

The Carbon Reduction Commitment – Real Experiences

Taking Early Action – Case Study
3rd November 2009

always thinking

 Clydesdale Bank |  Yorkshire Bank

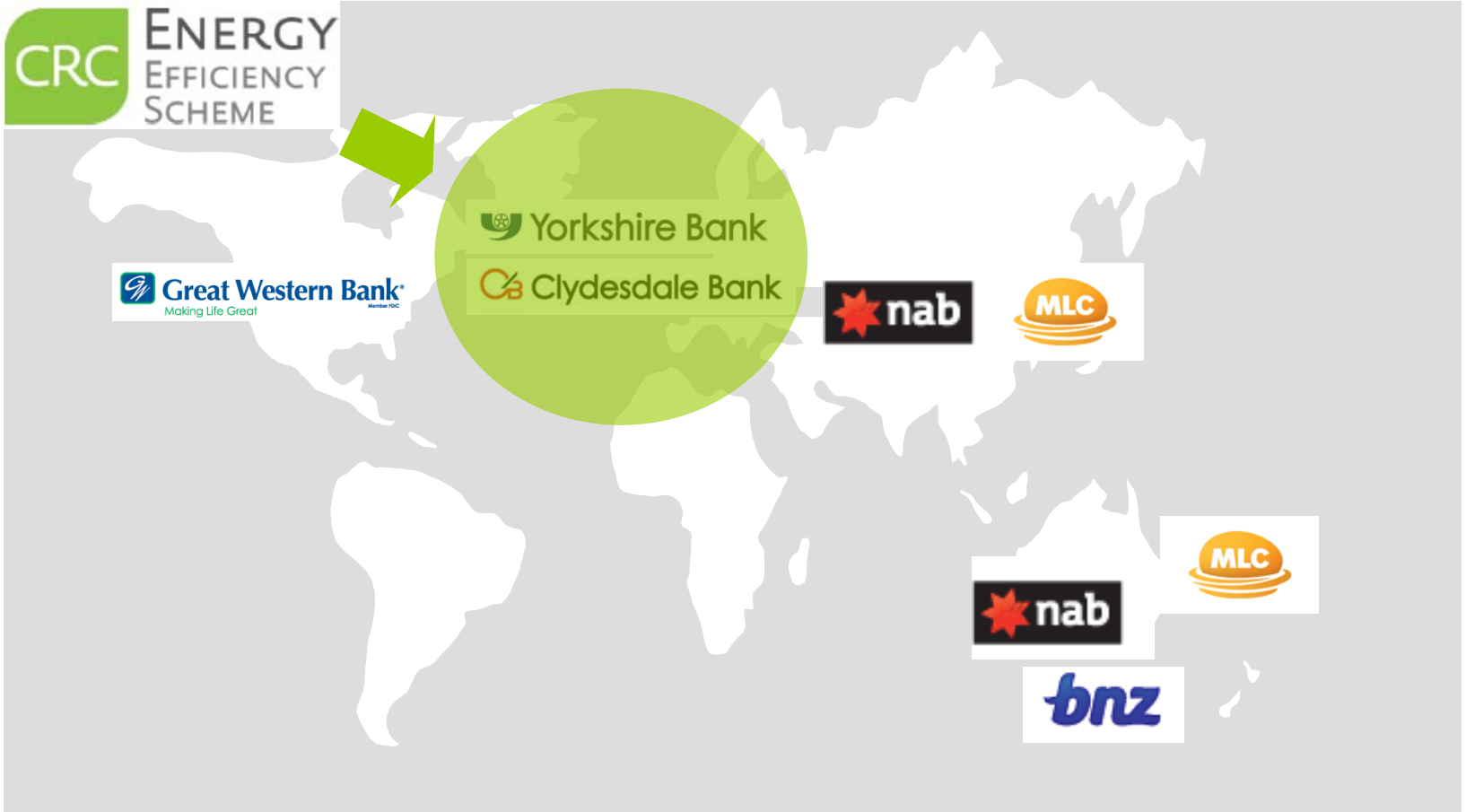
Members of the National Australia Group

About the National Australia Group



- One of the worlds top 10 financial service companies
- Over 10 million customers
- Operations across 4 continents and 15 countries including Australia, Asia, US , New Zealand and UK
- Retail and business banking, wealth management, investment management
- **Retail/Business banking brands** – Yorkshire Bank and Clydesdale Bank (UK), National Australia Bank (Australia), Bank of New Zealand (NZ), Great Western Bank (US)
- **Wealth Management brand** – MLC – providing investment, superannuation and insurance solutions

