

People

Dig Deeper paper



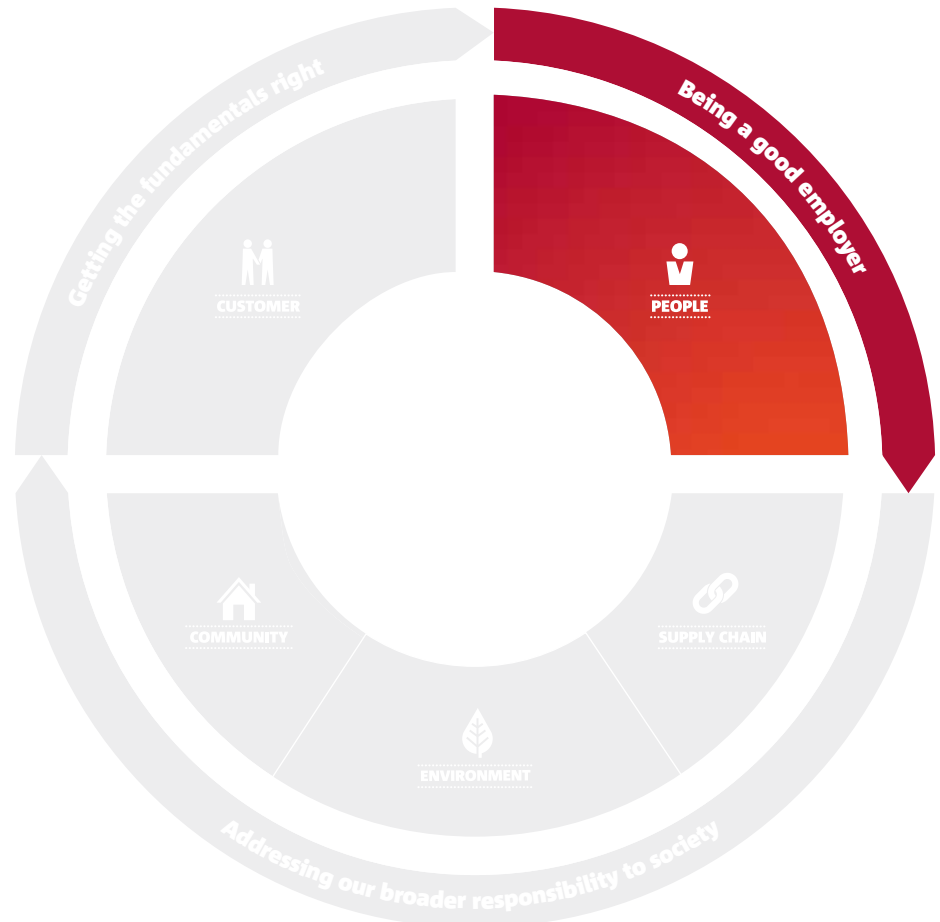
Committed to being a great employer

NAB plays a significant role in the lives of our 45,000 employees. Our focus on leadership, culture and capability supports our business strategy to be a great place to work and an organisation with which our customers want to do business.

PEOPLE ISSUES

As part of our Corporate Responsibility (CR) materiality process, we engage with our stakeholders to identify relevant people issues for our Company. The people issues identified as relevant to NAB are:

- Diversity and inclusion
- Flexible working
- Industrial relations
- Learning and development
- Health and wellbeing
- Organisational culture
- Performance and reward
- Talent management



THE PURPOSE OF OUR DIG DEEPER PAPERS

2011 is our second year producing an integrated report on our business – combining our previously separate Shareholder Review and Corporate Responsibility Review.

To inform the content of our report we undertake an annual Corporate Responsibility (CR) materiality process to assess the most significant issues in each of our CR segments. We then focus on including metrics in the report related to these issues (for more on our CR materiality process, visit our website www.nabgroup.com/cr).

We understand, however, that we have a diverse range of stakeholders, with a wide range of interests in our business. In the interest of transparent reporting, and to add more detail to the data included in the Annual Review, we have produced this series of *Dig Deeper* papers. It provides a broader suite of data for each of our CR segments and more information on methodologies and calculations where required.

The content of these papers is informed by the Global Reporting Initiative Sustainability Reporting Guidelines (G3), as well as our own CR issues map and materiality process.

Further information on how we manage key issues, along with program details, case studies and news stories, can be found at www.nabgroup.com/cr

If you have any feedback or want more information on our performance data, please let us know by emailing corporate.responsibility@nab.com.au

Workforce Statistics

Across the Group we have more than 45,000 employees. Our people are predominantly Australian based (63%), with a majority in permanent full-time positions (83%).

