



Sophie Koussan NAB employee

We are committed to being the best employer

With over 42,000 employees, we play a significant role in the lives of a diverse range of people. Our focus on leadership, culture and capability helps us create a workplace where we are focused on what matters to our people and on the bigger picture – helping to open doors for people with the future in mind. More than anything our commitment to our people develops an organisation with which our customers want to do business.

The purpose of our Dig Deeper

This is our fourth year producing an integrated Annual Review – a combination of our previously separate Shareholder Review and Corporate Responsibility Review.

To inform the content of our Annual Review we undertake an annual Corporate Responsibility (CR) materiality process to assess the most significant issues in each of our CR segments: Customer, People, Supply Chain, Environment and Community. This year we sought feedback from investors, analysts, our employees, government, community partners, consumer advocacy groups and non government organisations on the most material CR issues to NAB.

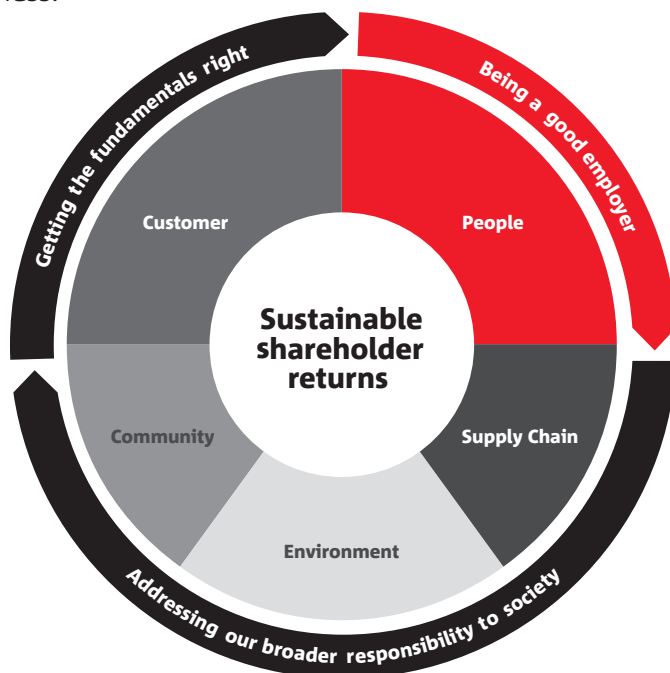
We then focus on including details on these issues in our Annual Review.

We understand that we have a diverse range of stakeholders, with a wide range of interests in our business who we must keep informed. Our Dig Deeper papers have been developed to provide more performance commentary and data around our CR segments ensuring that our Annual Review continues to provide a concise overview of performance against NAB's material CR issues.

The content of our Dig Deeper papers is informed by our materiality process and ongoing stakeholder engagement throughout the year. We also conduct an annual peer and media review to align our reporting with best practice. Additionally, the Global Reporting Initiative Sustainability Guidelines (G3) framework guides the disclosures in our Annual Review and Dig Deeper papers.

Further information on how we manage key issues, program details, case studies and news stories can be found at cr.nab.com.au.

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



People issues

This year, our materiality process identified the following people issues as the most material to NAB:

- diversity
- health, safety and wellbeing
- investment in human capital
- performance and reward management
- staff turnover
- values aligned culture
- workplace relations.

Dig Deeper

Corporate Responsibility commitments

In our 2012 Annual Review we set out a series of commitments for 2013. The 'People' CR Commitments for 2013 and our performance against these commitments is summarised below:

| Commitment | Performance |
|---|--|
| Undertake a Group-wide employee survey and improve our score against the global high-performing norm for engagement and enablement. | We undertook the Group-wide employee survey, but did not improve our score. We will continue to make improvements next year. See the 'Employee Engagement' section on page 3 for further details. |
| Continue to make progress against our Group diversity targets and embed initiatives that aim to improve the gender balance. | We have achieved this and remain focused on further promoting diversity and inclusion across the Group. See the 'Diversity and Inclusion' section on pages 5-8 for further details. |
| Continue to support our mature age employees, through the Myfuture program. This program helps our people make informed decisions about their future, such as working arrangements and transition retirement. | We have achieved this and remain focused on further promoting diversity and inclusion across the Group. See the 'Diversity and Inclusion' section on pages 5-8 for further details. |
| Improve flexible working capability to adapt to employee working arrangements and promote workforce diversity and inclusion. | We have achieved this and remain focused on further promoting diversity and inclusion across the Group. See the 'Diversity and Inclusion' section on pages 5-8 for further details. |
| Continue to engage in meaningful employment programs that result in real jobs in banking and finance for people who are often marginalised. | We have achieved this and continue to support programs that lead to meaningful employment. See the 'Diversity and Inclusion' section on pages 5-8 for further details. |
| Improve awareness and capability of people leaders to support employees with mental health issues, and improve access to mental health support services and initiatives for all NAB employees. Continue to maintain support for mental health through the MLC foundation. | We have achieved this and remain committed in support our employees and the MLC Foundation. See the 'Health and Wellbeing' section on pages 10-11 for further details. |
| Introduce an Enterprise Leadership Framework to align leadership activity across our business. | We have achieved this and remain committed to developing our Enterprise Leadership Framework. See the 'Building Capability' section on page 9 for further details. |
| Maintain a leading level of employee volunteering, with a specific focus on skilled volunteering placements. Adopt and share best practice volunteer management technology. | We have achieved this and remain committed to skilled volunteering placements and sharing of best practice. See the 'Volunteering' section on pages 6-7 of our Community Dig Deeper paper for further details. |

► This year we redeveloped our Group Corporate Responsibility commitments – for further details, see page 25 of our 2013 Annual Review.

About our people

Across the Group we have more than 42,000 full-time equivalent employees. Our people are predominantly Australian based (66%) with the majority of our global workforce in permanent full-time positions (65%).

