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Withdrawal of AGM resolution by shareholders

On 13 October 2014, National Australia Bank (NAB) announced a special resolution relating to reporting of greenhouse gas emissions had been requisitioned by shareholders under section 249N of the Corporations Act 2001 (Special Resolution).

In accordance with ASX Listing Rule 3.17A.2, NAB advises the Special Resolution was withdrawn by the requisitioning shareholders on 29 October 2014 and accordingly will not be moved at NAB's Annual General Meeting on 18 December 2014.

A copy of the statement that accompanied the Special Resolution is attached.

For further information:

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Attachment – shareholder statement

“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, i.e. 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.”

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>