



NATURAL VALUE @ NAB

Resilient, profitable and sustainable agriculture

WHAT IS NATURAL CAPITAL?

Biodiversity



Ecosystems



Ecosystem
Services*



Natural
Capital



WHY NATURAL CAPITAL?

World Economic Forum Global Risks 2018 Report

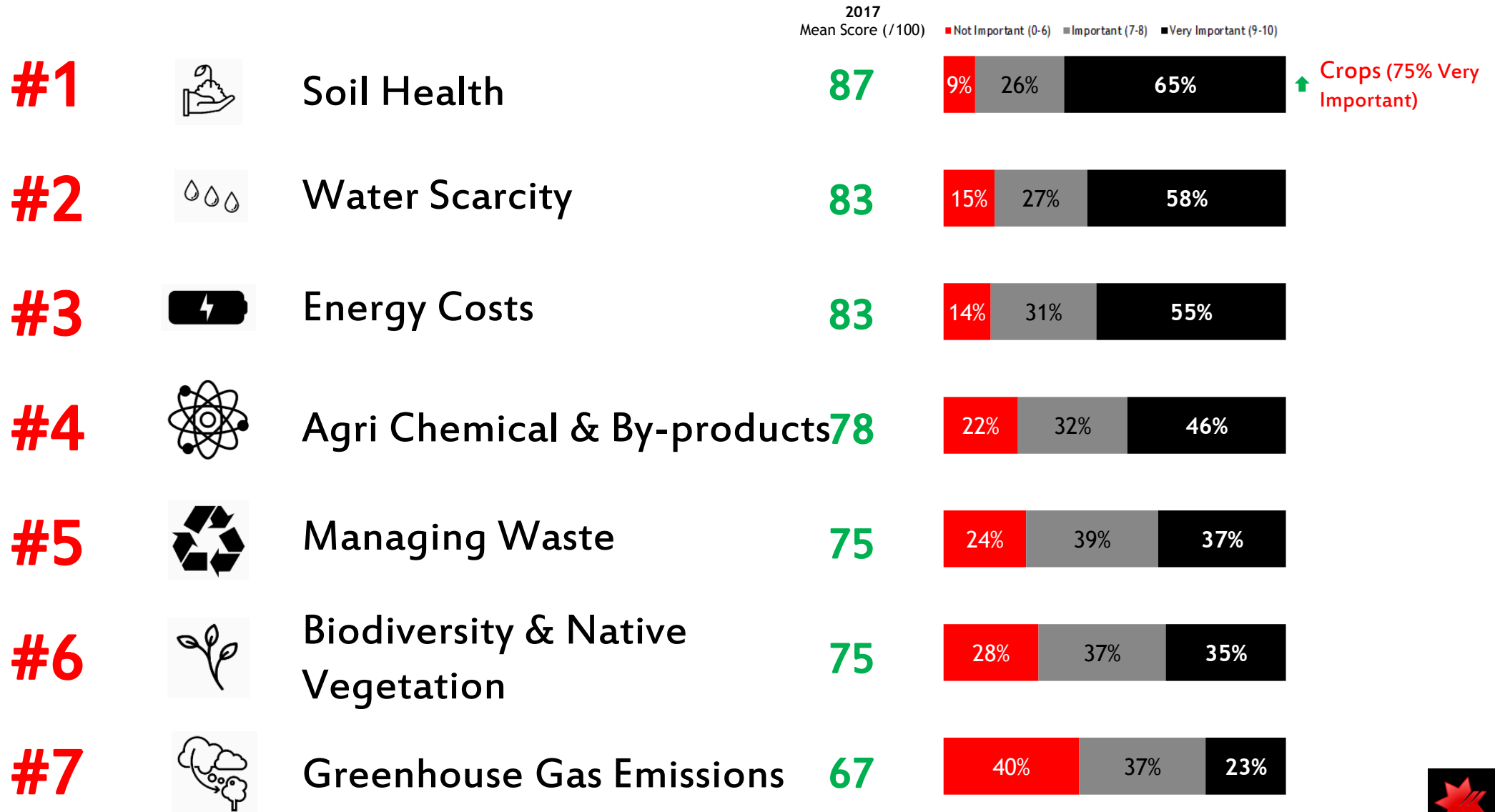
Top 10 risks in terms of Likelihood

- 1 Extreme weather events
- 2 Natural disasters
- 3 Cyberattacks
- 4 Data fraud or theft
- 5 Failure of climate-change mitigation and adaptation
- 6 Large-scale involuntary migration
- 7 Man-made environmental disasters
- 8 Terrorist attacks
- 9 Illicit trade
- 10 Asset bubbles in a major economy

Top 10 risks in terms of Impact








- 1 Weapons of mass destruction
- 2 Extreme weather events
- 3 Natural disasters
- 4 Failure of climate-change mitigation and adaptation
- 5 Water crises
- 6 Cyberattacks
- 7 Food crises
- 8 Biodiversity loss and ecosystem collapse
- 9 Large-scale involuntary migration
- 10 Spread of infectious diseases

IMPORTANCE OF NATURAL CAPITAL TO NAB AGRI CUSTOMERS



4 Q1. Using a scale from 0 to 10 where 0 is not at all important and 10 is extremely important, how would you rate the following resource sustainability states in terms of their level of importance to your business? (n=739)

