



*2007 corporate  
responsibility review*

# National Australia Bank



Clydesdale Bank



Yorkshire Bank



Bank of New Zealand



nabCapital



# highlights

*We believe corporate responsibility is fundamental to creating shareholder value and we continue to make progress in key areas of our social and environmental performance*

## stakeholder engagement

- Continued to improve stakeholder trust 6
- Community principles developed in Australia 6
- BNZ held community consultation workshop on accessibility 6

## benchmarking

- Improved our Dow Jones Sustainability Index result 7
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- Included in Business in the Community's 'Top 100 companies that count' listing in UK 7
- Won a range of awards 7

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**changes to our 2007 reporting**

This Review covers the material Corporate Responsibility (CR) issues we have been focused on during 2007. This is complemented by information we are disclosing on our Group website and a new document we are producing this year – our 2007 CR Detailed Facts & Information pack. This suite of disclosures provides full coverage of our CR performance for those stakeholders who are interested in our performance against the Global Reporting Initiative’s Sustainability Reporting Guidelines and associated finance sector supplements. Further detail on changes to our CR disclosures is provided in our 2007 CR Detailed Facts & Information pack, page 3.

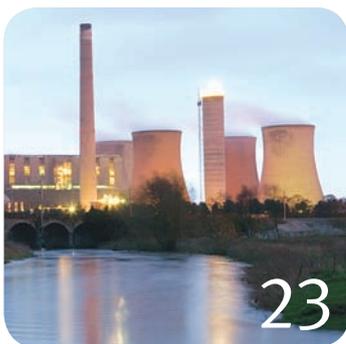
The following symbols are used throughout this Review and our 2007 CR Detailed Facts & Information pack to indicate where you may locate further information:



Indicates extra information provided in our 2007 CR Detailed Facts & Information pack. This pack is available in an interactive format on our Group website or as a pdf document available for download.



Indicates extra information provided on our Group website at: [www.nabgroup.com](http://www.nabgroup.com)



**how to read this review**

References to “NAB”, the “National”, “National Australia Bank” or the “Company” are to National Australia Bank Limited ABN 12 004 044 937. The “Group” refers to NAB and its controlled entities.

All currency amounts are expressed in Australian dollars unless otherwise stated.

References to 2005, 2006 and 2007 in the community, people, environment and benchmarking sections of this Review are references to the CR reporting year for non-financial information ended 30 June 2005, 30 June 2006 and 30 June 2007 respectively, unless otherwise stated.

Information provided in the Group profile, stakeholder engagement and customer sections is for the financial reporting year ended 30 September 2007, unless otherwise stated, to be in alignment with information provided in our 2007 Shareholder Review and 2007 Annual Financial Report. Copies of these documents are available on our Group website:

[www.nabgroup.com](http://www.nabgroup.com).

Detailed information on the scope and boundaries of our 2007 CR disclosures is provided in our 2007 CR Detailed Facts & Information pack. This is available on our Group website: [www.nabgroup.com](http://www.nabgroup.com)

All references to the Group website – [www.nabgroup.com](http://www.nabgroup.com) – are represented by the symbol  throughout the text. Other websites operated by Group entities include: [www.cbonline.co.uk](http://www.cbonline.co.uk); [www.ybonline.co.uk](http://www.ybonline.co.uk); [www.nab.com.au](http://www.nab.com.au); [www.bnz.co.nz](http://www.bnz.co.nz); and [www.nabcapital.com](http://www.nabcapital.com).

This Review contains references to various websites. Other than the websites listed above, websites referred to in this Review are third-party websites and are not controlled or connected with the Group. NAB does not accept any responsibility for the information contained on third-party websites or for any consequences of accessing those websites.

**progress on planned actions**

We have provided updates on the planned actions that we reported in our 2006 CSR Report. These updates have a status indicator to show how we have progressed these actions and are included, where relevant, in each section in this Review and in our 2007 CR Detailed Facts & Information pack. These status indicators are shown below:



**In progress**



**Achieved**



**On hold**



**Not achieved**

# 2007 news and updates

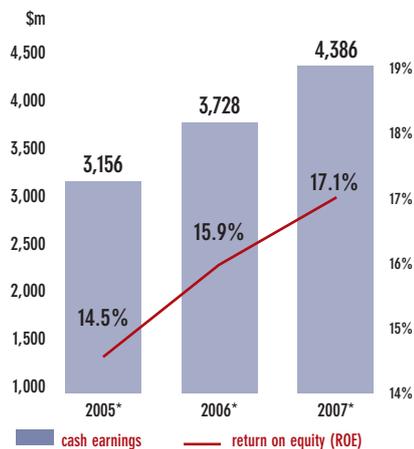
## financial performance overview

The 2007 results demonstrate the National Australia Bank is in great shape. Our regional businesses and nabCapital all recorded double digit growth in cash earnings and have strong momentum.

Total lending increased 13.8% to \$394.7 billion and was achieved with careful management of costs. Operating expenses grew less than 1% with revenue up by more than 8%, demonstrating the underlying business is going from strength to strength. All our banking operations reduced their cost to income ratios with the total banking cost to income ratio down from 54.5% to 50.8%.

Asset quality measures show early signs of moving up from historically low levels but are within our expectations for this stage of the credit cycle. Our overall performance this year is built on the sound foundations of improved customer satisfaction and employee and community engagement.

Further information on our financial performance is available in our 2007 Shareholder Review and 2007 Annual Financial Report and in the Economic performance section of our 2007 CR Detailed Facts & Information pack, pages 78–80. All these documents are available on our Group website [link](#).



\* presented on an ongoing operations basis.

Source: NAB Internal

Figure 1: our three-year performance

## people news

In the UK, we are in the process of negotiating a new Recognition Agreement with the union, Unite. Negotiations have been complex as a result of finalisation of changes to reward conditions in the Agreement. The revised finalisation date is end of December 2007.

