*The 'Other' category in NAB's 2010 Australian carbon inventory includes emissions from hotel stays, A3 & A4 office paper purchased, waste to landfill, fugitive emissions from refrigeration and HVAC in buildings and cars, employee vehicle claims, taxi use and rental cars - each of which represents no greater than 1% of the inventory.

NAB's boundary for its emissions inventory generally uses an operational control approach. This ensures that NAB's Scope 1 and Scope 2 energy and greenhouse reporting is aligned to its regulatory reporting and supports compliance requirements under the *National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER Act)*.

To ensure that the emissions sources included in NAB's carbon inventory are those which are relevant to its operations, NAB also applies an operational control approach for voluntarily reported Scope 1 and Scope 3 emissions. NAB uses a set of principles and tests to select the emissions sources included in its carbon inventory. This process is outlined further in NAB's Carbon Inventory Guidelines available at [www.nabgroup.com.au](http://www.nabgroup.com.au)<sup>1</sup>.

### **Carbon Footprint - Inclusions**

NAB Group's carbon inventory includes Scope 1, 2 and some Scope 3 GHG emissions, for all relevant Kyoto Protocol gases.

Scope 1 and 2 GHG emissions required for reporting under the *NGER Act* have been prepared in accordance with the general principles for measuring emissions noted in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (**NGER Determination**) (June 2009 Update) and have been subject to a reasonable level of assurance conducted by KPMG<sup>2</sup>. Some additional Scope 1 emissions not required under the *NGER Act* have been included to satisfy the principles and tests outlined in NAB's Carbon Inventory Guidelines.

Scope 3 GHG emissions include those indirect emissions identified as mandatory for reporting under the NCOS and the framework of the World Resources Institute (WRI) Service Sector Guide. In addition, a number of other Scope 3 emissions sources are included to satisfy the principles and tests outlined in NAB's Carbon Inventory Guidelines. All Scope 3 GHG emissions included in the carbon inventory were subject to a limited level of assurance conducted by KPMG<sup>3</sup>.

Some sources of emissions are included in the carbon inventory despite making up only a small percentage of the total. These emissions sources are included for relevance and completeness and given the contribution to the inventory is small, the accuracy requirement is reduced and estimation techniques are used where appropriate.

Refer to the table included in Section 4, which details all sources of emissions included in NAB's carbon footprint and the relative contribution of various emission sources to the carbon inventory.

### **Carbon Footprint - Exclusions**

NAB's NCOS carbon neutral certification excludes a small volume of Scope 1 emissions from its Australian-based operations from vehicle and domestic refrigeration, and Heating, Ventilation and Cooling (HVAC). These Scope 1 emissions are not required to be reported by NAB under the *NGER Act* and therefore were voluntarily subject to limited assurance<sup>4</sup> as part of NAB's global carbon neutral program. These Scope 1 emissions have been excluded from the carbon neutral certification due to the NCOS requirement that Scope 1 emissions be subject to reasonable assurance. These emissions sources were subject to limited level assurance as part of NAB's group-wide carbon neutral assurance process because these emissions sources were not required for NAB's regulatory reporting.

While these emissions have been excluded from the NCOS certification they are still estimated and offset as part of NAB's group-wide commitment to be carbon neutral. The emissions are estimated based on leakage of fugitive emissions from refrigeration and air conditioning equipment and reported as part of NAB's group-wide carbon inventory.

<sup>1</sup> <http://www.nabgroup.com.au/vgnmedia/download/CarbonInventoryGuidelines.pdf>

<sup>2</sup> Assurance reports provided by KPMG are available at: [http://www.nabgroup.com.au/vgnmedia/download/NGER\\_audit\\_report.pdf](http://www.nabgroup.com.au/vgnmedia/download/NGER_audit_report.pdf)

<sup>3</sup> Assurance reports provided by KPMG are available at:

<http://www.nabgroup.com.au/vgnmedia/download/KPMGGreenhouseGasAndOffsetsAssuranceReport.pdf>

<sup>4</sup> For further information, refer to the carbon neutral information in the corporate responsibility section at: <http://www.nabgroup.com.au/0,,102205,00.html>