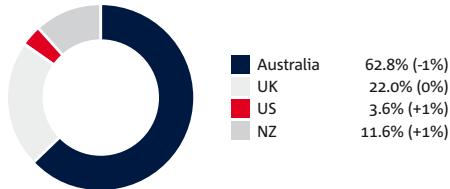
Of the Australian business, Personal Banking has the greatest number of employees with over 10,000, while Business Banking has around 5,000 employees and Wholesale Banking has just under 3,000 employees.

Although not currently tracked, much of our workforce utilises flexible working arrangements. Our recent Group-wide employee survey told us that 84% of Group respondents feel that “My manager supports me to work with a degree of flexibility.”

Source: ‘Speak Up, Step Up’ survey conducted by Hay Group, March 2011, which had an 84% response rate.

Employee distribution

% by region – based on full-time equivalent



Footnote: Asia < 1%, excluded

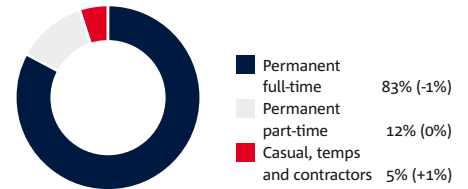
- +/- from 2010 Workforce Statistics.
- Excludes employees in Asia (represent less than 1%).

GRI reference:

- LA1 – Breakdown of employment type.

Workforce by type

FTE



‘Speak Up, Step Up’ survey results

Each year, we conduct a Group-wide survey that measures our people’s perspectives on culture, their degree of engagement with the organisation, how enabled they are to be productive, and key indicators relating to the creation of an inclusive and diverse workforce. In 2011, the survey had an 84% response rate and showed that our employees strongly believe we do the right thing and are helpful to our customers and communities. It also showed that we can do more to realise the potential of our people.

Our improvement on engagement and enablement scores indicates we are on the right path. We are now above the financial services industry norm, each year we use the insights and feedback from our employees to build future improvements.

Source: ‘Speak Up, Step Up’ survey conducted by Hay Group, March 2011.

LIVING OUR BELIEFS

% of our people who believe the organisation helps our customers and communities

85%

Employee turnover

RATE OF EMPLOYEE TURNOVER

Gender	Age	Australia	NZ	UK	US
Female	<25	28%	17%	19%	54%
	25-34	15%	15%	9%	32%
	35-44	13%	11%	7%	16%
	45-54	11%	9%	5%	20%
	55+	17%	11%	11%	20%
Male	<25	24%	16%	30%	59%
	25-34	17%	17%	12%	26%
	35-44	16%	10%	9%	21%
	45-54	16%	11%	8%	18%
	55+	21%	8%	13%	19%
Total all		16%	12%	10%	28%

TOTAL NUMBER OF EMPLOYEE TURNOVER

Gender	Age	Australia	NZ	UK	US
Female	<25	370	38	109	105
	25-34	790	115	128	94
	35-44	579	84	117	27
	45-54	297	56	80	43
	55+	172	41	47	44
Total female	All ages	2,208	334	481	313
Male	<25	245	19	78	38
	25-34	804	100	115	40
	35-44	668	67	106	17
	45-54	353	40	76	15
	55+	135	13	29	16
Total male	All ages	2,205	239	404	126
		4,413	573	885	439

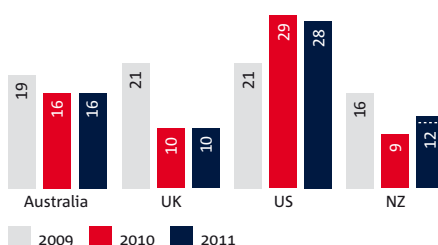
The rate of turnover in both the United Kingdom and Australian regions has been static for the last two years. It has increased slightly in New Zealand.

Last year, a minor change in calculation methodology was introduced for Australia, New Zealand and United Kingdom employee turnover, so results prior to 2010 for these regions are not directly comparable.

This year, New Zealand has improved reporting methodology to include involuntary turnover. Prior years are voluntary only, the dotted bar in the graph to the right shows results if prior method had been continued.

Employee turnover by region

% by region



- All data includes voluntary and involuntary leavers, with the exception of New Zealand for years 2009 and 2010, which shows voluntary turnover only.
- The dotted bar shows results for voluntary turnover only.

GRI reference:

- LA2 – Employee turnover.

Diversity and inclusion

Diversity in the workplace is critical to our business success. We are making progress in embedding diversity into everything we do – from our policies and procedures through to our culture and programs – and we have implemented a range of initiatives to help accelerate the rate of change.

Diversity initiatives at NAB focus on gender, age and flexibility.

We have set targets to enable gender balance throughout all levels and create a sustainable pipeline of women to progress into senior roles. The proportion of women in executive management and on our subsidiary boards increased over the past year and, in Australia, the proportion of women in our graduate program and core talent development programs has also increased.