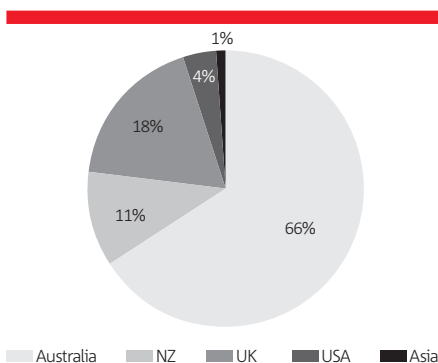
We believe the investment we make in our people, culture and reputation sets us apart from our competitors.

Our people want to feel proud of NAB, and this is an essential factor in lifting employee engagement, unlocking

creativity and innovation and driving a better outcome for our customers and shareholders.

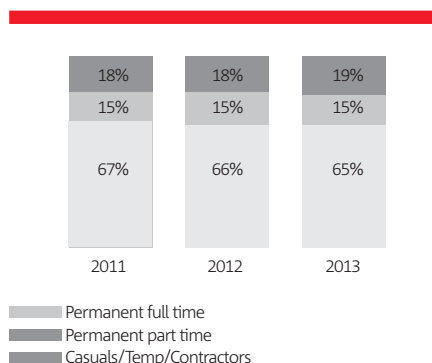
As you'll see throughout this Dig Deeper paper, we remain committed to promoting diversity, inclusion, flexibility and health and wellbeing in our workforce.

EMPLOYEE DISTRIBUTION % BY REGION



Refers to the number of full-time equivalent employees in each region as a percentage of all full-time equivalent employees in the Group.

GROUP WORKFORCE COMPOSITION % BY EMPLOYMENT TYPE



Refers to the number of employees (headcount) within each employment type as a percentage of the total workforce. Due to rounding to zero decimal places, the totals for 2012 and 2013 do not appear to total 100%.

Dig Deeper

Employee engagement

Since 2010 the Hay Group has conducted an annual Group-wide ‘Speak Up, Step Up’ survey on our behalf. This survey measures how we’re tracking in key cultural areas, including:

Engagement

How employees feel about working at NAB and how connected they feel to the business, our strategy and culture.

Enablement

How our processes, technologies, policies, tools and systems affect our ability to do our jobs. It also measures the degree to which employees are in the right roles.

Diversity

We track the views of our employees on our efforts to create and sustain a diverse and inclusive workforce (ie. do we understand and value our employees’ differences).

Risk culture

The extent to which employees believe we’re demonstrating behaviours supportive of a positive risk culture.

People Leaders

How our people leaders are supporting employees to deliver on our strategy.

This year we shifted our Australian businesses’ operating model to better align to the evolving needs of our customers and the changing economic conditions. This has created inevitable change for our people and we have also continued to operate in challenging external conditions. This year we also implemented changes to the ‘Speak Up, Step Up’ survey’s calculation of engagement and enablement, changes which are detailed in the charts opposite. The above factors have contributed to a decrease in both employee engagement and enablement.

Our Group engagement score was 65%, which is one percentage point above the financial industry norm. Our enablement score was 64%.

This year we again focused on the Employee Effectiveness Framework. This categorises employees into one of four effectiveness clusters based on how their engagement and enablement compares to that of an external norm.

Employees that are both engaged and enabled sit in the ‘effective’ cluster, and this year’s results showed that 42% of our people are ‘effective’. However, the global average for a high performing organisation is 54%, showing that we still have some work to do.

We have been particularly successful in key areas, including that employees feel encouraged to come up with better ways of doing things, there is strong commitment to delivering high quality service to our customers, employees feel there are career opportunities for them within the Group and we have a strong focus on risk and compliance.

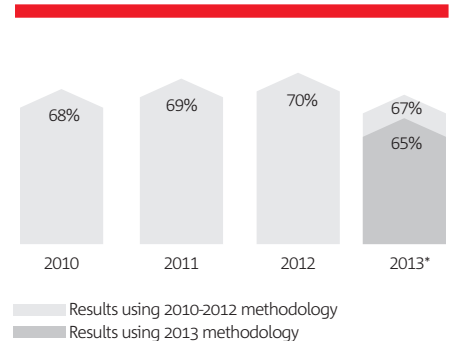
There are also specific areas we need to improve, such as:

- managing underperformance – we’re still below the high performing benchmark (industry wide), however we’ve seen consistent progress since 2010
- responding to changes in the business environment
- our employees view of our overall reputation.

We will look to address these issues and continue to improve our overall employee engagement and enablement in the year ahead.

This year’s survey results show that taking action on the previous year’s results has significant impact. There was very clear progress and improvement shown among those teams who said they had taken action on the 2012 survey results. This progress and improvement supports the time and energy invested in taking action to improve employee engagement levels for 2014.

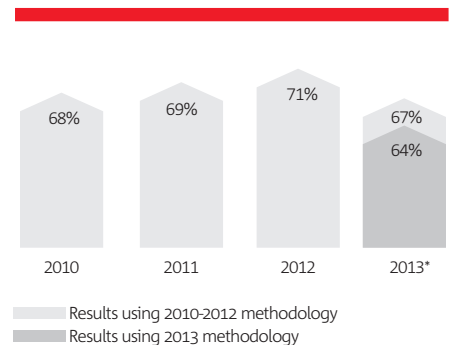
EMPLOYEE ENGAGEMENT % GROUP



Source: ‘Speak Up, Step Up’ survey conducted by Hay Group, August 2013.

*Changes were made to the survey in 2013 to align NAB with global benchmarks. Employee engagement is now calculated from five questions (four questions in 2012). When applying the 2012 methodology to 2013 results, employee engagement was 67%.

EMPLOYEE ENABLEMENT % GROUP



Source: ‘Speak Up, Step Up’ survey conducted by Hay Group, August 2013.

*Changes were made to the survey in 2013 to align NAB with global benchmarks. Employee enablement is now calculated from four questions (three questions in 2012). When applying the 2012 methodology to 2013 results, employee enablement was 67%.

Dig Deeper

Turnover

With more than 42,000 employees worldwide, it is inevitable that staffing numbers will fluctuate in different parts of the business. This is due to completion of different programs, outsourcing of certain projects and our continued focus on efficiency. We strive to redeploy our people within the business where possible.

