

NAB is committed to making a beneficial and meaningful contribution to the communities in which we operate. Corporate Community Investment, or CCI, encompasses all forms of company support for the community, including charitable donations, community projects, employer supported volunteering, community sponsorships and gifts in-kind. In 2005<sup>1</sup>, NAB's CCI in Australia communities reached \$11.6 million.

This report details our approach to CCI, and where we contributed to the community through monetary donations, community partnerships, volunteering and community sponsorships to the year ended 30 June 2005. It also profiles some of our larger CCI programs.

## NAB CCI Objectives

The National Australia Bank Board has approved five objectives to guide the bank's CCI programs. These objectives ensure that NAB's activities are closely aligned with both core business objectives as well as community needs.

NAB's objectives are to utilise CCI to achieve the following:

- **Build Reputation** – a coordinated CCI strategy can improve the public and stakeholder view of NAB.
- **Improve Employee Engagement** – a meaningful CCI strategy has been shown to increase employee engagement, loyalty and in turn employee retention.
- **Increase Market Share** – a coherent CCI strategy can highlight the attractiveness of doing business with NAB.
- **Leverage Resources** – a focused CCI strategy allows NAB to use limited resources effectively to meet targeted community and business needs.
- **Private Resources for Public Good** – a genuine desire to make a meaningful societal contribution.

In addition the NAB Board has set a medium term objective that the business will move towards a CCI target spend of 1% pre-tax profit.

In 2005 NAB's CCI in Australia was 0.29% of pre-tax profit for the region.

## NAB CCI category definitions

To manage and track NAB's CCI programs, six categories are used to classify community contributions. These categories are based on those used by the Australian Benchmarking Group with the addition of a category for forgone revenue.

A key reason for using these categories is to show the difference between short-term donations and longer-term community capacity building programs. The categories also show the difference between contributions delivered in-kind and those that are financial.

The categories used by NAB are:

- **Charitable gifts:** intermittent or one-off support for a broad range of causes in response to the needs and appeals of charitable and community organisations.
- **Community investment:** long-term strategic involvement in community partnerships to address a specific range of social issues.
- **In-kind volunteering:** the value of volunteer time undertaken by staff in support of community causes.
- **In-kind forgone revenue:** revenue from fees for some accounts that has been waived for charities and some customers who suffer disadvantage.
- **Commercial initiatives in the community:** activities in the community undertaken by business departments that support the success of the business in partnership with charities and community-based organisations.
- **Managerial costs:** costs incurred in developing and sustaining CCI initiatives.

CCI does not include most commercially based sponsorships. Sponsorships that are typically used to raise awareness about the company with the public or to promote the company or the company's brand do not fall under CCI. Such sponsorships are also usually accompanied by advertising and are generally not directly associated with a specific community group.

<sup>1</sup> This report covers Corporate Community Investment for the National Australia Bank's Australian operations for the period 1 July 2004 to 30 June 2005. All figures in this report are for this period unless otherwise stated. Dollar figures quoted do not include GST.

## 2005 CCI Investment in Australia

### Areas of focus

NAB's overall Corporate Community Investment reflects the diverse nature of our business and geographical reach. Our primary areas of focus for CCI are:

- Assisting the financially disadvantaged with a particular focus around micro-finance
- Backing community based sport, and
- Building employee volunteering in the community

### Our 2005 Corporate Community Investments

NAB's Corporate Community Investment in Australia is detailed in the table on page 3. Some of the major contributions throughout 2005 were:

#### *Charitable Gifts*

- 1. Tsunami Appeal:** The NAB was quick to respond to the devastating South-East Asian Tsunami, donating \$1.1 million to World Vision and CARE Australia. 1,200 NAB staff, friends and family also volunteered their time to help out at the NAB's call centre for the 'Reach out to Asia' telethon where \$6.4 million was raised. A further \$11.5 million was raised for Tsunami victims by customers at NAB branches.

