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ASX ANNOUNCEMENT

Monday, 13 October 2014

AGM Resolution proposed under section 249N of the Corporations Act

In accordance with ASX Listing Rule 3.17A, we attach:

(i) a copy of a special resolution which has been notified to National Australia Bank (NAB) under section 249N of the Corporations Act, and which is proposed to be moved at NAB's Annual General Meeting on 18 December 2014 (Attachment 1); and

(ii) a copy of an accompanying statement to the resolution requested to be distributed with the Notice of Annual General Meeting in accordance with section 249P of the Corporations Act (Attachment 2).

The resolution has been proposed on behalf of shareholders representing approximately 0.0102% of NAB's issued share capital, and relates to reporting of greenhouse gas emissions.

NAB's Notice of Annual General Meeting will include guidance on the Board's recommendations on each resolution, including the proposed special resolution.

NAB recognises that environmental challenges, such as climate change, resource scarcity and natural capital loss and degradation, are major challenges affecting our economy and society. NAB has established a set of Environmental, Social and Governance (ESG) Risk Principles which provide an overarching framework for integrating ESG risk considerations into our day to day decision-making. ESG risk is assessed on a case by case basis with our business customers, as part of credit risk assessment and due diligence processes, and is factored into our decision making.

NAB is also a signatory to the Equator Principles and applies these Principles to relevant project-related lending. We do not lend to projects that do not meet the requirements of the Equator Principles. While there are currently no agreed industry standards for the accounting, reporting or disclosure of ESG risks or impacts arising from finance, NAB is involved in a number of international initiatives to help address this gap, particularly in relation to environmental risks.

NAB currently provides a breakdown of loans and advances by geography and industry, including agriculture and mining exposures (as Exposure at Default) in our Full Year Results. Consistent with our commitment to transparency and integrated reporting, we will continue to explore opportunities to provide appropriate disclosure in relation to our lending portfolio exposures.

NAB is a leading arranger (by market share) of project finance to the Australian renewable energy sector, having arranged more than A$1.87bn of transactions in the past eight years. We continue to look for opportunities to invest in this important sector.

Further information on NAB's approach to managing environmental risk is available at www.nabgroup.com.

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Attachment 1 – Resolution proposed under section 249N of the Corporations Act

Special Resolution to amend the constitution: At the end of Clause 8 'General Meetings' insert the following new sub-clause: "That, each year at about the time of the release of the Annual Report, at reasonable cost and omitting any proprietary information, the Directors report to shareholders their assessment of the quantum of greenhouse gas emissions we are responsible for financing calculated, for example, in accordance with Greenhouse Gas (GHG) Protocol guidance."

Attachment 2 – Statement proposed under section 249P of the Corporations Act

"Currently, in aggregate, fossil fuel companies are estimating with 90% certainty that they will be able to extract freely (for subsequent sale and combustion) over three times more carbon than is compatible with the internationally agreed ceiling. This inconsistency between financial accounting, physical reality and political intent is referred to as the 'unburnable carbon bubble'. It is akin to a traditional speculative bubble because all investor's expectations cannot be met. As the bubble bursts it is likely reserves and other fossil fuel specific assets will become stranded, ie written down in value prior to the end of their economic life.

Our bank is a significant debt and equity financier of companies in greenhouse gas emissions intensive industries such as coal mining, coal ports, oil and gas production, and fossil fuel based electric power generation.[1]

For example, we understand (from third-party sources) our bank made loans equivalent to 10% of our bank's equity to such Australian carbon intensive businesses in the period 2008 to 2013.

In addition as shareholders we are exposed to the risk of loss on carbon intensive shares held in the share portfolios of our now closed defined benefit superannuation scheme and our insurance operations.

Further, there is a risk of legal, regulatory or reputational exposure in the event our wealth management operations fail to adequately address this unburnable carbon risk.

All banks contribute to climate change through their financed emissions, which are the emissions induced by a bank's debt and equity investments in companies that themselves emit greenhouse gases (for example, fossil fuel power generators) and companies whose products and services result in greenhouse gas emissions (for example, thermal coal miners). A bank's financed emissions typically dwarf its own operational climate impacts and expose it to risk of loan default, share value write down as well as legal, reputational and regulatory risks. Measurement of financed emissions is facilitated by tools developed by the Greenhouse Gas Protocol. Our bank currently reports its own operational emissions but not its financed emissions.

Our bank has a policy on climate change. Our bank's policy states "We recognise that addressing environmental challenges like climate change…..is crucial." We think it is time NAB assisted its own shareholders address this crucial unburnable carbon risk issue.

In view of the potential quantum of risk it is inappropriate that shareholders should be obliged to rely on third-party commentators to endeavour to assess the extent of our bank's financed emissions and exposure to 'unburnable carbon risk' and the steps taken by our bank to mitigate those risks.

Other shareholders should be aware that our concerns are widely held. For example, in the 2014 US proxy season 132 resolutions were filed with 118 US companies dealing with climate change issues.[2] In particular, resolutions requesting disclosure of financed emissions considered at the AGM's of Bank of America and PNC Financial attracted the support of roughly one quarter of shareholders voting."

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[1] See 'Financed emissions, unburnable carbon and Australia's top four banks', at http://www.accr.org.au/big_banks

[2] See http://www.ceres.org/press/press-releases/shareholders-seeking-stronger-responses-from-companies-as-climate-change-concerns-deepen