In August 2007, our Group Chief Executive Officer, John Stewart, was given a new long-term incentive (LTI) package linked to sustainable shareholder returns, CEO succession planning and cultural and management development. This was put in place to provide ongoing financial incentives as NAB moves into its next phase of development. Shareholders will be asked to approve the new long-term incentive package at the next annual general meeting.

## health & safety news

In April 2007, NAB commenced operating under the Australian Government's Comcare Workers Compensation Scheme and its Occupational Health and Safety legislation. As a national employer, NAB determined that operating under a single national framework rather than disparate State legislation, would produce greater efficiencies and consistent and equitable entitlements for all NAB employees. Comcare was the only scheme providing such a national framework.

The Finance Sector Union (FSU) expressed concern at this arrangement and lodged a dispute in the Australian Industrial Relations Commission over NAB's proposed transfer to Comcare. Following negotiations, NAB and the FSU were able to reach a satisfactory agreement which dealt with the major concerns raised by the FSU. The agreement is due to be lodged with the Commission in November 2007.

In 2007, our Lost Time Injury Frequency Rate (LTIFR) remained flat or continued to reduce in Australia and the UK. In New Zealand, our LTIFR increased due to one significant claim with 55 lost days, compared to 2006 when, for the entire workforce, we only lost 69 days. More detail on our health and safety management systems, performance and initiatives is available in our 2007 CR Detailed Facts & Information pack, pages 38–40 on our Group website [link](#).

## environmental news

In 2007, nabCapital established our Carbon Solutions Group (CSG), which provides a centre of excellence for carbon finance matters, including renewable and alternative energy finance, energy efficiency financing plus related risk management, emissions trading and advisory services.

This year, we have reviewed and updated our Group Environmental Policy. Further information is available in our 2007 CR Detailed Facts & Information pack, page 64 and on our Group website [link](#).

In September 2007, we became members of the Carbon Disclosure Project (CDP). This year, the CDP offered membership to signatories for the first time. As a member, we are able to take a more active role in the development of the CDP and have access to a database, which will help us to further develop our understanding of the risks and opportunities facing businesses as a result of climate change.

We held our National Australia Group Global Unions Conference on 28 to 31 August 2007 in Brisbane. It was attended by union

delegations from Unite (UK), Finsec (NZ) and the FSU (Aus), as well as employee relations representatives from NAB. This conference is conducted under our Global Union Engagement Agreement, which sets out the principles under which management and the unions engage. John Stewart – Group CEO, Michael Ulmer – Group CFO and Deputy Group CEO designate and Ahmed Fahour – Australian CEO, spoke at the conference. Matters discussed at the conference included:

- moving from fixed to performance and market-based pay
- offshoring of jobs
- workloads and unpaid overtime
- workplace representatives' roles
- pay equity issues

A new Customer Care Line was launched on 1 October 2007 by Bank of New Zealand to help credit card customers showing early signs of financial stress. Customers are proactively identified, contacted and offered advice and solutions to help them manage their card. This early intervention can help reduce customers' anxiety and help them avoid getting into financial difficulty. Initial feedback has been great. Customers are pleased to talk with us and to put plans in place to better manage their credit card.

This year, NAB was the first Australian company to partner with ShareGift Australia and offer its shareholders the opportunity to donate their shares to charities. The opportunity was launched to those NAB shareholders holding small numbers of shares along with their dividend statements in July 2007. By the end of September, 72 NAB shareholders had participated in the program, raising \$14,275 for Australian charities.

In September 2007, we were nominated by Diversity Works Australia and selected as a finalist in the Prime Minister's Employer of the Year Awards in the category 'Recognising excellence in the employment of people with a disability' for our work recruiting employees with vision impairment. Other awards we have won are listed on page 7.

In October 2007, our UK business was listed in *The Times* newspaper's 'Top 50 places where women want to work' as a result of its response to the following five criteria: the opportunities that they provide women; having progressive, transparent cultures; an ability to celebrate diversity; an eagerness to embrace new technology to facilitate work-life balance; and a commitment to being socially responsible.

Further information is available at: [http://www.timesonline.co.uk/tol/life\\_and\\_style/career\\_and\\_jobs/top\\_50\\_women](http://www.timesonline.co.uk/tol/life_and_style/career_and_jobs/top_50_women)



# chairman's & group CEO's message

We are pleased to introduce our Corporate Responsibility (CR) Review. As you explore these pages, you will see that, as well as delivering on our financial objectives, we have also made significant progress in key areas of our social and environmental performance.

Our Board and executives believe CR is a key component of creating shareholder value. Importantly, it enables our people to feel proud of where they work and builds trust with our customers, local communities and other stakeholders. This view is backed by market research, including our annual stakeholder relationship survey.

This year, we have made two major environmental commitments and implemented a range of initiatives to help tackle some big issues faced by our communities.

Climate change is clearly one of the most concerning challenges of our time. Every day, the issue engages more and more people across the world and there is now real momentum for all of us to reduce our carbon footprint, both at home and at work. It's important that corporations such as NAB lead by example and work with others to make a difference for the communities we're part of and the sustainability of our planet. This is why we decided to commit to becoming carbon neutral by 2010.

Poverty is not exclusive to developing countries – it is also an issue in our own backyard. As a bank, we are in a unique position to make a real difference in people's lives by offering safe, affordable financial products and advice to people facing financial exclusion. This year, in addition to our expanding microfinance initiatives, we have also introduced a microenterprise program.

Domestic violence is a critical concern in New Zealand and we have teamed up with Preventing Violence in the Home (PVH) to help raise public awareness and support the agencies providing care and safety to victims.