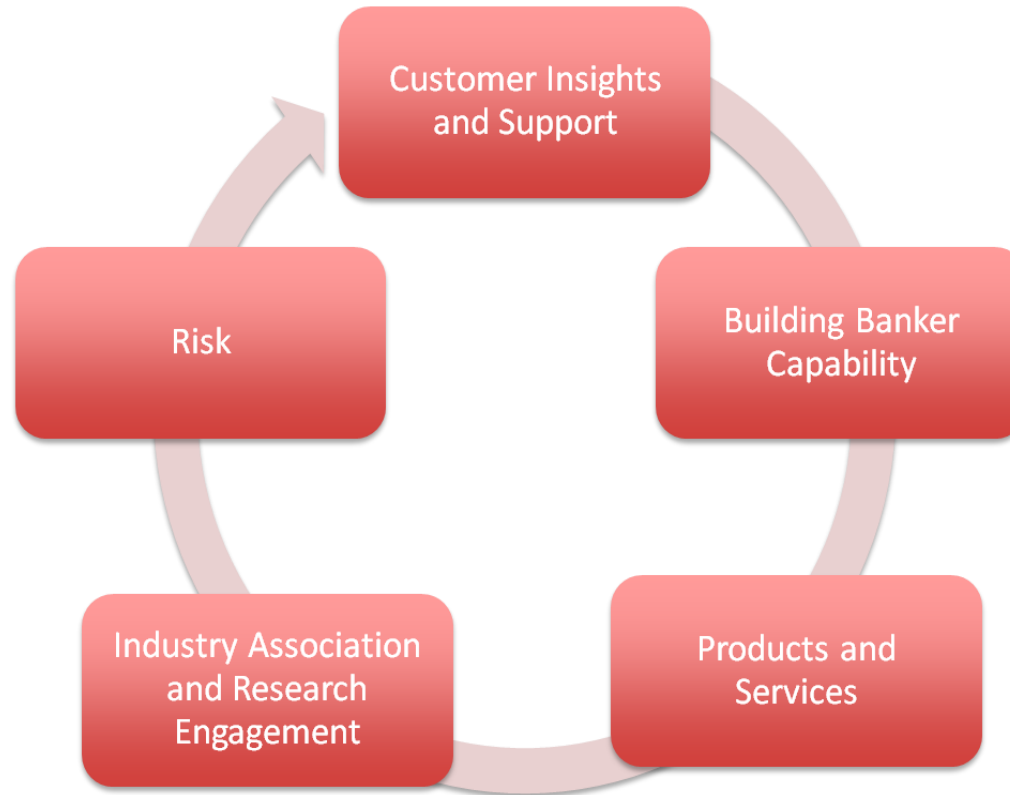
SUSTAINABILITY ISSUES IMPORTANT 3 YEARS AGO REMAIN IMPORTANT TODAY

Importance of Sustainability Business Issues to NAB Agri Customers		Mean Score (/100)		
		2017	2015	2014
#1	 Soil Health	87	85	85
#2	 Water Scarcity	83	83	82
#3	 Energy Costs	83	81	83
#4	 Agri Chemical & By-products	78	77	76
#5	 Managing Waste	75	73	72
#6	 Biodiversity & Native Vegetation	75	72	72
#7	 Greenhouse Gas Emissions	67	64	62

NAB'S NATURAL VALUE STRATEGY

Natural Value is a shared value strategy designed to:

- Help our customers manage their natural capital risks, improving economic returns and capturing new market opportunities
 - Manage NAB risks and capitalise on commercial opportunities that a focus on natural capital provides
 - Build NAB's reputation through supporting our customers and improving the environment



Customer as Advocates

- NPS
- Surveys tracking NV awareness



Business Value

- Direct revenue from NV products
- Attract and Retain customers



Risk

- Improved and expanded understanding of risk
 - Value of B&DD reduction



Driving Reputation

- Clear NV metrics
- Customer case studies
- # events and media
- SUSU for bankers

NATURAL VALUE METRICS

NATURAL ASSETS

Biotic

- Soil
- Water
- Biodiversity

Abiotic

- Energy
- Climate

Asset condition

- Current & Trajectory
 - Quality
 - Quantity
 - Distribution

ON-FARM IMPACTS

On-farm services

- pollination
- soil fertility
- soil structure
- shade & shelter
- water quality
- ground cover
- nutrient cycling
- water flow regulation
- pest and disease control
- amenity & recreational value

Potential risks

- soil degradation (e.g. acidity)
- water logging
- pests, weeds and disease
- biosecurity
- water scarcity
- energy scarcity & costs
- extreme weather events
- GHG emissions
- shared resources