Rate of employee turnover*

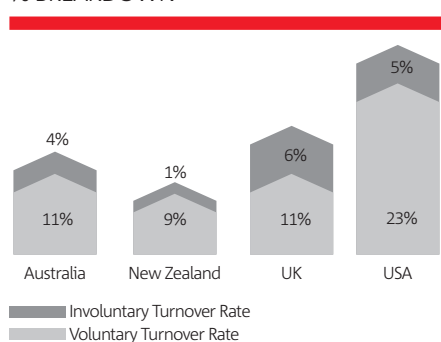
| Gender | Age | Australia | NZ | UK | USA |
|---------------------|-----------------|-------------|-------------|-------------|-------------|
| Female | <25 | 26 % | 13 % | 16 % | 50 % |
| | 25-34 | 14 % | 13 % | 16 % | 31 % |
| | 35-44 | 13 % | 8 % | 15 % | 25 % |
| | 45-54 | 11 % | 6 % | 11 % | 25 % |
| | 55+ | 14 % | 13 % | 17 % | 19 % |
| Total female | All ages | 14 % | 10 % | 15 % | 29 % |
| Male | <25 | 25 % | 16 % | 13 % | 62 % |
| | 25-34 | 15 % | 12 % | 20 % | 26 % |
| | 35-44 | 13 % | 11 % | 22 % | 22 % |
| | 45-54 | 13 % | 9 % | 24 % | 15 % |
| | 55+ | 18 % | 8 % | 42 % | 20 % |
| Total male | All ages | 15 % | 11 % | 22 % | 26 % |
| Total all | | 14 % | 10 % | 18 % | 28 % |

Number of employee turnover

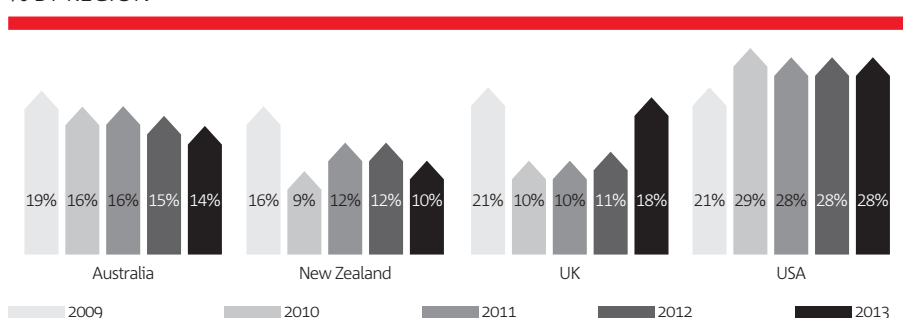
| Gender | Age | Australia | NZ | UK | USA |
|---------------------|-----------------|--------------|------------|--------------|------------|
| Female | <25 | 318 | 24 | 95 | 84 |
| | 25-34 | 719 | 102 | 220 | 102 |
| | 35-44 | 592 | 64 | 241 | 45 |
| | 45-54 | 301 | 44 | 171 | 50 |
| | 55+ | 171 | 53 | 85 | 45 |
| Total female | All ages | 2,101 | 287 | 812 | 326 |
| Male | <25 | 215 | 18 | 45 | 34 |
| | 25-34 | 678 | 71 | 169 | 38 |
| | 35-44 | 525 | 72 | 226 | 21 |
| | 45-54 | 288 | 40 | 226 | 12 |
| | 55+ | 132 | 16 | 100 | 19 |
| Total male | All ages | 1,838 | 217 | 766 | 124 |
| Total all | | 3,939 | 504 | 1,578 | 450 |

*Rate of turnover is calculated as number of employee exits as a percentage of average permanent headcount from 1 October 2012 – 30 September 2013

EMPLOYEE TURNOVER BY REGION VOLUNTARY AND INVOLUNTARY % BREAKDOWN



TOTAL EMPLOYEE TURNOVER RATE % BY REGION



Involuntary turnover refers to all exits which have been initiated by the employer (such as dismissals). Voluntary turnover refers to all exits which have been initiated by the employee (such as resignations). Calculated as a percentage of average permanent headcount from 1 October 2012 – 30 September 2013.

Source: Total turnover rate refers to all exits (voluntary or involuntary) during the reporting period as a percentage of the total average permanent headcount for the same reporting period.

Dig Deeper

Diversity and inclusion

We are committed to sustaining an inclusive culture that allows every employee reach their full potential at the various stages of their lives and careers. Recognising ‘diversity of thought’ and valuing differences amongst our people is a key way to achieve this.

A key priority continues to be creating and maintaining a workforce that’s reflective of the customers we serve and the communities in which we operate. This encourages a focus on gender, age, flexibility and promoting an inclusive culture.

In 2013 we launched our updated Accessibility Action Plan (formerly known as our Disability Action Plan). This outlines a clear strategy for providing more effective access and long term support for our people and customers with a disability (see page 7 for further information).

In response to changes in our operating model, the accountabilities of the Group Diversity Forum – which is the primary governance body responsible for overseeing our diversity and inclusion agenda – have now been elevated to the Group Executive Committee.

Diversity and inclusion are central to our enduring purpose of doing the right thing and helping our people and customers realise their potential. In turn this enables us to attract, retain and develop the very best people.

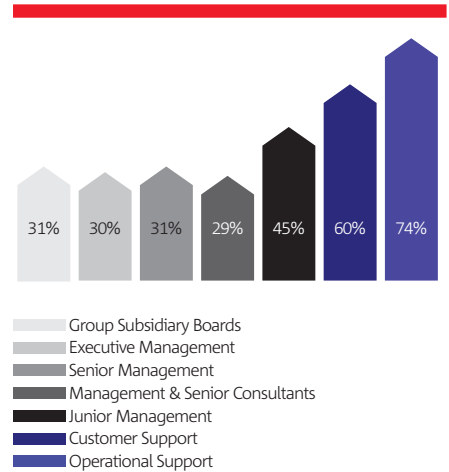
Gender diversity

We are committed to building strong female representation at all levels within the Group. In light of this, we’ve set measurable objectives in a number of areas, including:

- the number of women in Executive Management positions
- the proportion of women on Group Subsidiary Boards
- the proportion of female Non-Executive Directors on the NAB Board of directors
- targeting a 50/50 gender balance in the Australian Graduate Program intake
- an even representation of Australian based women and men for NAB’s core talent development programs.