This year, we are particularly pleased that:

- our Relationship Index results show our stakeholders have increasing trust in us
- we received a responsible lending award in the UK for helping our customers to manage credit card debt
- our formal volunteering programs have expanded across all our businesses
- our diversity initiatives have expanded and we globally mobilised our employees behind International Women's Day
- we have improved the satisfaction of our people

There is still much to do but we are confident that we have the right plans in place. In the coming year, we will continue to:

- look for ways to improve the accessibility and affordability of our financial products and services
- implement plans to ensure we deliver on our carbon neutral commitment and our responsibilities under a range of new



- environmental legislation being introduced by governments to tackle climate change
- identify ways to provide practical help to local communities to address key issues affecting them
  - seek to improve our culture by recruiting and developing talented people and making NAB a great place to work

Our CR disclosures continue to meet the A+ level of the Global Reporting Initiative's Sustainability Reporting Guidelines and reflect ongoing stakeholder feedback on our reporting.

This year, we have changed our approach to how we present our CR reporting, including this Review, and we welcome your feedback.

Finally, we would like to warmly thank all our people and stakeholders for their tremendous contribution to our ongoing CR reporting and performance.

**Michael Chaney**  
Chairman

**John Stewart**  
Group Chief Executive Officer



*We've made major environmental commitments and are helping tackle big issues faced by our communities*

**FIND OUT MORE**



You can provide feedback on our reporting via email to [corporate\\_responsibility@national.com.au](mailto:corporate_responsibility@national.com.au) or by visiting our interactive CR Review and 2007 CR Detailed Facts & Information pack online and completing the feedback survey. Go to our Group website.

# our group profile

*We're building a portfolio of sustainable businesses and powerful brands*

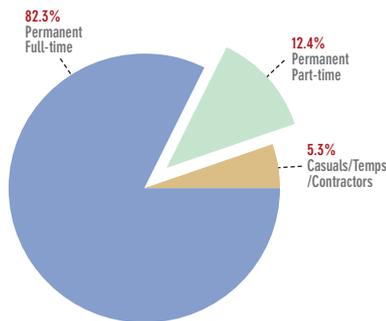


Figure 2: the nab's workforce by employment type (as at 30 June 2007)<sup>4</sup>

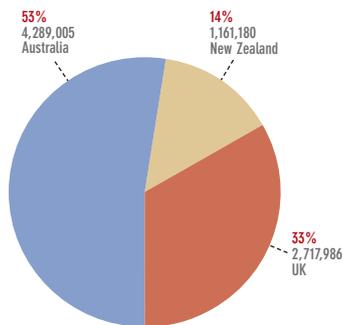


Figure 3: distribution of customers by region (as at 30 September 2007)

We are an international financial services organisation that provides a comprehensive range of financial products and services<sup>1</sup>. Since 1858<sup>2</sup>, we have grown to have a workforce of 38,822<sup>3</sup> full-time equivalent employees and to serve around 8.2 million banking clients and 2.3 million wealth management customers and policyholders.

With total assets of \$564.6 billion, we are proud of our position as one of Australia's largest listed financial institutions. Figure 2 shows the make-up of our workforce globally and Figure 3 illustrates the global distribution of our banking customers.

We operate under a regional accountability model supported by a streamlined Corporate Centre. The aim of this model is to maximise local decision making. Our three regional businesses are located in Australia, the United Kingdom (UK) and New Zealand. We also operate a fourth and global business, nabCapital, our institutional banking and capital markets business. The Group sets high-level targets for the CEOs of our businesses, giving them the accountability to run their businesses. Each business includes customer service, product development and support functions, such as technology, people and culture, finance and risk management, corporate strategy and corporate affairs. The key brands and services for each of our businesses are listed below and right.



Our Australian regional business includes two key brands, nab and MLC. This business helps customers by providing a comprehensive array of services, including retail, business and corporate banking, superannuation, investments and insurance, asset finance, transactional services and custody services. Our Australian business also has representative offices and minor consumer banking operations in Asia.



Our UK-based regional business includes both the Yorkshire and Clydesdale Bank brands. These banks combine global strength with local service and focus on providing customers with integrated financial solutions. Services include retail, business and corporate banking and wealth management.



Our brand in New Zealand is the Bank of New Zealand. It provides a range of financial services to help customers, including retail, business and agribanking, insurance, transactional services and custody services.



nabCapital is a global operation and it has offices in Australia, New Zealand, the United Kingdom (UK), the United States of America (USA) and Asia. nabCapital uses its international relationships and knowledge of local market environments to provide services through four divisions – institutional banking, corporate finance, markets and structuring and investments. These services are provided to corporate, institutional and retail clients.

#### our corporate centre focuses on:

- value creation and target setting
- performance monitoring and capital management
- human capital
- mergers and acquisitions

The Corporate Centre is responsible for allocation of capital and taking a portfolio approach to optimising shareholder returns. It is also accountable for high-level policy, oversight and supporting Board governance.

Key Group facts are listed below left.

## KEY GROUP FACTS (AS AT 30 SEPTEMBER 2007)

38,822	Employees (FTE), globally <sup>3</sup>
~8.2 million	Retail and business banking customers, globally
~2.3 million	Wealth management customers, globally
884,524	Small business customers, globally
1,766	Branches & service centres, globally
2,964	ATMs, globally (including non-branded ATMs)
681	Salaried financial advisers, globally
947 (not including Asia)	Aligned financial services advisers, globally

1 The global headquarters of NAB is in Melbourne, Australia. NAB is a public limited company, incorporated in Australia on June 23, 1893. It is the parent and main operating company of the Group.  
 2 The National Bank of Australasia was established in 1858  
 3 As at 30 June 2007, our global FTE number was 39,220  
 4 These figures cover our entire global operations, including the US and Asia

## FIND OUT MORE



Further information regarding the profile of our businesses, operating structure and Group Executive Committee is available in our 2007 CR Detailed Facts & Information pack, pages 5–7, our 2007 Shareholder Review and 2007 Annual Financial Report on our Group website.