### 3. PURCHASE OF GREENPOWER™ OR NCOS CARBON NEUTRAL PRODUCTS AND/OR CANCELLATION OF GREENPOWER™ ELIGIBLE RENEWABLE ENERGY CERTIFICATES (RECS)

Purchases made for the 2009-2010 reporting period:

GreenPower™:	20,200	MWh
GreenPower™ eligible RECs:	0	MWh
NCOS Carbon Neutral product (Reflex CN Ultra White)	55,103	kg

Purchases made for the 2010-2011 reporting period:

GreenPower™:	15,920	MWh
GreenPower™ eligible RECs:	0	MWh
NCOS Carbon Neutral product (Reflex CN Ultra White)	*	kg

\* Ongoing purchase through our corporate office supplies provider throughout the 2010-11 year

### 4. TOTAL CARBON FOOTPRINT

Australian-based emissions for 2009-2010 are shown in the table below. The 2009-2010 inventory is used to forecast the carbon footprint for the 2010-2011 period to which the certification applies.

Emissions source	tCO <sub>2</sub> -e
<b>Scope 1</b>	
Work use – vehicle fleet	5,020
Fuel combustion – stationary energy (diesel)	431
Fuel combustion – stationary energy (gas)	4,151
<b>Scope 2</b>	
Electricity consumption	148,666
<b>Scope 3</b>	
A3 & A4 office paper purchased (not NCOS certified Carbon Neutral)	2,483
Air travel	24,416
Base building energy use	40,387
Employee claims for work use of private vehicles	1,686
Hotel stays undertaken by Australian employees	2,872
Rental cars	397
Taxi travel	1,138
Transmission losses - Fuel combustion (diesel and gas) & electricity	18,847
Transmission losses - Work use – vehicle fleet	397
Waste to Landfill	2,387
<b>Gross Australian GHG emissions:</b>	<b>253,278</b>

Australian-based emissions excluded from NCOS certification. These emissions shown in the table below, account for <1% of gross Australian emissions:

Emissions source	tCO <sub>2</sub> -e
<b>Scope 1</b>	
Refrigerant emissions – vehicle fleet	83
Refrigerant emissions – HVAC and domestic refrigerators	2,173

Gross Australian GHG emissions (2009-2010): (including refrigerant emission from vehicles, domestics refrigerators and HVAC)	<b>255,534</b>	tCO <sub>2</sub> -e
Less GreenPower (based on 20,200 MWh in 2009-2010):	<b>-27,068</b>	tCO <sub>2</sub> -e
Less Offsets purchased for business travel (for 2009-2010):	<b>-36,009</b>	tCO <sub>2</sub> -e
Net Australian GHG emissions:	<b>192,458</b>	tCO <sub>2</sub> -e

## 5. EMISSION REDUCTION MEASURES

NAB's public emission reduction targets for Australia for the 2007 to 2010 period included:

- reducing GHG emissions by 20% or 46,000 tCO<sub>2</sub>-e by 2010 on 2006 levels via energy efficiency in its building portfolio; and
- increasing purchases of government accredited GreenPower™ over a three-year period from 0% in 2007 to 10% of electricity purchased by 30 June 2010.

By 30 June 2010, NAB had implemented energy efficiency projects that reduced greenhouse emissions in Australia by around 59,200 tCO<sub>2</sub>-e (25% above target) and in 2010 NAB purchased around 15% of our electricity in Australia from government accredited GreenPower™ (5% above target). NAB's travel reduction program has seen a transition to a more sustainable car fleet with around 300 Toyota hybrid vehicles introduced into the vehicle fleet making a significant improvement in fleet fuel efficiency per vehicle. Further details on how NAB performed against the group's targets is available through the 2008, 2009 and 2010 Carbon Neutral Update Reports available at [www.nabgroup.com.au](http://www.nabgroup.com.au) and [www.nab.com.au](http://www.nab.com.au).

### NAB's Approach to Energy Efficiency and Emission Reduction

NAB has participated in the Energy Efficiency Opportunities Program under the *Energy Efficiency Opportunities Act 2001* (Cth) (**EEO Act**) since 2007 and the associated requirements have been built into NAB's day-to-day management approach to energy efficiency. This has helped NAB to develop a disciplined approach to identifying, assessing and implementing energy efficiency opportunities.