For further details including our Gender Diversity Targets and our performance against them – see the Corporate Governance section of the 2013 Annual Financial Report.

FEMALE REPRESENTATION PER EMPLOYMENT LEVEL

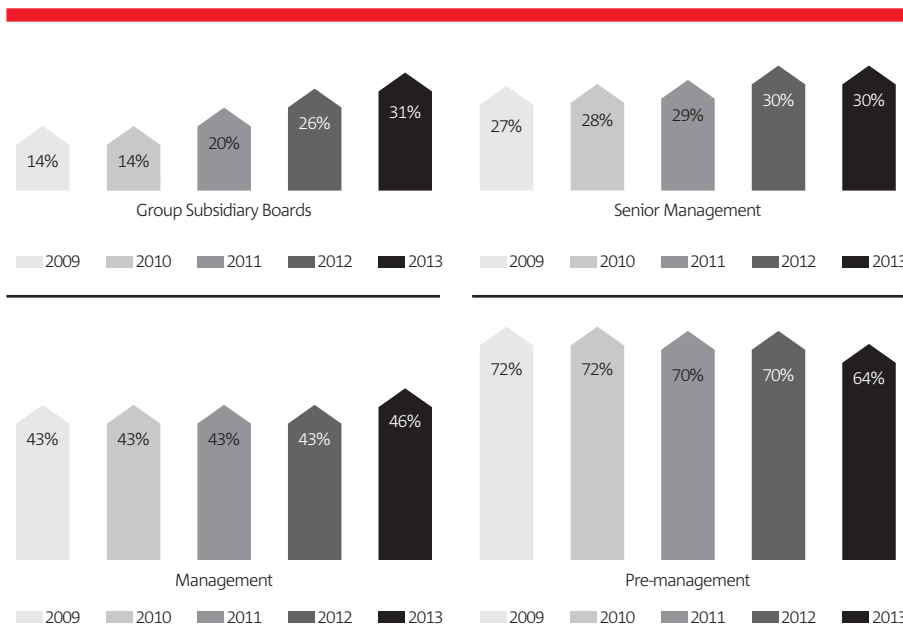


Note: This information represents the proportion of women in each of our Group-wide employment levels. Data is based on our ‘permanent population’ only (excludes casual employees and contractors). In 2013, we updated our employment levels to more accurately depict our workforce and provide consistency in our public disclosures.

Executive management positions (also known as senior executive positions) are those held by Group Executive Committee members, Group Executive Committee members’ direct reports and their direct reports. Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in this employment level.

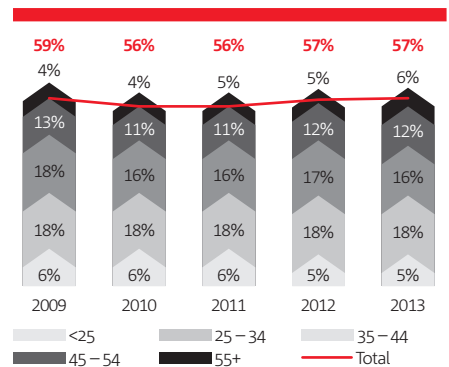
We have included a categorisation based on previous years’ employment levels for historical comparisons, see below.

FEMALE REPRESENTATION PER EMPLOYMENT LEVEL (USING HISTORICAL CATEGORISATION)

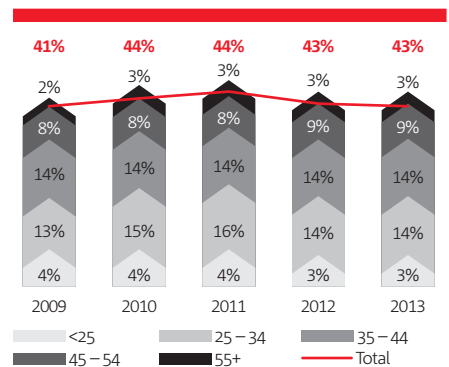


Note: This information represents the proportion of women in each of these four Group-wide employment levels. Data is based on our ‘permanent population’ only (excludes casual employees and contractors). From 2013 onwards, we will report our employment levels using the chart at the top of this page.

WORKFORCE PROFILE % FEMALE



WORKFORCE PROFILE % MALE



Note: This information represents the number of employees in each age bracket as a percentage of the total number of employees in the Group as at 30 September 2013. Data is based on headcount of ‘permanent population’ employees only (excludes casual employees and contractors).

Dig Deeper

In addition to our Gender Diversity Targets we continue to invest in the development of our female employees through recruiting principles and protocols. Our recruitment procedures require a mix of males and females to be short-listed for all senior roles. In Australia and New Zealand, women and men must both be involved in hiring decisions where possible and BNZ also requires that if no women are shortlisted for senior roles the role will be advertised for a further week. Since our Diversity Supplier Principles were introduced to all Australian recruitment service providers in 2012, all preferred recruitment suppliers have provided NAB with their own diversity policy ensuring that we align ourselves with suppliers who understand the value that diversity brings to business.

We have a number of development programs and partnerships to assist women transition to senior roles in the business, to help employees stay connected when on parental or other extended leave and also celebrate and recognise success in gender diversity.

- Our Realise Program prepares female employees for the transition into more senior roles. It covers topics such as building a career path, building business relationships, empowering leadership and maintaining life balance. Now in its third year, a total of 742 women in Australia have completed the program and since its launch in BNZ this year, 28 women have attended the program.

