

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)
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† 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 there remain critical gaps in our company's current disclosures regarding Customer Transition Plans, shareholders request further disclosure addressing:

- Whether a customer will be eligible for 'new financing'¹ from our company if its Customer Transition Plan is not credibly aligned with the 1.5°C goal of the Paris Agreement; and

¹ 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.

- Whether our company's Customer Transition Plan requirements will extend to all 'fossil fuel companies' as defined by the Science-Based Targets Initiative.²

(National Australia Bank Limited's Notice of 2024 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

Last year, 28.3% of shareholders voted in favour of a resolution similarly requesting information about NAB's Customer Transition Plan assessments.³ Disclosures provided to date leave critical gaps, meaning shareholders cannot be assured NAB will stop financing companies whose plans undermine the climate goals the bank has committed to.

NAB's policy settings and fossil fuel finance activity have become increasingly out of step with international and domestic peers over the last year. For example, consistent with international best practice, Commonwealth Bank announced in August that it has already made the decision to no longer finance oil and gas, metallurgical coal mining, or coal-fired power generation customers that lack transition plans aligned with the Paris Agreement.⁴

² As defined in Science-Based Targets Initiative Financial Institutions Near-Term Criteria Version 2.0 (<https://sciencebasedtargets.org/resources/files/Financial-Institutions-Near-Term-Criteria.pdf>)

³ <https://www.listcorp.com/asx/nab/national-australia-bank-limited/news/2023-annual-general-meeting-results-2972697.html>

⁴ <https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/results/fy24/CBA-2024-Climate-Report.pdf>

This has resulted in Commonwealth Bank's lending exposure to upstream oil and gas almost halving in the last two years.⁵

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

For NAB to adequately meet its climate commitments, and the expectations of regulators, investors and broader stakeholders, the bank must require all fossil fuel customers to produce credible transition plans before providing them with new finance.

Financing fossil fuel expansion

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

The Intergovernmental Panel on Climate Change has confirmed projected emissions from the planned lifetimes of existing fossil fuel infrastructure would significantly exceed the global carbon budget remaining to limit global warming to 1.5°C.⁶

The International Energy Agency 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 approved,⁷ largely reiterating this finding in 2022⁸ and 2023.⁹ NAB has relied on the IEA's Net Zero by 2050 scenario to develop some of its climate policies, yet has failed to align its financing decisions with this key conclusion.

The UN-convened Net Zero Banking Alliance, of which NAB is a member, has also categorically stated it "does not support the financing of fossil fuel expansion."¹⁰

Yet NAB loaned \$859 million to companies involved in fossil fuel expansion in 2023, over four and a half times its peer, Commonwealth Bank.¹¹

Between 1 January 2023 and 10 October 2024, NAB:

- Acted as a mandated lead arranger for a \$1.24 billion loan for Santos, a company targeting FID on three new oil and gas projects in the coming years.¹²

⁵ <https://www.marketforces.org.au/commbank-2024-climate-report/>

⁶ <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>

⁷ <https://www.iea.org/reports/net-zero-by-2050>

⁸ <https://www.iea.org/reports/world-energy-outlook-2022>

⁹ <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

¹⁰ <https://www.unepfi.org/industries/banking/nzba-responds-to-recent-research-on-fossil-fuels-coal/>

¹¹ <https://www.marketforces.org.au/campaigns/banks/banking-climate-failure/>

¹² <https://www.marketforces.org.au/wp-content/uploads/2024/03/03-2024-Santos-Investor-briefing-FINAL-2.pdf>

- Loaned \$50 million to APA Group, a pipeline company developing several new pipelines for the Beetaloo Sub-basin, a project estimated to result in 1.1 billion tonnes of CO₂-equivalent over its lifetime.¹³
- Acted as a mandated lead arranger for a \$4.4 billion loan for GasLog, a “leading global provider of LNG shipping services”,¹⁴ which has committed two of its LNG carriers to Woodside’s Scarborough gas expansion project.¹⁵

NAB’s financing continues to facilitate fossil fuel expansion that is incompatible with global climate goals the bank claims commitment to.

Further disclosure required

This year, NAB released a Proposed Assessment Framework for assessing Customer Transition Plan (CTP) alignment with the Paris Agreement.¹⁶ NAB’s proposed approach lacks important detail regarding implementation in two key areas: *impact on financing decisions* and *scope of application*.

NAB’s ‘expected approach’ to customers without Paris-aligned CTPs is to “consider contractual protections or reduction in exposure”. This is clearly insufficient to ensure NAB will not continue financing customers whose plans and activities are incompatible with the bank’s climate goals. Alignment with best practice and NAB’s Paris and net zero commitments would require NAB to rule out new finance for fossil fuel customers without credible Paris-aligned CTPs.

Additionally, the scope of customers required to produce a CTP by 1 October 2025 does not include all fossil fuel sub-sectors.¹⁷ For example, APA Group and GasLog, noted above, would not be required to produce CTPs under NAB’s currently disclosed approach.

With no clear impact on new financing decisions and limited coverage of fossil fuel sub-sectors, NAB’s disclosures fail to ensure the bank’s future financing decisions will be made in accordance with its net zero and Paris commitments.

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.¹⁸ The misalignment between NAB’s climate commitments and its ongoing financing of fossil fuel

¹³ <https://www.marketforces.org.au/campaigns/companies/apa-group/>

¹⁴ <https://www.gaslogltd.com/about-us/#:~:text=We%20are%20a%20leading%20global,businesses%20more%20reliable%20and%20profitable.>

¹⁵ <https://www.woodside.com/docs/default-source/asx-announcements/2022/first-quarter-2022-report.pdf>

¹⁶ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/supplementary-climate-disclosures.pdf>

¹⁷ <https://sciencebasedtargets.org/resources/files/Financial-Institutions-Near-Term-Criteria.pdf>

¹⁸ <https://asic.gov.au/regulatory-resources/financial-services/how-to-avoid-greenwashing-when-offering-or-promoting-sustainability-related-products/>

expansion raises greenwashing risks. 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.”¹⁹

Regulators have begun taking enforcement action in this area, with some companies fined millions of dollars for misconduct.²⁰ ASIC’s Chair, Joe Longo, has stated one of the main types of misconduct identified by the regulator has been “net zero statements and targets, that were either made without a reasonable basis or that were factually incorrect”.²¹

The inconsistency between NAB’s climate commitments and fossil fuel finance activity could see NAB facing increased legal and regulatory scrutiny.

Without disclosing a comprehensive and credible approach to ensuring its fossil fuel customers are aligned with a 1.5°C warming pathway, 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 meet the best practice standards set by international and domestic peers.

We urge shareholders to vote in favour of this resolution.

¹⁹ https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

²⁰ <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2024-releases/24-213mr-asic-s-vanguard-greenwashing-action-results-in-record-12-9-million-penalty/> <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2024-releases/24-173mr-asic-s-first-greenwashing-case-results-in-landmark-11-3-million-penalty-for-mercero/>

²¹ <https://asic.gov.au/about-asic/news-centre/speeches/greenwashing-a-view-from-the-regulator/>