NAB believes energy efficiency is part of responsible business management and, combined with NAB's carbon neutral commitment it provides a focus for employee engagement through a growing voluntary network of green teams and champions across the Bank's operations in Australia.

Identifying energy efficiency opportunities helps the business to understand the potential for energy and cost savings so that NAB can forecast its energy use and greenhouse emissions and put in place meaningful and achievable reduction targets. NAB prioritises the implementation of energy efficiency opportunities based on an assessment of which projects deliver the most effective outcomes in a financially viable manner. NAB also face challenges to its goal of reducing energy consumption, in particular from data centres, as energy consumption from these operations continues to grow to meet increasing demand for data processing capability.<sup>5</sup>

<sup>5</sup> NAB's reports relating to the *EEO Act* are available at: <http://www.nabgroup.com.au/0,,102149,0.html>

Emission Management and Reduction Measures	Emissions Reductions (tonnes CO <sub>2</sub> -e)
Sub-Total: reductions achieved 1 July 2006 to 30 June 2009	<b>42,823</b>
Sub-Total: reductions achieved 1 July 2009 to 30 June 2010, comprising:	<b>16,422</b>
▪ Energy efficiency initiatives at Data Centre A (including 5 months of tri-generation plant operation)	<b>8,683</b>
▪ Refurbishment of 500 Bourke Street, Melbourne	<b>1,236</b>
▪ Energy efficiency initiatives at 383 King Street, Melbourne	<b>978</b>
▪ Energy efficiency initiatives at Data Centre B	<b>772</b>
▪ Refurbishment of 100 St George Terrace, Perth	<b>693</b>
▪ Energy efficiency initiatives at other commercial buildings	<b>568</b>
▪ Energy efficiency initiatives at in the branch network	<b>3,492</b>
<b>Total Emissions Reduction</b>	<b>59,245</b>

### ***Future Greenhouse Reduction target:***

NAB Group has committed to reducing GHG emissions from stationary energy in buildings by 9.2% per FTE against a 2010 baseline by 30 June 2013. This target assumes the use of 2010 emissions factors and levels of business activity equivalent to the baseline year (2010). This is equivalent to a targeted greenhouse emissions reduction of 453 kgCO<sub>2</sub>-e per FTE and net total GHG emissions reduction of around 18,800 tCO<sub>2</sub>-e.

The Australian component of this reduction is planned to come from a 10% reduction in building energy emissions (from electricity, gas and diesel) over the next 3 years – 1 July 2010 to 30 June 2013.

## **6. OFFSET PURCHASE / CANCELLATION**

### **Forward purchasing offset model for achieving carbon neutrality:**

NAB has adopted a forward purchasing model to meet its carbon neutral commitment. This means NAB has calculated its forecast greenhouse gas emissions for the 2010-11 year using the actual greenhouse gas emissions reported in its 2009-10 carbon inventory and then purchased and retired carbon offsets in advance of the 2010-11 estimated greenhouse gas emissions occurring.

At the end of the 2010-11 year, NAB will undertake a reconciliation process of forecast to actual greenhouse gas emissions and purchase and retire additional offsets if required. The process of updating the GHG inventory and reconciliation and retirement of offsets will be subject to external assurance.

To ensure that this is a reasonable estimate of NAB's future greenhouse gas emissions, NAB has also set energy use and greenhouse gas emissions reduction targets for the 2011-2013 period.

The model contemplates that this process will be repeated going forward for the 2011-12 period, retiring offsets based on NAB's forecast calculated from its actual 2010-11 greenhouse gas inventory.

Forecast Gross Australian GHG emissions included in NAB's carbon inventory: 255,534 tonnes tCO<sub>2</sub>-e.

### **Offset selection:**

NAB has developed Group Carbon Offset Acquisition Guidelines<sup>6</sup> and a Carbon Offset Acquisition Strategy to guide its purchase of quality offsets and ensure that any purchase of offsets meets the purpose of NAB's carbon neutral commitment and any related carbon neutral accreditation or certification processes.