Management

- Practices
- Capability
- Tools
- Inputs/outputs

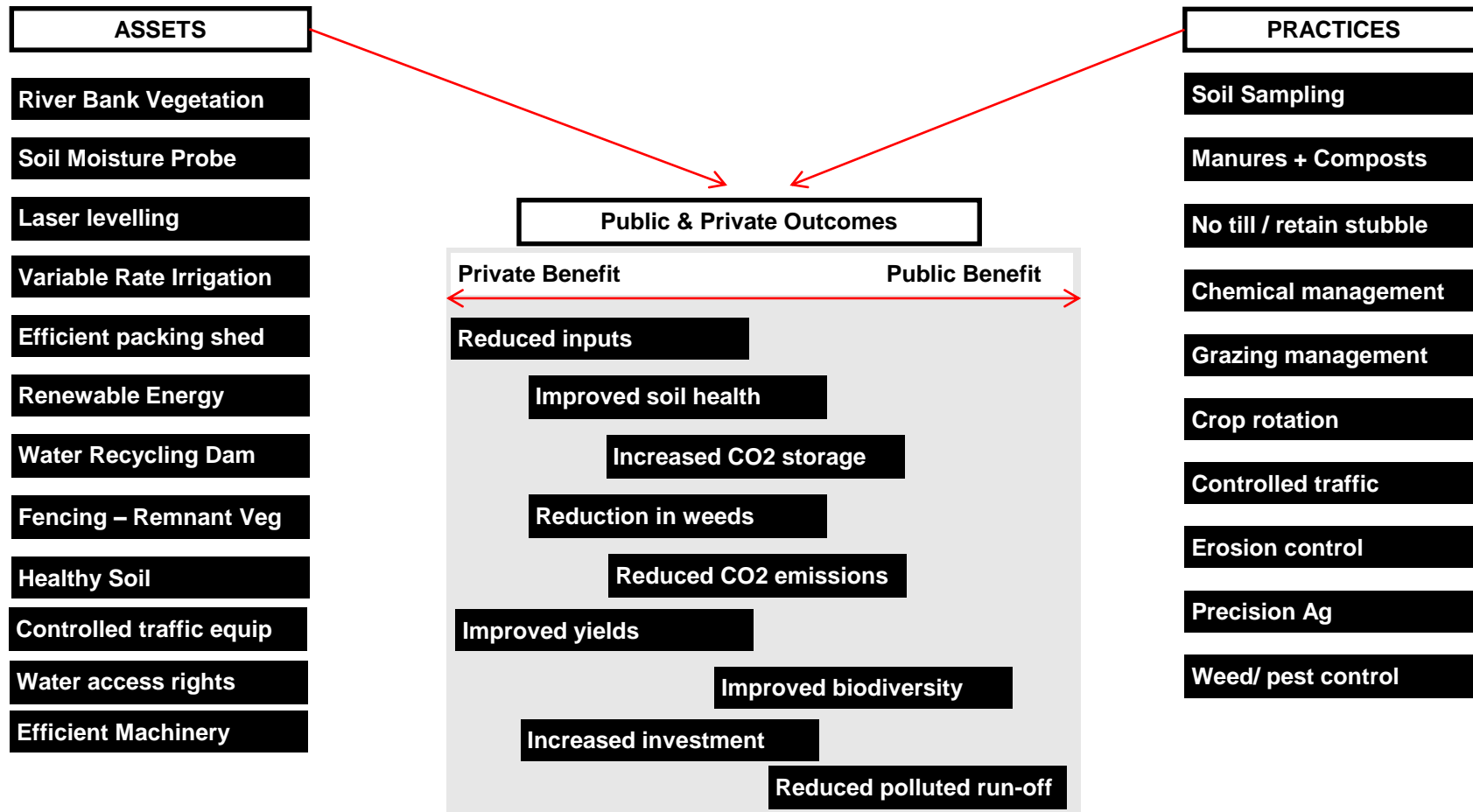
FARM PERFORMANCE

Performance measures

- productivity/yield
- improved resilience/ lowered risk exposure
- prolonged operating potential
- establishment costs
- risk exposure (e.g. fire)
- resource efficiency