Also refer to our Group website and our key business websites listed on the inside back cover of this Review.

# what does CR mean to us?

## *Acting responsibly to improve performance and deliver shareholder value*

In 2008, NAB will celebrate its 150th anniversary. This is a significant milestone in our history. As we look forward, our focus on Corporate Responsibility (CR) has a crucial role to play in taking us through the next 150 years. We believe in:

- **being good at providing financial products and services** – listening, understanding and helping our customers to achieve their goals and considering broader social and environmental issues in the way we conduct ourselves
- **creating a great place to work** – developing our people's capability and talent, recognising the power of their ideas and aspirations and providing attractive employment
- **supporting local community development** – helping communities in need
- **managing our operations responsibly** – applying good governance and risk management, working with our suppliers and reducing our environmental footprint
- **listening to and understanding the views of our stakeholders** – and trying to address shared issues of concern

These beliefs have developed into a way of working, an approach to the world and the way we behave as a financial institution. This is what CR means to us. These beliefs form the foundation of our Group CR Strategy, which contributes to improved business performance, and delivers shareholder value.

The description of CR, left, is quite broad but that's because it is part of everything we do. However, in the past 12 to 18 months, we've defined key areas of focus as part of our CR strategy. In doing this, we have engaged with our Board, senior executives and management, our people, customers and other stakeholders.

The key areas of focus in our CR strategy include:

- assisting disadvantaged communities
- our commitment to carbon neutrality
- education – building the capability of our people and local communities

We are focusing on these areas in order to make a difference and deliver value to our business and the communities we operate within.

Our areas of focus aim to:

- align to business strategy and help NAB Group achieve its business objectives (see page 5 of our Shareholder Review on our Group website )
- resonate with employees, customers, key stakeholders and local communities
- address issues and needs in local communities
- help our people, customers and communities to understand what we stand for

We also undertake a range of other CR-related activities that are being integrated into business as usual. These form a foundation from which we can credibly build our areas of focus and take our business

forward. They contribute to our 'licence to operate' and are an important part of managing our business well and being a responsible global corporate citizen.

Figure 4 illustrates the key areas of focus in our CR Strategy this year.

To help deliver on our CR Strategy, each of our businesses and the Corporate Centre have invested in a growing team of specialists whose job it is to provide advice and work with our businesses. These specialists help to develop local strategies, priorities and action plans and encourage people embedded within business units to become CR champions. This is important to reflect the expectations of local stakeholders, the regional context of our businesses and the progress they have each made to date. This year, we also reviewed our CR Policy and formalised our CR governance and reporting processes within a new Group CR Framework.

### FIND OUT MORE



Further information on public commitments we have made and the key CR challenges and issues of importance to us are provided in our 2007 CR Detailed Facts & Information pack on our Group website.

Figure 4: our 2007 CR areas of focus



### examples of corporate responsibility business-as-usual activities

- Responsible lending
- Governance
- Social and environmental risk assessment in lending
- Flexible workplace practices
- CR in the supply chain
- Stakeholder engagement
- Environmental management and resource efficiency
- Volunteering
- Charitable giving
- Effective industrial relations
- Diversity initiatives

# stakeholder engagement

*We are listening to our stakeholders*

At NAB, we are listening to our customers, government, regulators, media, NGOs, unions and shareholders. This helps us to get a better perspective on key issues and expectations of us. We engage and consult on key issues indirectly through membership of a range of industry bodies and associations.

## industry consultation, engagement and advocacy

In the past 12 months, NAB has participated in consultation on many issues relevant to the wider community, including:

- NAB Group's CEO, John Stewart, was one of 12 members on the Australian Prime Ministerial Task Group on Emissions Trading from December 2006 to May 2007
- MLC's CEO, Steve Tucker, appeared before the Parliamentary Joint Committee on Corporations and Financial Services inquiry into the structure and operation of the superannuation industry
- the House Standing Committee on Economics, Finance & Public Administration inquiry into home loan lending practices and processes

## community consultation

In 2007, our Australian Community Advisory Council (CAC) chaired by the Rev. Tim Costello, CEO, World Vision Australia, endorsed a community strategy and principles. The CAC also provided feedback on specific banking products and their community impact.

In New Zealand, we met with a range of community and advocacy groups to talk about accessibility to financial products and services. This included a workshop in September 2006. Community input has now been incorporated into the design, functionality and fit-out of three new buildings we are developing in New Zealand.

In the United Kingdom, we participated in industry consultation on a number of issues, including the Financial Services Authority's Treating Customers Fairly initiative, the provision of basic bank accounts to the financially excluded, bank account fees and complaint handling and a review of the UK retail and business banking codes. Our UK business also held meetings with visually-impaired customers, our employees and a local community group to seek opinions of how we may improve the banking experience for visually-impaired customers.

## monitoring the quality of our stakeholder relationships

Across the Group, we measure the quality of our relationships with key external stakeholders through an independent external survey known as the Relationship Index (RI), licensed by Edelman. The RI measures relationship quality on four key dimensions – trust, mutuality of control, commitment and satisfaction. The 2007 results show continuing improvement in the quality of our stakeholder relationships in Australia and the UK. Figure 5 shows the quantitative trends for the UK and Australia and our 2007 baseline results for NZ.