- The NAB Board Ready Program was established to educate our senior women about NAB subsidiary board operations in Australia. The program introduces women to directorships and is designed to build a pipeline of women who are skilled and ready to join NAB's subsidiary boards. Women also use the tools gained from the Board Ready Program to join non-for-profit organisations or to proactively seek senior positions or other opportunities within NAB. Formally launched in 2011, 360 women participated in the first program intake, with approximately 300 women participating in 2013. Female representation on Group Subsidiary Boards has increased from 14% (2010) to 31% (2013) since the implementation of the Board Ready program.
- In Australia our reConnect program enables employees on parental and other extended leave to stay connected with the business and their colleagues. NAB's return to work rate for Australian employees on parental leave has increased from 65% in 2006 to 80% in 2013.
- In November 2012 we partnered with Women's Agenda, an online publication for career-minded women, to deliver the inaugural NAB Women's Agenda Leadership Awards. These Awards celebrate and recognise Australian women and men who are driving the agenda for women.

We continue to monitor, and remain committed to, our philosophy of fair and equitable remuneration. Our aim is for all employees to have equitable access to the same opportunities – such as career progression and equal pay for the same work or work of equal value. We are currently in the process of conducting an equal pay audit within the UK business in conjunction with the UK union Unite and it is expected to be completed in late 2013.

Recognised for our efforts

This year on International Women's Day, BNZ received the Women's Empowerment Principles (a partnership initiative of UN Women and the United Nations Global Compact) Leadership Award – Benchmarking for Change. We were one of only five businesses around the world to be honoured in the inaugural leadership awards, acknowledging the leadership of BNZ CEO Andrew Thorburn and the work done to achieve gender equality. Recent BNZ success includes increasing female representation at the BNZ Executive Committee level (direct reports to BNZ CEO) to 62%.

Basic remuneration ratio (female to male)

| Employment Level | Australia | NZ | UK | USA |
|---------------------------------|-----------|------|------|------|
| Executive Management | 0.80 | 1.06 | 0.94 | N/A |
| Senior Management | 0.86 | 0.86 | 0.85 | 0.64 |
| Management & Senior Consultants | 0.95 | 0.92 | 0.93 | 1.09 |
| Junior Management | 0.96 | 0.94 | 0.94 | 0.89 |
| Customer Support | 0.99 | 0.94 | 1.02 | 0.94 |
| Operational Support | 0.98 | 0.99 | 1.30 | 0.91 |

The above ratios are based on the sum of all fixed remuneration (excluding superannuation and any bonus payments) per employee level, divided by the sum of full-time equivalent employees per employee level.

Executive management positions (also known as senior executive positions) are those held by Group Executive Committee members, Group Executive Committee members' direct reports, and their direct reports. Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in the data. The Group Executive Committee has been excluded from calculations given its small sample size. See the Remuneration Report in our 2013 Annual Financial Report for details of each Group Executive Committee member's remuneration.

Employment level classifications are made at a Group level, resulting in only one employee within the USA being classified as 'Executive Management'. As such, this field has been marked N/A.

Dig Deeper

Supporting an ageing workforce

Given the business risk posed by a loss of key talent, our focus on mature age workers helps us prepare for and proactively address issues surrounding a rapidly shifting workforce composition. In Australia we continue to offer the award-winning MyFuture workshops.¹ These workshops provide mature age employees with an opportunity to explore their preparedness for their future with regards to career, flexibility, health, finances, relationships and the transition to retirement.

One hundred and eighty three employees participated in a MyFuture workshop in 2013, bringing the alumni total to 1,230. The MyFuture program continues to provide tangible outcomes with employees setting plans for the future, implementing flexible working arrangements, participating in financial planning consultations and undertaking health checks.

18%

of employees across the Group are 50 or over.

Embedding flexibility

Our flexibility agenda continues to evolve and supports the retention and development of diverse talent. The results from our 2013 Group employee survey 'Speak Up Step Up' indicate that 79% of employees who responded to the survey felt able and supported to work flexibly.

The ability to work flexibly is a critical enabler for all employees, but particularly for mature age employees looking to extend their careers. It also has tangible benefits for people with caring responsibilities, health and wellbeing requirements, study or volunteer commitments.

Everyone has a part to play in making flexible working a reality – individuals managing their own work/life wellbeing, people leaders recognising the benefits of flexible working and colleagues being supportive of their colleagues' flexible

working arrangements. Flexibility can exist in many different shapes and forms – the right solution is a balance between the individual, their team and business needs.

38%

of employees in Australia, New Zealand and the United Kingdom have remote access capability.

We continue to offer remote access solutions to our employees to support flexible working. This year, there has been a decrease in the reported percentage of employees with remote access solutions, due to efficiency initiatives in Australia to remove duplicate or dormant accounts.

Additional leave and support

Across the Group there are various types of support for our people. Carer's Leave is available to Australian employees to take time off work to look after elderly, sick or in need family members. Employees may take leave on full pay up to 10 days per calendar year to attend to family, carer's needs or personal emergencies. If an employee has utilised all of their paid Carer's Leave they may access their accrued Sick Leave for the same purpose as Carer's Leave. In the event their accrued Sick Leave has already been used, the employee may take up to two days of Unpaid Carer's Leave in accordance with our Enterprise Agreement.

We provide comprehensive family support and childcare programs to assist our employees. Twelve weeks paid leave is available to all employees taking primary carer's leave, in addition to the Government's paid parental leave scheme. In addition, employees are offered 12 months of unpaid parental leave.

The establishment of child care facilities and arrangements at or near major office locations has allowed employees to be close to their children while working. We provide discounted childcare for selected providers through our employee benefits program and also offer a \$1,500 NAB Family Day Care Grant, which employees can direct to their respective family day care facility.

Our annual Parents Survey asks employees who are using employer-sponsored childcare programs about their experience. This survey confirmed that our work-sponsored child care program has enabled employees to have a better work-life balance and increase their engagement.

In New Zealand Domestic Leave may be taken where a permanent employee's partner or dependant (someone who relies on the employee for care) is ill and the employee needs to stay home and care for them, or where it is essential for the employee to be absent from work due to pressing family or personal needs. Employees may take a maximum of 10 days' paid Domestic Leave per year. People leaders have the discretion to provide further unpaid Domestic Leave if required. In the UK there are a series of policies available to our people such as life event leave, term time, career break, flexible working and unpaid leave.