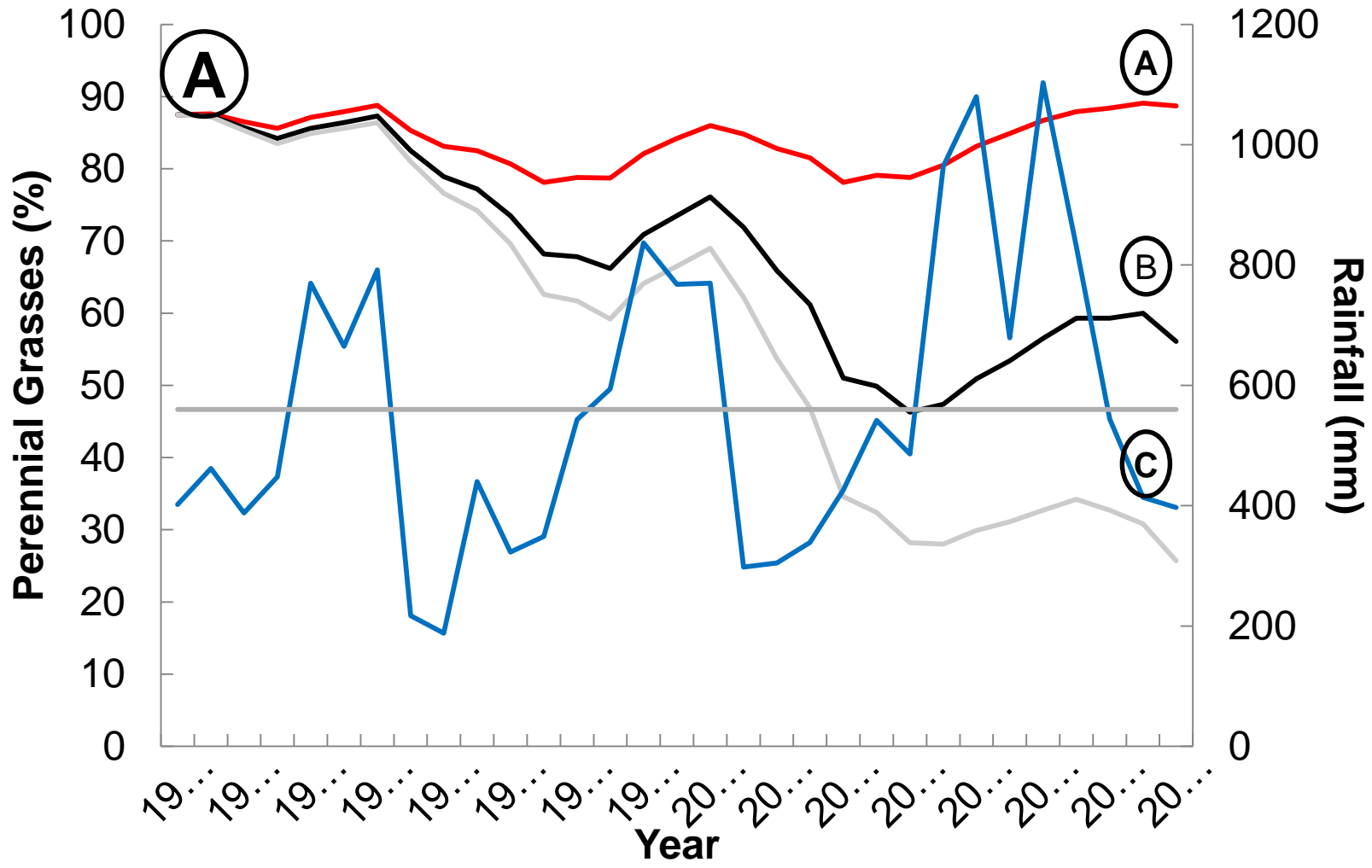
WHAT MAKES A SUSTAINABLE FARM?

A green farm comprises both **Assets** such as efficient irrigation systems and **Practices** such as precision application of fertiliser. Knowing the outcomes of the Assets and Practices is critical for unlocking both traditional and new financing opportunities.

