

Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we [name of 'shareholder']

of

..... [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN)
..... [HIN or SRN]

in respect of any holding of the shareholder's National Australia Bank Limited ('NAB' or 'the company') ordinary fully paid shares;

hereby give notice to the company in accordance with sections 249N & P of the CA of: the following resolutions (1: Amendment to the Constitution, 2: Transition Plan Assessments) the shareholder proposes to move at a general meeting of the company; and request in accordance with section 249P that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

.....
(Signature of individual Shareholder†
/company director)

.....
(Signature of second shareholder in a joint holding/for a
company second director or company secretary)

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution

To amend the Constitution to insert beneath Clause 8 'General meetings' the following new sub-clause: "The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company".

Resolution 2 – Transition Plan Assessments

Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. Noting our company's requirement that oil and gas customers have a transition plan in place to receive new lending and renewals from 1 October 2025,¹ shareholders request further disclosure addressing:

1. Whether all 'fossil fuel companies'² will be required to have climate change transition plans in place in order for NAB to provide new lending and renewals;
2. Whether the restriction on new lending and renewals applies to all 'new financing'³;
3. Whether NAB will bring its requirement that customers have transition plans forward to 1 January 2025 to match peer timelines⁴; and

¹ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-climate-report.pdf>

² As defined in Science-Based Targets Initiative Fossil Fuel Finance Position Paper Consultation Draft (<https://sciencebasedtargets.org/resources/files/The-SBTi-Fossil-Fuel-Finance-Position-Paper-Consultation-Draft.pdf>)

³ Defined as: The provision of new corporate lending, project finance or trade finance to a customer, including the refinancing of existing facilities, and the arranging or underwriting of capital markets transactions to a customer.

⁴ See:

- ANZ Climate Change Commitment (<https://www.anz.com.au/content/dam/anzcomau/about-us/anz-climate-change-commitment-2023.pdf>);
- Commonwealth Bank Environment & Social Framework (<https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>);
- Westpac Climate Change Position Statement and Action Plan (https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Climate_Change_Position_Statement_and_Action_Plan.pdf)

4. Whether and how NAB will assess such transition plans for credible alignment with the 1.5°C goal of the Paris Agreement⁵.

(National Australia Bank Limited's Notice of 2023 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)

Supporting Statement 1

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian counterparts in this respect.

A board of directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In some situations, the appropriate course of action for shareholders dissatisfied with the conduct or performance of the board is to seek to remove directors individually. However, in many situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The constitution of NAB is not conducive to the rights of shareholders to place resolutions on the agenda of a shareholder meeting. This is contrary to the long-term interests of NAB, its board and shareholders.

Passage of this resolution – to amend the NAB constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Supporting Statement 2

Despite committing to the 1.5°C target of the Paris Agreement and net zero global emissions by 2050, NAB continues to finance fossil fuel expansion, undermining these goals, and exposing our company to increased climate-related financial, legal, regulatory, and reputational risks.

NAB therefore has both the imperative and the opportunity to ensure alignment with its climate commitments by addressing crucial gaps in the bank's currently disclosed approach to fossil fuel lending.

Based on NAB's current disclosures, NAB will not require most companies in the fossil fuel sector to have climate change transition plans in place before providing further finance. While NAB has stated upstream oil and gas companies will be required to have such plans in place for any "new lending and renewals" from 1 October 2025,⁶ the bank has failed to make the same commitment for other fossil fuel sub-sectors – such as metallurgical and thermal coal mining or thermal power generation – which similarly threaten to undermine the climate goals NAB claims to support. The bank has failed to explain why it would neglect to assess the plans of companies in these other fossil fuel sub-sectors for alignment with the Paris Agreement's goals before providing further finance to support those plans.

It is also not clear if the requirement for "new lending and renewals" applies to all the financial products NAB provides its clients, such as bond arrangement, potentially leaving the bank exposed to ongoing financial support for companies actively undermining climate goals.

⁵ Criteria for determining climate change transition plan credibility include, but are not limited to:

- Short, medium-and long-term scope 1, 2 and 3 emission reduction targets;
- Strategies (including capital expenditure plans) to align with those targets; and
- No unreasonable reliance on emissions offsets or negative emissions technology

See, for example:

- Climate Action 100+ Net-Zero Company Benchmark (<https://www.climateaction100.org/net-zero-company-benchmark/>)
- IGCC Corporate Climate Transition Plans Guide (<https://igcc.org.au/wp-content/uploads/2022/03/IGCC-corporate-transition-plan-investor-expectations.pdf>)

⁶ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-climate-report.pdf>

A clearly articulated commitment and process to assess all fossil fuel customers' plans for alignment with a 1.5°C warming pathway is required to live up to NAB's own climate commitments and meet regulator, investor, and community expectations.

Financing fossil fuel expansion

The gaps in NAB's current policies have enabled our company to continue providing billions to fossil fuel expansion, which undermines the Paris goals.