## engaging with stakeholders

For a number of years now, NAB has sought and acted on feedback about our CR reporting, where possible, from a range of stakeholders (including employees). This year's feedback included suggestions that we provide:

- clearer links to business drivers and the reasons the information is important
- increased disclosures from MLC, our Australian wealth management business
- more detailed trend information and graphical representation of data
- better-defined CR goals and challenges and whether they were met

Finding the balance of detail and relevance is an issue for us. While more detail is requested by some external stakeholders, others (including our employees) point to our reporting being too long. This year, we have tried to respond to this feedback by providing this Review and our 2007 CR Detailed Facts & Information pack.

## ▶ AT A GLANCE

Continued to improve stakeholder trust

Community principles developed in Australia

BNZ held community consultation workshop on accessibility

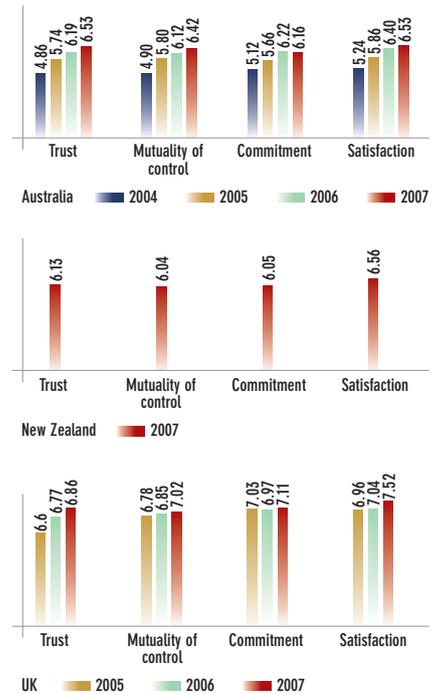


Figure 5: Relationship Index scores for each key region in which we operate

## MOVING FORWARD PLANNED ACTIONS FOR 2008 INCLUDE:

- ▶ Community consultation workshops on education to be held in Australia, New Zealand and the UK
- ▶ BNZ to develop stakeholder engagement plans for senior executives

## PROGRESS ON PLANNED ACTIONS FROM 2006

ACTIONS	COMMENTS	Status
BNZ to engage with community groups on accessibility issues and develop a plan	See page 16 and our 2007 CR Detailed Facts & Information pack, page 16	✓
Finalising BNZ's new stakeholder engagement plan	High-level stakeholder engagement plan completed	✓
Implementing an online survey for feedback on our CSR Report	Completed via interactive web version of the 2006 CSR Report	✓
Reporting back on the activities of our Community Advisory Council in Australia	See above left and our 2007 CR Detailed Facts & Information pack, page 15	✓

## FIND OUT MORE



Further information on our approach to stakeholder engagement, our stakeholder relationships, activities, key memberships and our Relationship Index results are provided on our Group website and in our 2007 CR Detailed Facts & Information pack.



# benchmarking our performance

## Our index scores, survey results and awards demonstrate we are on the right track



We benchmark our CR performance at three levels:

### globally with the Dow Jones Sustainability Index (DJSI) and the FTSE4Good

We continued to improve our performance and scored above average in all categories of this year's DJSI. The greatest improvement was in our community investment and environmental performance. Suggested areas for improvement included products and services to help customers mitigate or adapt to climate change, diversity metrics, resource consumption reduction, visibility of climate change risk in our investment banking activities and external reporting of quantitative performance targets.

NAB remains in the FTSE4Good Index. This reflects our continuing commitment to developing positive stakeholder relationships, supporting human rights and working towards environmental sustainability.



FTSE4Good



Business in the

Community

### regionally with Reputex and Business in the Community

This year, we improved our Australian Reputex social responsibility rating from AA to AA+. The Bank of New Zealand maintained its rating and improved individual components of its scores related to social, workplace and environmental performance. Australia and New Zealand also received their first Reputex Carbon rating, assessment, which will serve as a baseline for monitoring future performance.

In the UK, Business in the Community (BITC) ranked us in the 'Top 100 companies that count', with a Bronze overall ranking in the 2006 survey and a Silver ranking for our community investment. To give us two years to make even further progress, we are going to participate in our next BITC survey in 2008.

### locally with stakeholders through the Relationship Index (RI) survey

Results from our 2007 RI survey can be viewed in the Stakeholder section of this Review (see page 6).

### external recognition

In 2007, NAB received a number of awards. Here are some of the highlights.

#### our UK business won:

- *Your Mortgage* magazine, November 2006 – Best Offset Mortgage Lender (Yorkshire Bank/ Clydesdale Bank) and Best Mortgage Lender Scotland (Clydesdale Bank, 3rd year)
- 'World Call Centre of the Year' October 2006
- The Credit Card Awards – Best CSR Program of the Year November 2006

- *Credit Today* – Responsible Lender of the Year Award – April 2007
- ASA International's HR Excellence Award – Large Category – 2007
- Community Award from Scottish Arts & Business for 'Count me in 123' with Dundee City Council October 2006

#### BNZ won:

- Two awards for value-for-money banking at the second annual *Sunday Star Times* Cannex Banking Awards April 2007
- The Robin Hood Foundation Social Hero Award for Family Safety July 2007
- The Supreme Diamond Award for best service contact centre for the 4th year in a row

#### highlights for our Australian business include:

- Being awarded Business Bank of the Year by the prestigious CFO Magazine September 2006
- Our Step UP Loans product winning the award for Best Socially Responsible Product in *Money* magazine's Best of the Best Awards 2007
- Our South Australian employees formally being recognised for their volunteering efforts by the Government of South Australia's 2006 Premier's Business Award
- The Equal Opportunity for Women in the Workplace Agency (EOWA) announcing NAB as an Employer of Choice for Women

#### highlights for MLC include:

- The Customer Service Institute of Australia awarded the MLC Client Service Centre the Victorian Contact Centre of the Year Award
- An Excellence Award in Member Marketing and Education Communication through its subsidiary Plum Financial Services
- Best platform for administering self-managed superannuation – MLC MasterKey Custom
- Income Protection Product of the Year awards from *AFR/Smart Investor* Blue Ribbon Awards, Plan for Life/AFA Awards and *Asset* Magazine Innovation Awards