Improving accessibility

We launched our Australian Accessibility Action Plan 2012 – 2014 on 3 December 2012, the International Day of People with a Disability. Back in 1997 we were the first bank in Australia to lodge a Disability Action Plan with the Human Rights and Equal Opportunity Commission. To date, our achievements aimed at increasing accessibility include:

- the launch of our disability employee network called NABility
- review and improvement of our recruitment process, including disability awareness training for our recruitment consultants
- improved relocation planning that supports employees with additional accessibility requirements
- additional information in Braille added to assist with usability at NAB ATMs.

BNZ continued the review of their disability/accessibility plan. It established an action group across all BNZ business units to steer new strategy, oversee recommendations and drive necessary changes. BNZ continues to make progress with implementation in key areas of accessibility, including customer and employee enablement, recruitment, training, data reporting and governance.

See page 14 of our Customer Dig Deeper paper for further information on the positive impact the Accessibility Action Plan has for our customers.

1. 2011 Diversity@Work Employment and Inclusion of Mature Age Workers Award and AARP Best Employer for Workers Over 50 (International) Award.

Dig Deeper

Promoting inclusion via our employee networks

Our employee network groups work closely with various not for profit organisations and diversity suppliers to increase awareness of diversity and inclusion, including key focus areas of gender, disability and sexual orientation. These employee network groups include:

Connecting Women: this Australian based employee-led group for women and men hosts events and networking opportunities. The group seeks to showcase and share the stories of NAB employees within the organisation, industry and community, with the goal of empowering women to achieve their full potential. The BNZ Women’s Network in NZ and in the UK the Women in NAG group have similar objectives.

NAbility: a disability employee network open to all employees in Australia. The network advocates for people with a disability and those who would like to support their colleagues and customers with a disability. The UK Enable network continues to work towards achieving best practice.

Pride@NAB: our gay, lesbian, bisexual, transgender and intersex Australian employee network. It recently celebrated its first anniversary and has partnered with The Pinnacle Foundation to provide scholarships and mentoring to disadvantaged or marginalised lesbian, gay, bisexual, transgender, intersex or questioning students who might not otherwise fulfil their potential. At the annual Australian Workplace Equality Index Awards NAB received the ‘Achievement Award for the Most Improved Employer’. The UK network, Vibrant, received the Best Scottish Network Group award from Stonewall for the second year in succession.

Providing pathways to employment

Our award winning African Australian Inclusion Program (AAIP) helps people experiencing disadvantage gain access to mainstream employment. In partnership with Jesuit Social Services, this program provides skilled African Australians with a six-month paid work placement at NAB. This year we celebrated our 107th participant, with 14 currently completing their placement. Among those that have graduated over 86% have secured ongoing employment either at NAB or externally in their chosen field.

For further information on the AAIP, please see page 4 of the Community Dig Deeper paper.

In March 2013 we launched our fifth Reconciliation Action Plan (RAP), available on our website cr.nab.com.au. We were the first corporate to receive the ‘Elevate’ stamp of approval from Reconciliation Australia – reserved for organisations that demonstrate a long term commitment to addressing Indigenous disadvantage.

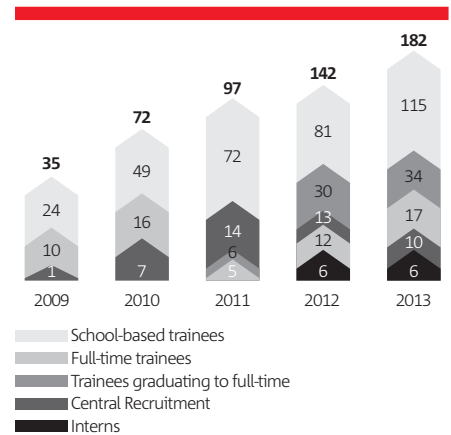
Our RAP includes a renewed commitment to financial inclusion, employment, cultural awareness and building business partnerships with Indigenous Australians. Over the last year we’ve seen steady progress in each of these areas. Since 2008, we’ve provided employment and training opportunities to more than 460 Indigenous Australians. This year we employed 182 Indigenous Australians through our employment programs: school-based traineeships, full-time traineeships, internships, general recruitment and transition of employees to permanent roles upon completion of their traineeship.

Our traineeship program continues to deliver positive employment outcomes as we see a new generation of Indigenous bankers entering the finance industry.

With almost 50 Indigenous employees graduating from their traineeships and looking for a permanent job each year, we continue to develop our strategy to focus on their retention and career development.

Whilst ongoing changes in our business and broader economic challenges can provide barriers to transitioning trainees into permanent jobs, we are proud to have seen the percentage of Indigenous Australian traineeships converted into permanent jobs continue to increase and we remain committed to helping our Indigenous trainee employees build their career at NAB.

INDIGENOUS EMPLOYMENT NUMBER OF EMPLOYEES, BY EMPLOYMENT TYPE



Note: Represents the total number of Indigenous Australians employed by NAB throughout each year.

Dig Deeper

Building capability

In 2013 NAB continued to invest in building the capability of our people. More than ever before, building core capability is critical to the success of our business. Investing in our employees is a well-established part of our business and through our Academy programs we continued to build Risk, Sales and Service, Operations Management and Leadership capabilities that are fundamental to our business.

Through face-to-face and virtual training we ensure our people have the fundamentals to do their job responsibly, the know-how to be successful in their role and the opportunity to thrive in their career. More recently, there has been a strong focus on building leadership capability to enhance the calibre of our current and future leaders.

In 2013 we introduced the 'Learning Exchange', an exciting initiative to support our people through leveraging existing experts and experience within the business and connecting people to them. This builds on the strengths of our business know-how and networks.

Retaining talent

Retaining and growing the best talent in our business is important to us. We describe Talent as those employees we've identified as strong performers who have potential to move into 'enterprise leadership' positions in future.

Talent Management is the process by which talented employees are identified, assessed, developed and deployed in the organisation.