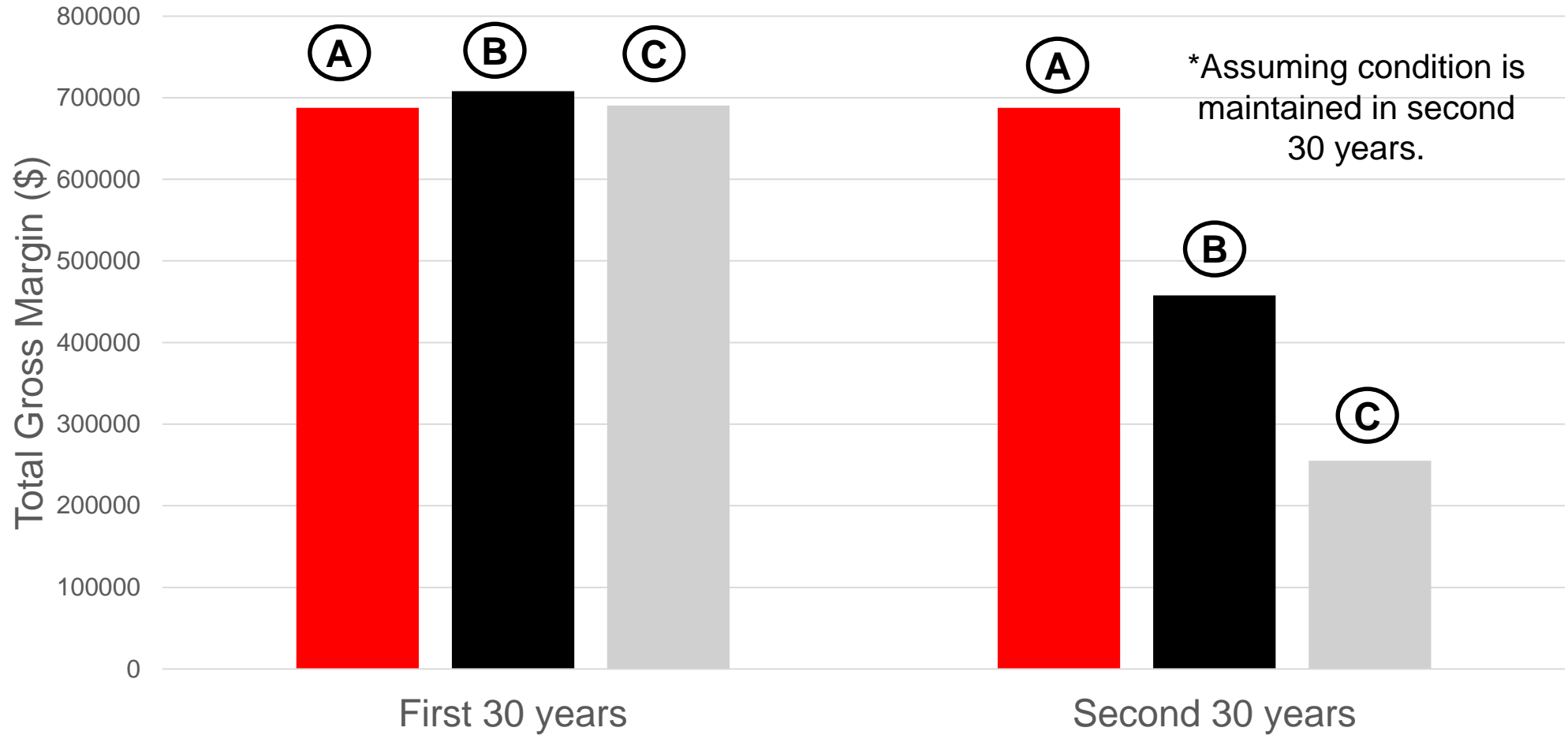


The position on the scale portrays where the majority of the value of the outcome lies. Private benefit outcomes can be financed traditionally. Public benefit will require partnerships.