#### nabCapital won:

- *Insto* magazine, January 2007 – Best Bond House 2006 (fourth year in a row)
- *Asiamoney*, June 2007 – Best Domestic Debt House Award
- IFR Asia, December 2006 – Australia/New Zealand Loan House of the Year 2006

#### NAB Group awards:

- International Law Office (ILO) Global Counsel Award for Pro Bono Services
- Our 2006 CSR Report won in the Sustainability Reporting Category of the Australasian Reporting Awards

# community investment

*Access to financial services, strengthening communities and supporting education*

NAB Group's community investment is driven by the belief that we have both a responsibility and the opportunity to assist in the development and growth of the communities where our customers and our people live and work. Our focus on listening to what is important in our communities has led us to implement a range of community investment initiatives across our global businesses.

## our corporate community investment

NAB Group's total corporate community investment (CCI) this year was \$25.9 million, a 26% increase on last year. In 2007, we spent 0.47% of the Group's cash earnings before tax on community investment. Our goal is to gradually increase this to 1%.

A breakdown of our total community investment across each of our businesses is shown in Figure 6.

Our cash-related CCI in 2007 was diversified, with the largest areas of spending being community-based sport (37%) and education (20%). The percentage breakdown by key areas of focus is shown in Figure 7.

In 2007, we began to focus our community investment activities around three key themes:

**Access to financial services** – we provide an essential service to the community and we have a responsibility to provide our products and services for all

**Strengthening communities** – we support initiatives that build and strengthen the communities in which we operate

**Support for education** – we are focused on improving educational outcomes as part of our contribution to social well-being and economic prosperity of local communities

## access to banking services

### No Interest Loans Schemes (NILS®) and Step UP loans

Step UP is our Australian low-interest loan program, which is delivered jointly with Good Shepherd Youth and Family Service. It provides people on low incomes with a not-for-profit loan (\$800–\$3,000) for essential items, such as household goods and motor vehicles.

The Step UP program is available throughout Melbourne, Sydney, South Australia and Western Australia and in regional areas such as Bathurst, Cowra, Lithgow, Orange, Kalgoorlie and Geraldton. A Step UP loan can have a profound impact on a customer, as shown in the case study on page 18. The Step UP loan was recognised by winning the Best Socially Responsible Product in *Money* magazine's Best of the Best Awards 2007.

The No Interest Loan Scheme (NILS®) was developed 26 years ago by Good Shepherd Youth and Family Service. NILS® provides loans of up to

## ▶ AT A GLANCE

Invested \$25.9 million in local communities

Continued to enhance our banking services to disadvantaged communities

Extended formal volunteer leave policy across our businesses

\$800 for essential household goods for people on low incomes. Good Shepherd co-ordinates the National NILS® Network, which currently consists of NILS® programs delivered by accredited community organisations across Australia. We continue to contribute to the growth and capacity development of the NILS®.

More information on these banking services is available in the Customer section of this Review.

## microenterprise loans

2007 marked the introduction of a Microenterprise Loan program by our Australian business. This program offers unsecured business loans of between \$500 and \$20,000 for people on low incomes who have few or no avenues to access affordable business credit. The loans are provided on a not-for-profit basis and are available to help start up or support an existing business of five or fewer employees. As part of the program, we provide the loan recipients with access to business skills, training and advice. NAB contributed \$108,201 to this program during the year (outside of loan capital).

## strengthening communities

### NAB AFL Auskick

Since 2002, our Australian business has worked with the Australian Football League (AFL) to support NAB AFL Auskick, the AFL's football clinics for primary school children and their families. Local football communities manage the program and there are more than 2,500 NAB AFL Auskick centres in Australia. Last year, 150,000 children registered and 20,000 parents volunteered. Support is provided by the AFL through various State football bodies. In 2007, NAB contributed \$1.5 million to Auskick and \$4.1 million overall to grassroots football in the community. Children (aged 5–12) register and participate in a weekly coaching program of warm-ups, skill activities and games, as well as a match program based on appropriate modified rules designed to suit varying development levels and maximise skill-based learning. It's also a great way for the family to spend time together.

### NAB Agribusiness Awards for Excellence

Each year – in conjunction with Monash University – our Australian business holds the NAB Agribusiness Awards for Excellence. These awards recognise and reward people and organisations who have contributed to the food, fibre, beverage and agribusiness industries. We also sponsor two specific award categories – The Primary Producer

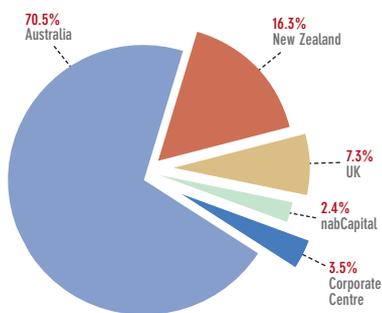


Figure 6: community investment by business

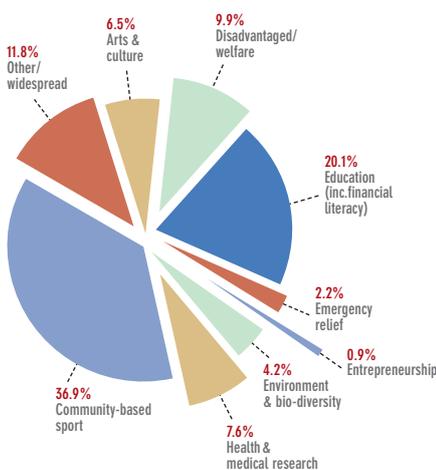


Figure 7: distribution of cash-related CCI by areas of focus<sup>5</sup>

<sup>5</sup> Cash-related CCI includes cash spends of charitable gifts, community investments and commercial initiatives in the community but does not include the value of volunteering and management costs.

of the Year Award and the Agribusiness Leader of the Year Award. These awards are part of our commitment to agribusiness and rural Australia.