The Intergovernmental Panel on Climate Change (IPCC) has confirmed projected emissions from the planned lifetimes of existing fossil fuel infrastructure would significantly exceed the carbon budget remaining to meet the goal of limiting global warming to less than 1.5°C.⁷

The International Energy Agency (IEA) concluded in 2021 that reaching net zero emissions by 2050 means no new or expanded coal mines and no new oil and gas fields should be approved⁸, largely reiterating this finding in 2022⁹ and 2023.¹⁰ NAB has relied on the IEA's Net Zero by 2050 scenario (NZE) to develop some of its climate targets yet has failed to align its lending with the NZE's critical conclusion that no new oil and gas fields can be developed. The UN-convened Net-Zero Banking Alliance (NZBA), of which NAB is a member, has also categorically stated it "does not support the financing of fossil fuel expansion."¹¹

Yet in 2022 alone, NAB:

- Loaned A\$72 million to Santos, which sanctioned the new Pikka oil field in August 2022,¹² targeting a final investment decision on Papua LNG in 2024,¹³ and plans to increase production 60% between 2022 and 2030.¹⁴ Meanwhile the latest NZE projects global oil and gas production must fall 20% this decade.¹⁵
- Loaned \$290 million to Global Infrastructure Partners to acquire a stake in the Pluto 2 LNG project - a deal which facilitated the development of the massive new Scarborough gas field.¹⁶

Until July 2023, our company maintained a credit facility to Australia's biggest undiversified coal miner, Whitehaven Coal.¹⁷ In May 2023, while its loan was active, Whitehaven Coal announced plans to start production at the new Vickery thermal coal mine.¹⁸

NAB loaned a total of \$2.5 billion to fossil fuel expansion across 2021 and 2022, more than double its peer Commonwealth Bank in that period.¹⁹ Commonwealth Bank has also committed²⁰ to no longer providing corporate finance, trade finance or bond facilitation to oil and/or gas producing, metallurgical coal mining and coal-fired power generation clients that do not have climate transition plans in place by 2025. These plans will be assessed using a framework based on the Climate Action 100+ benchmark, must include scope 1, 2 and 3 emissions targets, and will be verified by an independent third-party.²¹

⁷ <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>

⁸ <https://www.iea.org/reports/net-zero-by-2050>

⁹ <https://www.iea.org/reports/world-energy-outlook-2022>

¹⁰ <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

¹¹ <https://www.unepfi.org/industries/banking/nzba-responds-to-recent-research-on-fossil-fuels-coal/>

¹² <https://www.santos.com/news/santos-announces-pikka-fid/>

¹³ <https://www.santos.com/wp-content/uploads/2023/08/Santos-2023-Half-Year-Results-Appendix-4D.pdf>

¹⁴ <https://www.marketforces.org.au/wp-content/uploads/2023/03/2023-03-STO-WDS-investor-briefing.pdf>

¹⁵ <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

¹⁶ <https://www.marketforces.org.au/campaigns/banks/nab/>

¹⁷ <https://www.marketforces.org.au/banks-finally-dump-whitehaven-coal/>

¹⁸ <https://www.marketforces.org.au/whitehaven-rushing-ahead-with-new-coal-mine-backed-by-nab-and-westpac/>

¹⁹ <https://www.marketforces.org.au/campaigns/banks/banking-climate-failure-2023/>

²⁰ <https://www.marketforces.org.au/commbanks-climate-policy-update-leaves-anz-nab-and-westpac-in-the-dust/>

²¹ https://www.commbank.com.au/content/dam/commbank-assets/investors/2023-08/climate/2023-climate-report_print.pdf

NAB's financing continues to facilitate fossil fuel expansion that is incompatible with global climate goals. The bank must disclose a credible and comprehensive plan to assess all fossil fuel finance for alignment with a 1.5°C pathway to address the glaring inconsistency between its climate commitments and its financing activities.

Regulatory and legal risk

Australian misleading and deceptive conduct law requires companies to have a reasonable basis for making climate-related statements, including net zero commitments.²² The misalignment between NAB's Paris and net zero commitments and its ongoing financing of new fossil fuels enlivens this 'greenwashing' risk. As stated by the chair of a UN High-Level Expert Group focused on corporate net-zero claims: "Non-state actors cannot claim to be net zero while continuing to build or invest in new fossil fuel supply."²³

The Australian Senate is currently conducting an inquiry into greenwashing,²⁴ while regulators have raised serious concerns about misconduct in this area and have begun taking enforcement action. ASIC's greenwashing interventions report states "We identified net zero statements and targets, and claims of decarbonisation, that did not appear to have a reasonable basis",²⁵ while ACCC's greenwashing guidance states that companies must have "reasonable grounds" for making environmental claims.²⁶

Without disclosing a comprehensive and credible approach to assess the transition plans of existing and potential fossil fuel customers, NAB does not have a reasonable basis for its commitments to the Paris Agreement and net zero emissions by 2050, leaving the bank open to greenwashing challenges.

This resolution presents an opportunity for NAB to address these risks and take a position as a true climate leader.

We urge shareholders to vote in favour of this resolution.

²² <https://asic.gov.au/regulatory-resources/financial-services/how-to-avoid-greenwashing-when-offering-or-promoting-sustainability-related-products/>

²³ https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

²⁴ https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing

²⁵ <https://download.asic.gov.au/media/ao0lz0id/rep763-published-10-may-2023.pdf>

²⁶ https://www.accc.gov.au/system/files/Environmental%20and%20sustainability%20claims%20-%20draft%20guidance%20for%20business_web.pdf