#### *Community Investments*

- 2. Good Shepherd - StepUP:** Together with Good Shepherd Youth & Family Service, the NAB is piloting 'StepUP' – a low interest loan for financially disadvantaged people who traditionally have few options when seeking credit for loans up to \$3,000. The relationship earned the partnership a Prime Minister's Award for Excellence in Community Business Partnerships. The 2005 contribution was \$198,000. NAB also sponsors an annual micro-credit conference with Good Shepherd Youth & Family Service and is active in its support around no interest loans schemes.

#### *In-kind volunteering*

- 3. Staff Volunteering:** Throughout the year, NAB's employees participated in more than 5,680 days of paid volunteer leave – or about \$1.5 million of in-kind community work. NAB provides all employees with two days paid leave each year to volunteer at a community organisation of their choice.

#### *In-kind forgone revenue*

- 4. Concession Card account:** To assist concession card holders, NAB has a basic transaction account with no account keeping fees and up to \$40 of free NAB transactions per month. 26,000 customers made use of these accounts in 2005 which benefited customers by \$1.5 million.
- 5. Rural branches:** As part of its commitment to regional Australia, NAB provides customers at 170 rural branches with reduced bank fees. These rural branches typically have no National ATM within 25km of a branch. Over 90,000 customers a year use these branches. This service benefited customers by around \$1.8 million in 2005.

#### *Commercial initiatives in the community*

- 6. Local Donation Program:** Through its local community donation program NAB provides each branch or outlet with \$1000 to donate to local community organisations of their choice. In the past three years over \$2.5 million in local community donations have been made. In 2005, \$712,000 was donated to local community groups.
- 7. AFL Rising Stars Program:** Through its commitment to the AFL, NAB plays an integral part in the development of football at the community level. A key initiative is the National Club Development Awards, which provides cash and equipment to clubs in recognition of the contribution they make to the development of young players. NAB's contribution to grassroots football was \$634,000 in 2005.
- 8. Ovarian Cancer Research Foundation (OCRF):** As a Founding Partner of the OCRF, NAB works alongside the OCRF to raise awareness of ovarian cancer and the need for an early detection test for the disease. Silver ribbons are sold annually through NAB's branch network to raise funds. In 2005 the direct NAB contribution totalled \$374,000.
- 9. Junior Games:** To share the magic of the Melbourne 2006 Commonwealth Games with communities around Australia, NAB used its role as a major sponsor to develop a Junior Games program for school children. Throughout the tour, 35 centres were visited with more than 21,000 school children from 700 primary schools participating in the NAB Junior Games. NAB's community contribution through this program in 2005 was \$940,000.

**10. The Yachad Accelerated Learning Project (YALP):** YALP is a three-year educational intervention program aimed at raising the scholastic achievements of students in remote and rural locations in Australia, particularly those with a high proportion of indigenous students. It is based on community educational approaches developed by the Hebrew University of Jerusalem. NAB's involvement also sees individuals regularly selected as scholarship fellows to travel to Israel to study approaches to community capacity-building. In 2005, \$622,000 was contributed to these programs. Separately NAB provides an Indigenous scholarship at Melbourne Business School and in 2005 supported a photo exhibition promoting reconciliation.

### Community Investment expenditure 1 July 2004 – 30 June 2005

NAB's Australian business has made the following CCI investments in 2005.