#### Tarerer Gunditj Project Association

This year, the Corporate Centre sponsored the production of a CD of traditional music by local Indigenous artists in south western Victoria, in collaboration with the Tarerer Gunditj Project Association, a not-for-profit organisation dedicated to preserving and promoting the culture of the original land owners. The CD was distributed by fellow sponsor Australia Post. At the end of September 2007, more than 3,000 copies had been sold, with proceeds going back into the local Indigenous community.

#### saving the kiwi

BNZ Save the Kiwi Trust is a 16-year collaboration between BNZ and the Department of Conservation. Its aim is to protect New Zealand's national icon – the kiwi. BNZ does this in a number of ways, including raising funds via innovative products like the Kiwi EFTPOS card (with a NZ\$10 annual donation) and the Kiwi Trust cheque book (with a NZ\$4 donation). Donations can also be made via BNZ branches, ATMs or online via the Trust's website. Additionally this year, BNZ Save the Kiwi Trust was part of a collaborative effort that educates school children about the ecological side of kiwi conservation and the birds' social and cultural significance. Further information is provided via the BNZ Save the Kiwi Trust dedicated website: [www.savethekiwi.org.nz](http://www.savethekiwi.org.nz).

#### community theatre sponsorships

For more than 10 years, BNZ has been supporting four community theatres:

- Centrepont Theatre in Palmerston North
- Downstage Theatre in Wellington
- The Court Theatre in Christchurch
- Fortune Theatre in Dunedin

These investments create an opportunity for BNZ to support local communities, encourage emerging talent and bring live theatre to a wide audience.

#### Leeds Grand Theatre

Yorkshire Bank is the largest corporate sponsor for the Leeds Grand Theatre, home theatre of Opera North, which has now reopened after a year-long renovation. We are proud of our support of this building which has such an historical significance. Linked to this is our sponsorship of Opera One, which introduces school children to the music and drama of opera.

**Preventing Violence in the Home needs help.**

Thank you, together we've helped make a difference.

Better Off Bank of New Zealand

**What they need:**  
Preventing Violence in the Home is committed to turning around New Zealand's epidemic of family violence. It needs money to fund its 24 hour support line, train its volunteers and pay for the fantastic work its full-time staff do in support of New Zealand families.

**What we're doing:**  
Committing to a three-year partnership, providing sponsorship and staff support for Preventing Violence in the Home and Bank of New Zealand Get Organised Auckland – New Zealand's biggest charity garage sale.

**What you can do:**  
Make a donation to Preventing Violence in the Home at any Bank of New Zealand branch. Learn more about domestic violence and the signs to look out for at [www.preventingviolence.org.nz](http://www.preventingviolence.org.nz).

**If you need help:**  
Call the domestic violence help line for support and advice on 0508 DV HELP (0508 38 4357).

Find out more about how Bank of New Zealand is making a difference with sponsorships like the Bank of New Zealand Save the Kiwi Trust, scholarships and the Katherine Mansfield Short Story Awards at [www.bnz.co.nz/sponsorships](http://www.bnz.co.nz/sponsorships).

Better Off Bank of New Zealand

**we want safety for all**

The statistics are sobering – one in three New Zealanders have been physically or sexually abused by a partner at some point in their lifetime and half of all murders in New Zealand are domestic related. In 2006, BNZ entered into a three-year relationship with Preventing Violence in the Home (PVH), New Zealand's largest family violence prevention agency. The aim of the relationship is to inform the public of the problem and support the agencies providing care and safety to both adults and children.

Through this relationship, BNZ became the major sponsor of 'BNZ Get Organised Auckland', New Zealand's biggest-ever garage sale. The event raised money for victims of domestic violence and was supported by politicians and civic leaders, including the Prime Minister, the Rt Hon Helen Clark, Auckland City Mayor, Dick Hubbard, and various local celebrities.

Collections for 'BNZ Get Organised Auckland' during September and October 2006 were a great success, with the Bank's Corporate Services Department donating NZ\$5,000 worth of goods and 80 employees volunteering over five weekends.

The garage sale was held over the weekend of 17–19 November 2006. More than 200 staff volunteers helped out. Throughout the weekend, 20,000 people attended the Auckland event and more than NZ\$400,000 was raised to support PVH and the victims of family violence. These services include a 24-hour crisis helpline and advocacy.

As a result of these efforts, BNZ was the winner of the 2007 Robin Hood Foundation Social Hero Award for Family Safety.

## PROGRESS ON PLANNED ACTIONS FROM 2006

ACTIONS	COMMENTS	Status
Move toward our goal of spending 1% of NAB Group's cash earnings before tax on CCI	Completed a review of our medium-term plan for achieving this goal	<input checked="" type="checkbox"/>
Research to identify further priority areas for CCI in Australia	Identified education as a priority area for future CCI and completed research in micro-enterprise development and skilled volunteering	<input checked="" type="checkbox"/>
Enhance communications about our CCI efforts to both employees and the wider community	nabCapital and Corporate Centre launched new Intranet sites. Monthly features in our <i>People</i> (UK) and <i>Star</i> (Australia) magazines have raised employee awareness	<input checked="" type="checkbox"/>
Increase resources and improve systems for data collection and reporting on CCI	Additional human resources have been added in NZ and nabCapital	<input checked="" type="checkbox"/>

Pictured with Jacqui Atkinson, Community Affairs Manager, Clydesdale and Yorkshire Banks, are John Burton (right), payroll giving advisor with Workplace Giving UK, and Alan Wailes, brand and sponsorship analyst with Yorkshire Bank.