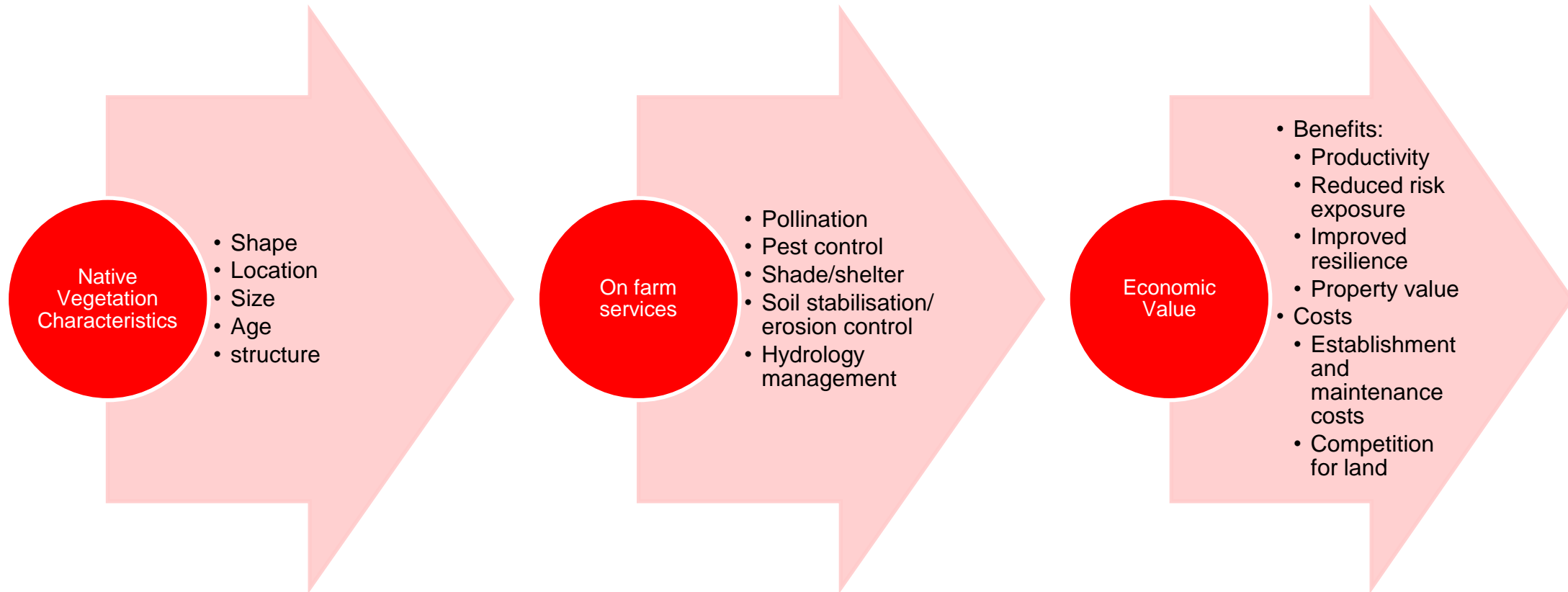
SOIL HEALTH AND LAND CONDITION



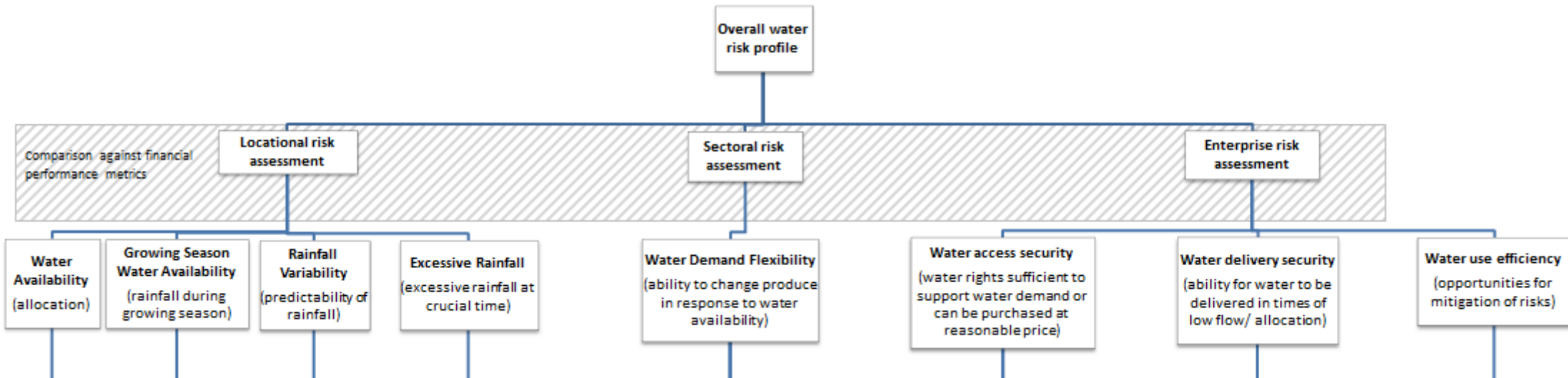
BOTH CURRENT CONDITION AND TRAJECTORY MATTER



VALUING ON FARM NATIVE VEGETATION AND BIODIVERSITY



WATER RISK AND LONG TERM FINANCIAL PERFORMANCE



Thank you

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Image: Pangkarra, South Australia