We seek enduring differentiation through leadership, reputation and culture. One of the critical ways we differentiate ourselves through leadership is to create a deep pool of enterprise leaders. This is critical to our business success as we create a group of leaders who will shape strategy, inspire teams, deliver results and enable future performance.

Accelerating the development of a strong pipeline of leaders underpins all stages of talent management. Through our Enterprise Leadership Framework, Talent Management System and Talent Management Lifecycle, we're proactively building a strong pipeline of leadership bench strength. Our objective is to accelerate the development of these individuals, preparing them for complex and strategic Group-wide roles.

In 2012 we identified 620 of our highest potential staff for our Group Talent Pool. Their existing capability was assessed in our Capability Assessment Centre. The resulting data was used to tailor their development.

Talent participants are offered an integrated package of development training. Development packages include intensive formal talent development programs, internal masterclasses, coaching, mentoring, community immersions and network learning. The 70:20:10 approach to adult learning categorises learning into the following three stages:

- 70% comes from learning on-the-job and your experiences
- 20% comes from coaching, exposure to mentors and people leaders
- 10% comes from formal learning (face-to-face or online).

Our Talent Management System centrally houses data on all Talent, including their experience, skills and aspirations. In 2013 this data has informed strategic resourcing and deployment decisions to support Group-wide transformation.

95%

of Australian employees recognised as high performing in 2012 remain employed with NAB.

We continue to monitor and manage the retention of participants in our Talent program. In Australia, in addition to ongoing development, we followed up with our Talent eight months after they had been inducted into the Talent Program. Pleasingly, 95% of these employees remain with NAB.

Training

Online training and development has increased since 2008, in part as a cost effective learning method but also as a more flexible option for employees irrespective of timezones and geography. This channel is predicted to continue to grow in the next 3 – 5 years as employees work flexibly and innovative technology further facilitates our learning.

NAB will continue to adapt and change its approach to training as the business and its technology evolves. Expected trends over the next 2 – 3 years include:

- an increase in online training
- a rise in the use and types of digital technology that support and embed learning, including social media and online simulations
- a continued focus on developing practical learning and leadership programs in conjunction with community partners
- a continued focus on measuring learning outcomes
- a greater focus on in-house training with fewer external providers
- remaining focused on building a workforce with world-leading capability to drive sustainable performance.

Performance and reward

We continue to invest in and improve the structures and frameworks supporting formalised skill mapping and development processes. Our expectation is that 100% of our employees have scorecards including Individual Development Plans (IDP), with progress monitored through regular performance conversations.

Ensuring that all employees have Scorecards and IDPs is the responsibility of all people leaders. The Scorecard and IDP is developed through agreement between a people leader and employee.

We have embedded a Group-wide set of behaviours and compliance requirements into our core processes and programs. These support the overall objectives of the Group, including the culture and reputation we are aspiring to. These behaviours ask us to always be authentic and respectful, to work together and to create value through excellence.

At an individual level, year on year improvements in capability and performance are measured via the annual performance management process. During this process people leaders assess core capabilities required for individuals to maximise or improve their performance, and these development needs are captured and monitored through each employee's IDP.

See page 19 of our 2013 Annual Review for further information on our Remuneration Framework.

Dig Deeper

Health and wellbeing

We remain proactive in implementing strategies and systems to help prevent injury or harm to employees whilst they're at work. Our programs are also designed to provide them with opportunities to improve their general health and wellbeing.

2,400+

employees accessed our Employee Assistance Program in 2013.

Mental health

A significant number of Australians will experience – or know someone who will experience – a mental illness at some stage in their lives. This understanding has encouraged us to focus on employee mental health across the business.

Our strategy provides employees with easy access to a range of tools, resources, services and programs to increase their understanding of mental health conditions and to help build personal resilience. Our Employee Assistance Program (EAP),

Manager Assist, as well as an online service called EAP Direct provide a range of free counselling support services to our Australian employees and their immediate family members. These services offer confidential support for dealing with personal or work related issues such as stress, anxiety, depression and grief. On average 5% of our employee population will use the EAP each year, with approximately 70% presenting for counselling regarding personal issues and approximately 30% for work related issues.

Education workshops and learning programs are also available to help employees build their personal capability to manage their mental health. These workshops also create awareness of mental health issues and provide insights into how to identify and understand them. Courses are available through the Academy in areas of Personal Resilience (dealing with adversity in life and work) and Emotional Intelligence. This year, we will again be working with senior leaders and people leaders to increase their awareness of and ability to support employees suffering mental health problems.

Recognising that mental health is also an issue that affects many of our customers, our MLC Foundation is committed to

improving mental health outcomes for all Australians and has invested \$5.8 million in grants over the last six years. See our Community Dig Deeper paper for more information.

Our dedicated NAB Care team also provide assistance and support to customers in Australia when they need it most. See our Customer Dig Deeper paper for more information.

Reducing health and safety incidents in the workplace

The lost time injury frequency rate (LTIFR) remains low. Our incident and injury risk profile identifies the cause and nature of our common workplace incidents and injuries and our focus on injury prevention activities specific to that risk profile helps to keep our workplace incidents and injuries low and reduce our LTIFR. Updated risk mitigation programs are rolled out across our teams annually, and are implemented in our workplaces using risk management tools.

Our aim is to eliminate, or mitigate through robust prevention programs, the number of lost time claims that contribute to the LTIFR.

Lost time injury frequency rate

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

| Region | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------|------|------|------|------|------|
| Australia | 1.41 | 1.91 | 1.45 | 1.55 | 1.05 |
| New Zealand | 1.11 | 1.23 | 1.43 | 0.95 | 1.17 |
| United Kingdom | 0.83 | 0.81 | 0.63 | 0.60 | 0.53 |

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 workers' compensation.

LTIFR = Lost time injuries × 1,000,000 hours worked ÷ (Average Annual Full-Time Equivalent Employees × 40-hour working week × 46 weeks per year). In Australia, past results have been revised upwards due to additional lost time injuries being recorded after the reporting period has ended. Current year results are also likely to be revised as additional lost time injuries are recorded in our system. Any updates will be reflected in future reporting.