We are also working with senior leaders to address any ingrained bias that may unconsciously influence their decision making in situations such as recruitment. In addition, from January 2012, we will require all preferred external recruitment suppliers in Australia to demonstrate that they comply with our Diversity and Inclusion Service Provider Principles, have a written diversity policy for their business and provide appropriate diversity training for their people.

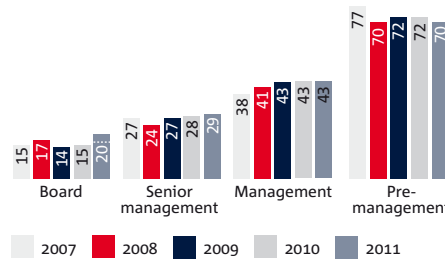
We continue to closely monitor and report on progress to our Group Executive and Board.

INDIGENOUS EMPLOYMENT

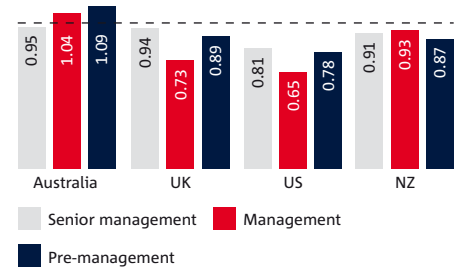
NAB is committed to addressing the continuous disadvantage experienced by Indigenous Australians. This year, we released our third Reconciliation Action Plan, which includes a renewed commitment to three areas (financial inclusion, access to real jobs and cultural awareness) and a further strategic commitment to support the financial needs of remote communities in northern Australia.

Our Indigenous employment figures continue to grow. This year, we have 72 school-based and five full-time trainees,

Female representation
% by employment level



Female vs male ratio of average remuneration
% by employment level

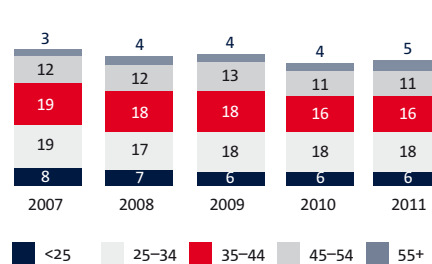


- Prior reporting calculations for Board were based on female representation on the Board of NAB. Improved reporting methodology in 2011 reflects female representation on the Board of NAB and its subsidiary companies. The dotted line represents female representation on the Board of NAB.
- Remuneration ratio is calculated using base salary, excluding short-term incentive payments, for permanent employees.
- Data calculated using total headcount. (Total headcount refers to actual number of employees rather than full-time equivalent number employed).

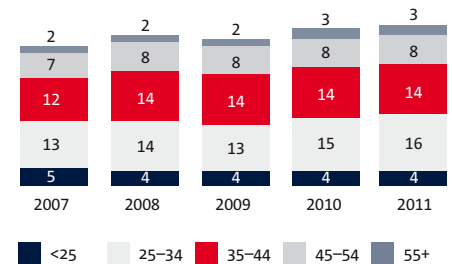
GRI reference:

- LA13 – Gender, age group, work role and other indicators of diversity.
- LA14 – Ratio of basic salary of men to women by employee category.

Employee profile
Female %



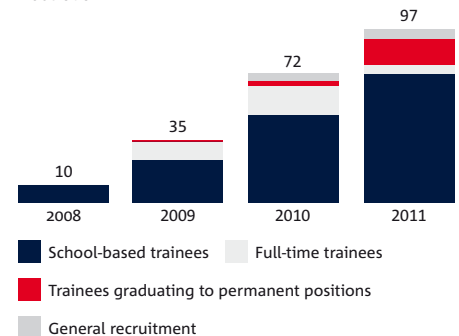
Employee profile
Male %



and we have recruited 14 trainees into permanent roles and six candidates via general recruitment. Converting successfully completed traineeships to permanent jobs in the business is challenging. In many cases, staff movements and subsequent position openings in local branches remain limited. We remain committed to improving the conversion rate and helping our Indigenous employees to continue building their career at NAB.

Find out more about NAB's diversity initiatives at www.nabgroup.com/cr

Indigenous recruitment
Australia



Footnote: Our reporting was improved this year to highlight trainees who secure permanent positions upon graduating from their traineeship.

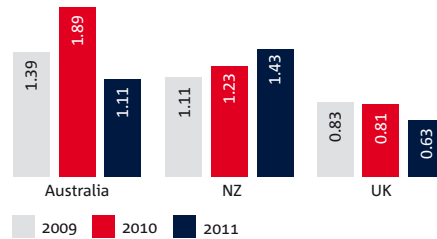
Health and wellbeing

The lost time injury frequency rate (LTIFR) continues to remain at a low level. The focus on injury prevention activities, specific to our injury risk profile which identifies the cause and nature of our workplace injuries, has mitigated the number of lost time claims that contribute to the LTIFR. In addition to maintaining injury prevention programs in Australia, we are very active in providing early intervention and return to work programs, designed to address circumstances in which an employee reports an injury. This enables the employee to make a full recovery from an injury quicker and in a well-supported workplace environment. New risk mitigation programs are rolled out to our business operations annually and are required to be implemented in our workplaces.