| Charitable gifts                  | Amount <sup>2</sup> | Details   |
|-----------------------------------|---------------------|---|
| Asia Tsunami donations            | \$1,100,000         | Financial donations made by NAB (\$600,000 to World Vision Australia; \$500,000 to CARE Australia)  |
| Newborn Intensive Care Foundation | \$2,500             | Financial donation  |
| RSPCA                             | \$1,000             | Financial donation  |
| MLC Employee matched donations*   | \$50,449            | Value of matched employee donations program   |
| United Way                        | \$2,500             | Financial donation  |
| Christmas Party for Special Kids  | \$1,227             | Financial donation  |
| Children's Cancer Institute       | \$1,000             | Financial donation  |
| Alannah & Madeline Foundation     | \$10,000            | Financial donation  |
| Staff volunteer grants (NAB)      | \$43,700            | A monthly grant of up to \$4,000 awarded to charitable organisations where staff volunteer. Staff are responsible for nominating the charities. |
| Staff volunteer grants (MLC)*     | \$24,000            | A monthly grant of up to \$4,000 awarded to charitable organisations where staff volunteer. Staff are responsible for nominating the charities. |
| Staff volunteer of the year*      | \$4,000             | Donation made to community groups supported by staff who have demonstrated outstanding volunteering   |
| World Vision                      | \$3,507             | Donation to support the volunteering program at World Vision. Monies used to fund thank you bags for volunteers                                 |
| Trees for life                    | \$10,000            | Financial donation by Agribusiness bankers to help with a revegetation program  |
| Eyre Peninsula Fire               | \$30,000            | Financial donation to help farmers reduce bushfire hazards on the Eyre Peninsula following major fires.   |
| <b>Total</b>                      | <b>\$1,283,883</b>  |   |

| Community Investments                                 |                  |  |
|---|------------------|--|
| Good Shepherd Youth & Family Service – NILS           | \$22,727         | Support for the administration of the National network for the No Interest Loans Scheme. The scheme links providers of microcredit across the country.   |
| Good Shepherd Youth & Family Service – StepUP program | \$198,408        | Support for microfinance employees in five pilot locations for the low interest loans scheme 'StepUP'. The pilot is being trialed in greater Melbourne, Mornington Peninsula, Blue Mountains and Bathurst. |
| National Microcredit Conference                       | \$27,550         | Support for a national annual conference which brings together Australian providers of microcredit.  |
| Conservation Volunteers of Australia                  | \$55,381         | Partnership that helps identify and organise volunteering opportunities of ecological significance for NAB employees.  |
| Melbourne Business School Indigenous Scholarship      | \$266,666        | Scholarship for indigenous students wishing to complete a Masters at the Melbourne Business School. (Note: two annual payments were made during the period).   |
| <b>Total</b>  | <b>\$570,733</b> |  |

| In Kind - Volunteering              |                    |   |
|-------------------------------------|--------------------|---|
| Event support                       | \$5,232            | Catering costs incurred as part of the corporate volunteering program   |
| Staff volunteering effort (in kind) | \$1,541,458        | In kind value of the time employees spent volunteering. The value is calculated according to the salary value of the leave taken. |
| <b>Total</b>                        | <b>\$1,546,690</b> |   |

<sup>2</sup> All figures quoted are without GST.

| In Kind - forgone revenue      |                    |  |
|--------------------------------|--------------------|--|
| Concession card account        | \$1,500,000        | Fees forgone through offering a concessional banking account for individuals on government benefits (based on use of account by 26,000 customers).   |
| Rural branch rebate            | \$1,789,446        | Reduced transaction fees at 170 'designated rural branches'. These branches are typically where there is no National ATM within 25km of a branch. Over the counter transactions which are typically more expensive than ATM transactions are undertaken at the reduced ATM rate. |
| Tsunami appeal (merchant fees) | \$193,564          | Banking fees forgone as part of the collection of funds for the Asian tsunami appeal.  |
| <b>Total</b>                   | <b>\$3,483,010</b> |  |