United Kingdom

Lost time injuries are defined as workplace injuries which result in an employee being absent from work for over seven days as per the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

LTIFR = Lost time injuries × 1,000,000 hours worked ÷ (Month End Full-Time Equivalent Employees × Working days in the month × 7 hours). Prior to 2012 lost time injuries were classified as injuries resulting in an employee being absent for over three days. From 2012, lost time injuries refer to employees being absent from work for over seven days. This may contribute to the decrease in LTIFR seen over this period.

In the United States of America, we are looking to develop our existing reporting systems in order to disclose LTIFR data in future reporting years. We have excluded information relating to our employees in Asia, as they represent less than 1% of our total workforce. We will report this information from 2014 onwards.

Dig Deeper

Supporting injured employees

We actively provide early intervention and return to work programs to employees who are injured at work. These programs are designed to promptly address the circumstances surrounding the nature of the injury and to provide care for the employee. Early intervention and return to work programs help reduce recovery time and assist employees return to work more quickly in a supportive environment.

Reducing absenteeism

As well as days lost due to workers compensation claims, we also measure other types of unplanned absenteeism. This includes sick leave, carers leave and bereavement leave. These measures are normally calculated as average days lost per full time equivalent employee. Unplanned absence data provides an indicator of the health and wellbeing of an organisation. Any material movement in unplanned absence data is further investigated and analysed as to possible cause.

The rate of unplanned absence in Australia has remained relatively consistent.

In Australia, we have continued our focus on ensuring employees take a break from work and use their annual leave. This ongoing initiative aims to create a healthier, more engaged workforce that's well rested and aware of the importance of taking time away from work.

Absenteeism

Average unscheduled absence days per FTE

| Region | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------|------|------|------|------|------|
| Australia | 7.35 | 6.88 | 7.34 | 7.31 | 7.32 |
| New Zealand | 5.23 | 4.81 | 4.26 | 4.49 | 4.24 |
| United Kingdom | 6.52 | 7.34 | 7.75 | 7.46 | 8.84 |

Australia

Absenteeism is calculated as total unscheduled absence days divided by average number of full-time equivalent employees (excluding casuals) for the year. In Australia, past results have been revised upwards due to additional absences being recorded after the reporting period has ended. Current year results are also likely to be revised as additional absences are recorded in our system. Any updates will be reflected in future reporting.

New Zealand

Absenteeism is calculated as total unscheduled absence days divided by average number of full-time equivalent employees for the year.

United Kingdom

Absenteeism is calculated as total unscheduled absence days divided by average number of full-time equivalent employees (excluding casuals) for the year. In the UK, our system does not account for part-time employees when calculating absence days and therefore a manual adjustment is applied to unscheduled absence days for this region.

In the United States of America, we are looking to develop our existing reporting systems in order to disclose absenteeism figures in future reporting years. We have excluded information relating to our employees in Asia, as they represent less than 1% of our total workforce. We will report this information from 2014 onwards.

Dig Deeper

Workplace relations

Collective bargaining agreement

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

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 Global Unions Engagement Agreement recognises the three unions as key stakeholders in our business and the union's right to collective bargaining and freedom of association within the Group.

Employees covered by collective bargaining agreements

% of employees in each region covered by collective bargaining agreements

| Region | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------|------|------|------|------|------|
| Australia | 100 | 100 | 100 | 100 | 100 |
| New Zealand | 17 | 18 | 12 | 13 | 12 |
| United Kingdom | 98 | 86 | 88 | 96 | 96 |

Note: In the United States of America, it is not customary in the financial services industry to cover employees with collective bargaining agreements.

Code of Conduct

We have a Code of Conduct (Code) that clearly states the standards of responsibility and ethical conduct expected from our people. Maintaining professional and ethical conduct at all times (including compliance with the Code) is the responsibility of every employee, as well as everyone working on our behalf including contractors, consultants and directors.

All Codes of Conduct across each of our jurisdictions are underpinned by trust and a belief that employees and customers will be treated with respect and dignity. In addition to including real case examples, these Codes of Conduct direct our people to more detailed policies so that they understand the conduct expected under, as well as the consequences of breaching, the Code.

Potential breaches of the Code are investigated fully. Depending on the severity, breaches can result in disciplinary outcomes including termination of employment.

For further information on our Codes of Conduct, Corporate Governance and key Group Policies, please see the Corporate Governance section of our website at: www.nabgroup.com.

Domestic Violence Policy

In 2013 in Australia we implemented a policy to support and provide paid leave to employees who are the victims of domestic violence. The purpose of the policy is to provide a supportive workplace for victims of domestic violence. In addition to providing paid leave, procedures have been developed to ensure that appropriately trained Workplace Relations Consultants are engaged in such situations, and that confidentiality is maintained.

Superannuation contributions on unpaid primary carer's leave

Our Australian enterprise agreement provides that employees on primary carer's leave continue to receive employer superannuation contributions of 10% for up to 40 weeks unpaid leave. This is on the understanding that the employee returns to work at the conclusion of the leave.

Given that the vast majority of primary carers are women, the maintenance of superannuation contributions on the unpaid component of such leave is a pay equity initiative.

Gender Pay Equity Audit

We continue to monitor the issues identified by the second pay equity audit conducted in conjunction with the Finance Sector Union. A number of issues, including our parental leave policy, have been identified for inclusion in upcoming enterprise agreement negotiations. We will continue to upskill people leaders on their parental leave obligations and carry out a detailed pay gap analysis.

Raising concerns/ NAB's Whistleblower Policy

Our core behaviours encourage our people to speak up and have open and honest conversations. Our Code of Conduct, Compliance Standards and policies guide everything we do on a daily basis.

We do not tolerate any known or suspected incidents of illegal, unacceptable or undesirable conduct by our employees. Our Group Whistleblower Policy is applicable to all of our employees. It operates alongside the normal communication channels that exist for raising concerns between employees and people leaders without fear of consequence.