In Australia, lost time injuries are defined as an accepted workcover-compensated workplace injury that has resulted in at least one full day away from the workplace. The LTIFR based on lost time claims was used as a Key Performance Indicator (KPI) over the last reporting period by the Safety, Rehabilitation and Compensation Commission (SRCC) for self-insurers in the Comcare scheme.

Lost time injury frequency rate

Number of work-related lost-time injuries per million hours worked



Source: NAB internal

- Australia – past results have been revised upwards due to additional lost time injuries from past reporting periods. Current-year results are also likely to be revised upwards due to a number of incidents being assessed as lost time injuries after year end. As at 30 September 2011, there were six undetermined incidents that were awaiting assessment from NAB as to whether they actually incurred lost time.
- New Zealand – past results have been recalibrated to bring them in line with Group methodology.

Calculations:

- Australia and New Zealand

- Lost time injuries are defined as a workplace injury resulting in an employee being absent from work for at least one full day, and for which the employee receives workcover compensation.

- LTIFR =

$$\frac{\text{Lost time injuries} \times 1,000,000 \text{ hours worked}}{\text{Average Annual Full-Time Equivalent Employees} \times 40\text{-hour working week} \times 46 \text{ weeks per year}}$$

- United Kingdom

- Lost time injuries are defined as a workplace injury, resulting in an employee being absent from work for over three days, as per Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

- LTIFR =

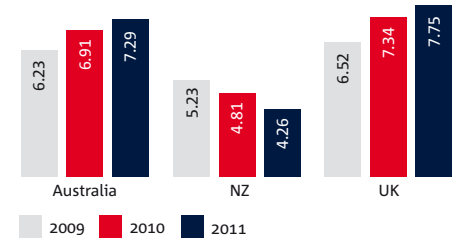
$$\frac{\text{Lost time injuries} \times 1,000,000}{\text{Month End Full-Time Equivalent Employees} \times \text{Working days in the month} \times 7 \text{ hours}}$$

GRI reference:

- LA7 – Rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities by region.

Absenteeism

Average sick days per FTE



- Australia – FY2010 results have been revised upwards due to retrospective updates made post 30 September 2010.

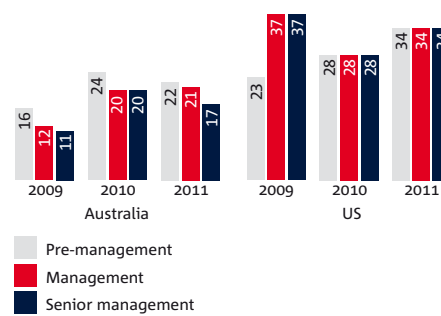
Building capability

In 2011, we have continued to invest heavily in the capability of our people. In addition to ensuring a concerted focus on career management and individual development, we are embracing technology to deliver learning throughout the organisation. Online learning, virtual classrooms and podcasting are augmenting the more traditional face-to-face approach to learning, with the aim of providing distributed learning opportunities in a timely manner.

This year, over 18,000 participants took part in some form of face-to-face learning in Australia. Over 9,000 employees took part in a 'virtual classroom' online.

Find out more about The Academy, and NAB's learning and development initiatives at www.nab.com.au/wps

Average training hours
Per employee per level



- United Kingdom and New Zealand systems do not enable data collection of capability training.
- US records total hours and has attributed these evenly by level of employment in 2010 and 2011.

GRI reference:

- LA10 – workforce training.

Collective bargaining

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	NZ		Australia		UK		US	
	2010	2011	2010	2011	2010	2011	2010	2011
Percentage of employees covered by collective bargaining agreements	18%	12%	100%	100%	86%	88%	0%	0%

Our people can join and be represented by a union without suffering from any form of discrimination or prejudice. We believe we comply with all relevant freedom of association legislation, regulatory requirements and ILO Conventions 87 and 98.

Specifically, in the three largest regions in which we operate, our people are represented by the following unions:

Australia – Finance Sector Union

New Zealand – First Union

United Kingdom – Unite

Our new Enterprise Agreement in Australia became effective in March, following constructive negotiations with the Finance Sector Union (FSU) and strong endorsement by employees. The agreement has delivered a number of workplace changes that will drive a flexible and supportive work environment.

All NAB Australian and National Wealth Management Services (NWMS) employees are covered by a collective agreement.

In the US, it is not customary in the financial services industry to cover employees with collective bargaining agreements.

GRI reference:

- LA4 – Percentage of employees covered by collective bargaining agreements.