National Australia Group Europe will be our highest compliant entity



Drivers for Carbon Reduction – Voluntary Action v Compliance Requirements

- National Australia Bank Group has committed to become **carbon neutral** by September 30th 2010.
- **Conflict** with CRC?
- Requirement to **balance** the needs of the voluntary with the requirements of the compliance
- Biggest impact area for NAGE to achieve this balance are with the **Early Action** metrics



“NAB is very serious about climate change, and one of the most significant and visible commitment we’ve given this far is becoming carbon neutral ourselves by 2010”

Mark Joiner
Group Chief Financial Officer

Early Action Metrics

Recognition of the basics:

- This metric is based on two factors, **equally weighted**, which have been chosen as a proxy for good energy management
- The percentage of your organisation's emissions covered by a valid **Carbon Trust Standard** or equivalent certificate on 31 March of each compliance year
- The percentage of non-mandatorily HH metered electricity and gas emissions which are covered by voluntarily installed **automatic metering (AMR)** by 31 March 2011

CRC initial fit with NAGE Climate Change Strategy?

- Clear from the outset that the accreditation standard clearly **aligned** to our Climate Change Strategy
- However, our strategy centred on **automatic energy management** not just metering and was at conflict with the AMR definition.
- Needed to **challenge** the AMR criteria during the Consultation request on the grounds that our model was proactive and not reactive.

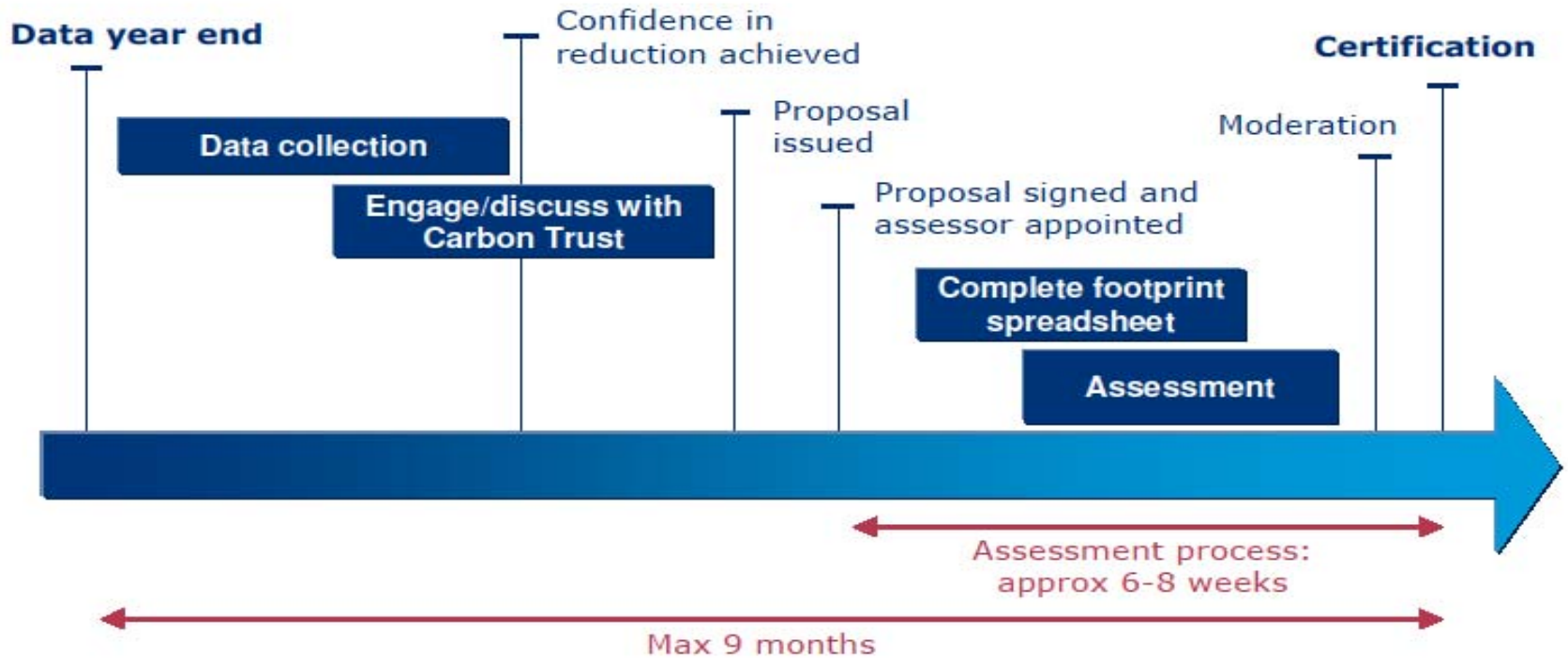
Early Action Metric	Fit?
<i>Carbon Trust Standard</i>	✓
<i>Automatic Metering (AMR)</i>	✗