Governance and oversight of NAB's purchase of offsets is overseen by the NAB Group Climate Change and Environment Committee, chaired by NAB's Group Executive – Group Governance.

<sup>6</sup> Available at <http://www.nabgroup.com.au/vgnmedia/download/CarbonOffsetAcquisitionGuidelines.pdf>

**Offsets retired for forecast emissions occurring in the 2010-2011 reporting period:**

A total of 294,152 tCO<sub>2</sub>-e of offsets have been retired to cover the forecast Group-wide emissions occurring in 2010-2011 reporting period. Of this, 228,467 tCO<sub>2</sub>-e of offsets have been retired to cover anticipated 2010-2011 emissions from NAB's Australian business operations (net of GreenPower purchases). This estimate of 2010-2011 emissions is believed to be conservative given NAB's adoption of GHG reduction targets for the 2011-2013 period (refer to discussion about targets above).

Offset Type	Project Name	Registry	Serial Numbers	Offset Quantity (tonnes CO <sub>2</sub> -e)
Voluntary Carbon Standard (VCU) – Voluntary Carbon Standard (VCS)	Cavalcante	Markit	92-3867035-3867269-VCU-009-TZ1-BR-1-34-01012008-31122008-1	235
VCU – VCS	Cavalcante	Markit	778-34442896-34457725-VCU-009-TZ1-BR-1-34-01032009-31122009-1	14,830
VCU – VCS	Cavalcante	Markit	779-34457726-34459208-VCU-009-TZ1-BR-1-34-01012010-31012010-1	1,483
VCU – VCS	Mungcharoen	Markit	676-31004101-31014100-VCU-009-TZ1-TH-1-256-01012009-31052009-0	10,000
VCU – VCS	CNG Gansu	Markit	586-27174688-27190687-VCU-004-TZ1-CN-319-01032008-31122008-0	16,000
VCU – VCS	CNG Gansu	Markit	587-27210382-27214381-VCU-004-TZ1-CN-319-01012009-28042009-0	4,000
VCU – Gold Standard	Honiton	APX-VCS	GS1-1-CN-449-12-2009-29-20 to 11238	11,219
VCU – VCS	General Starch	Markit	771-343991916-34401915-VCU-009-TZ1-TH-13-82-01042008-31122008-0	10,000
VCU – VCS	General Starch	Markit	771-34286391-34296390-VCU-009-TZ1-TH-13-82-01042008-31122008-0	10,000
VCU – VCS	Mungcharoen	Markit	420-16529262-16537261-VCU-004-APX-CN-10-196-01012007-	489

			31122007-0	
VCU – VCS	Tiefa Coal	Markit	420-16529262-16537261-VCU-004-APX-CN-10-196-01012007-31122007-0	8,000
VCU – VCS	Siam Cement	Markit	922-43378113-43446745-VCU-008-TZ1-TH-4-403-01012007-30062007-0	68,633
VCU – VCS	Yunnan Nameguo, Faguo Hydro	Markit	171-6460078-6463150-VCU-014-TZ1-CN-1-112-01122007-25022009-0	3,073
VCU – VCS	Yunnan Nameguo, Faguo Hydro	Markit	171-6483151-6500953-VCU-014-TZ1-CN-1-112-01122007-25022009-0	17,803
VCU – VCS	Tiefa Coal	Markit	419-16324862-16347861-VCU-004-APX-CN-10-196-01042006-31122006-0	23,000
VCU – VCS	Mitcon - Grouped Wind	Markit	754-33897293-33942292-VCU-020-TZ1-IN-1-429-01042006-31122007-0	45,000
VCU – VCS	Mitcon - Grouped Wind	Markit	931-43844009-43844395-VCU-020-TZ1-IN-1-429-01012008-31122008-0	387
VCU – VCS	Rural Southwest China Hydro	Markit	943-44079503-44129502-VCU-010-TZ1-CN-1-438-01012007-31122007-0	50,000
<b>Total Offsets purchased for forecast 2010-2011 carbon inventory:</b>				<b>294,152</b>

## 7. OTHER INFORMATION

Further information is available on NAB's Group website at:

<http://www.nabgroup.com.au/0,,102147,0.html>.