| Commercial initiatives in the community                         |                    |   |
|---|--------------------|---|
| \$1000 per NAB outlet/branch for local community initiatives    | \$712,511          | Comprises approximately 3,500 separate local donations made at the discretion of local branches. Donations split: NSW 32%, Vic 29%, Qld 21%, WA 9%, SA 5%, ACT 2%, Tas 1%, NT 1%.                           |
| AFL pathways  | \$633,933          | Contribution to grassroots and regional football through the AFL sponsorship.   |
| Agribusiness field days   | \$184,545          | Financial contribution to rural and regional field days allowing farmers to come together and access external expertise.  |
| Ovarian Cancer Research Foundation                              | \$344,368          | Contribution to educate the general public about ovarian cancer and the need to develop an early detection method. Includes funding of a research position to work specifically on an early detection test. |
| Lions Youth of the Year Award                                   | \$50,420           | Sponsorship for a program run by Lions which identifies leadership talent in the community.   |
| Australian Red Cross Blood Service                              | \$75,758           | Sponsorship of a blood drive in 2004/05   |
| Community Ambassadors   | \$76,394           | Support by high profile community ambassadors to promote the awareness of community related programs such as volunteering and ovarian cancer.   |
| United Nations Association of Australia Environment Awards      | \$9,773            | Sponsorship of the business category of awards which foster best practice in environmental management.  |
| Junior Games  | \$940,909          | A grassroots program focused at sharing the spirit of the Commonwealth Games with school children. The program also focused on the merit of staying healthy.  |
| The Australian Ballet   | \$181,818          | Education program on promoting ballet in the community.   |
| Greening Procurement Forum                                      | \$22,928           | Contribution to a one day conference on advancing environmentally sound procurement practices in Australia  |
| Accelerated Learning Program                                    | \$621,740          | Contribution to a scholarship and a program which is being used to deliver accelerated learning programs in regional and indigenous communities.  |
| UNAA Microcredit Conference                                     | \$48,864           | Sponsorship of a conference on local and international microcredit practices.   |
| Bell Shakespeare  | \$25,455           | Sponsorship of theatre company's Sydney season  |
| Australian Medical Acupuncture College Conference               | \$5,455            | Sponsorship of a conference.  |
| Ovarian Cancer Research Foundation                              | \$30,000           | Support for a fundraising event to support the work of the Ovarian Cancer Research Foundation.  |
| Jewish Museum of Australia                                      | \$40,000           | Community sponsorship   |
| Brisbane Writers Festival                                       | \$13,636           | Sponsorship supporting the Festival.  |
| Adelaide Arts Festival  | \$7,500            | Sponsorship supporting the Festival.  |
| Mark Waugh Corporate Cricket Challenge in support of MS Society | \$8,091            | Sponsorship of a fundraising event.   |
| Art Gallery of NSW  | \$14,773           | Sponsorship supporting the gallery.   |
| Reconciliation Australia  | \$7,329            | Sponsorship of a photographic exhibition on reconciliation which toured regional Australia as well as being displayed in Melbourne.   |
| MLC sponsorships  | \$3,644            | Miscellaneous community sponsorships  |
| Cirque du Soleil  | \$45,000           | Tickets to a dress rehearsal provided to community organisations working with youth at risk.  |
| <b>Total</b>  | <b>\$4,104,842</b> |   |

### CCI management costs

|   |                  |   |
|---|------------------|---|
| Corporate Social Responsibility staff costs | \$418,393        | Salary costs of the team working on corporate social responsibility programs. |
| Marketing and Sponsorship staff costs       | \$200,000        | Salary costs of the team working on community based sponsorships.             |
| <b>Total</b>                                | <b>\$618,393</b> |   |

**Total Community Investment Expenditure**    **\$11,607,551**

\*\*Program operated by MLC's People and Community Trust

### Corporate Community Investment by area of focus

| Area of Focus  | Amount              |
|--|---------------------|
| Arts & Culture                                       | \$288,182           |
| Disadvantaged and Welfare<br>(includes forgone fees) | \$3,593,002         |
| Education  | \$888,406           |
| Environment and Biodiversity                         | \$98,082            |
| Health   | \$459,080           |
| Sport  | \$1,582,933         |
| Emergency  | \$1,293,564         |
| Other  | \$1,239,219         |
| Volunteering & Management costs                      | \$2,165,083         |
| <b>Total</b>   | <b>\$11,607,551</b> |

For further information on NAB's corporate community investment programs email [community@national.com.au](mailto:community@national.com.au)