Carbon Trust Standard - Post Consultation revision

- DECC have now **widened** the acceptable accreditation criteria beyond the CTS
- Does **not** include ISO EN 14001
- To date **150+** CTS certifications awarded
- CTS provides excellent **credibility** message re-enforcement as a standalone achievement in reducing energy emissions.
- Will have a **major impact** on our Year 1 League position



Achieving CTS – Engagement timeline



© Carbon Trust Standard

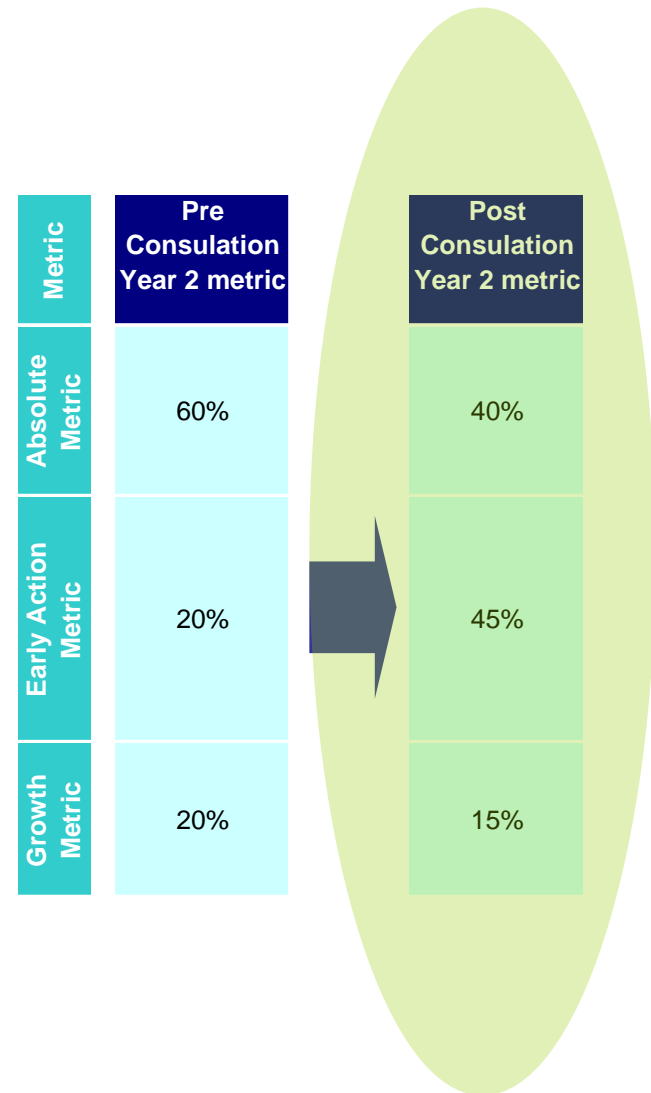
Automatic Metering (AMR) - Post Consultation revision

- DECC have **refused** to recognise the use of sub-meters or 'clip-ons'
- Major impact for NAGE as we have Smartbox® meters across our network which **remotely manage** our electricity consumption (our main energy use)
- **Balance effect** - Smartbox® satisfy the voluntary and but not the compliant aspect of our emission reduction strategy
- Will have a **major impact** on our Year 1 League position – but for totally different reasons than with CTS



Key Impact for NAGE of Early Action on the October 2009 revision

- The key risk from the CRC Energy Efficiency Scheme apart from the obvious non-compliance is **reputational damage**
- The extension into Year 2 of the **significant** weighting of the Early Action Metric now demands greater appreciation
- The installation of AMRs provides **no additional benefit** for NAGE in terms of emissions reduction
- However, there's now a need to balance the **risk v opportunity** of investing in an appropriate number of AMRs to protect a forecast league position and hence our brand reputation



.....summary

Risk



Opportunity

Many thanks for your time.

Any Questions?

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Disclaimer

The preceding material is a presentation of general background information about the National Australia Group's activities in Europe, current at the date of this presentation. It is information given in a summary form and does not purport to be complete. Please refer to www.nabgroup.com for the Group Corporate Responsibility Reports for full statistical emission data.

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