## we make it easy – payroll giving in the UK

From May 2006, all UK-based employees were able to have charitable donations deducted directly from their salary, with our UK business offering to match all donations to the British Heart Foundation pound for pound. However, as take up was disappointing, Jacqui Atkinson, Clydesdale and Yorkshire Banks' Community Affairs Manager, found an external organisation to talk face-to-face with employees about the benefits of payroll giving and demonstrate how easy it is to participate. Within six months, payroll giving had exceeded 5.6% and earned a HM Government Silver Quality Mark for Payroll Giving. Our participation rate is now estimated at more than 11%, putting us on track to receive the government accredited Gold Quality Mark in May 2008. Our uptake among staff to the Payroll Giving scheme is the highest of all high street banks in the UK.

*"We are delighted with the response from staff to the Payroll Giving initiative, particularly in such a short period of time. It's a great achievement and one that everyone should be proud of."*

– Jacqui Atkinson

### disaster relief

There are times when disasters throw lives into turmoil, such as when bushfires rage out of control and floods impact communities. At these times, we have an important role to play. Through our local branches in Australia, we support emergency relief efforts, such as this year's NSW Storm Relief and the RSPCA Appeal for Animals in Victoria. More formal charitable gifts include more than \$225,000 that we donated for rebuilding and relief work in the wake of Cyclone Larry in northern Queensland. The Etty Bay Surf Life Saving Club, the Innisfail Inclusive Education Centre and QF 15 Coast Guard were among the beneficiaries of donations made by our Australian business in the past year.

### support for education

#### Yachad Accelerated Learning Project (YALP)

YALP is an innovative three year pilot project, which improves the literacy and numeracy skills of academically low-achieving Indigenous students. The Project operates in five States and draws on the expertise of the Hebrew University of Jerusalem. Separately, our Australian business supports the Yachad Scholarship Fund, which sends scholars to Israel to undertake study programs in areas of Israeli world's best practice including education, non-governmental organisations, environment, microenterprise and high-tech. In 2007, \$754,934 was contributed to both these programs with approximately \$350,000 directed to YALP.

### The Fifteen Foundation (Australia)

Our Australian business is a proud supporter of the Fifteen Foundation, which supports the training of underprivileged young people to become the next generation of fantastic chefs. This year, 20 applicants from disadvantaged backgrounds across Melbourne were selected to become apprentices at the Fifteen restaurant. The trainees were provided with the best-possible tools and support to develop a new career in hospitality.

Making a long-term difference is at the heart of this project. A percentage of restaurant profits go to help Fifteen Foundation (Australia) in its work to inspire disadvantaged and marginalised young people and provide them with a sound base for future career options.

### Count Me In

The 'Count Me In' initiative – now in its third year – promotes children's numeracy in 14 local authorities in England and Scotland. The foundation of the program is a collection of more than 3,000 bags filled with numeracy tools and games that nursery groups, child-minders and parents can borrow from their local library. Additionally in 2007, we launched the 'Count Me In VIP' pilot initiative for the visually impaired – a collaboration with Hull City Council.

### Count and Grow

Count and Grow helps children aged 6–8 years old with numeracy skills. Our UK business funds this program in 289 primary schools across Scotland. The program aims to improve children's mathematical abilities by growing potatoes. Children measure, weigh and observe potatoes as a fun and practical means of learning.

### Blues Awards at Auckland and Massey Universities

BNZ supports the Blues Awards at Auckland and Massey Universities. These awards celebrate sport, arts and culture by recognising students' extra curricular achievements. The Blues Award is the highest university-level award that can be attained for cultural, artistic or sporting success.

### supporting education in New Zealand

BNZ has a tradition of supporting education through the sponsorship of a number of tertiary scholarships and academic chairs. One undergraduate and one postgraduate scholarship are annually available at each of eight New Zealand universities. Additionally, the BNZ sponsorship of academic positions in finance at the University of Auckland Business School and Canterbury University aims to foster a wider understanding of financial research and issues.

### employee engagement in the community

NAB employees support a wide variety of community organisations with personal financial donations and by volunteering their time and expertise. Our employees gain great satisfaction through using their time, skills and passion to help our communities.

### volunteering – expanding opportunities for our people

This year has been a landmark year for volunteering at NAB. Our Board and executive teams recognise the importance of supporting employees who want



Maria Malvestuto (right), CSR Advisor, nabCapital, pictured with Sophie Gaballa, CERES Energy Education Coordinator.

## CERES Community Environment Park

The Centre for Education and Research in Environmental Studies (CERES) fosters awareness on environmental and social issues affecting urban areas. The park that the Centre calls home displays a range of environmental issues and suggests what can be achieved at household, community and global levels.

In recognition of the important role that the finance sector has in improving the sustainability of the global community in which we live and work, nabCapital has sponsored CERES to facilitate community awareness of best practice in energy efficiency. Approximately 60,000 students, from preschoolers to post-graduates, visit CERES each year and participate in a range of education programs.

*"We believe that CERES' role in education, particularly with school children, is one way to bring about long-term behavioural changes that benefit the community."* – Maria Malvestuto, CSR Advisor

to give back to their communities. In addition to our well established volunteer leave program in Australia, our UK business unveiled a two-day paid employee volunteer leave program in April 2007. In July 2007, nabCapital extended its policy to all offices globally. Bank of New Zealand followed in August 2007 with a similar policy. As a result, we now have formal volunteering policies in place

across all our businesses.

During the year, our people registered more than 7,495 days of volunteer leave.

This year, our Australian business commissioned the Allen Consulting Group to conduct research into skilled volunteering. Their report, which can be found at [www.nab.com.au](http://www.nab.com.au), found that many volunteers prefer to help their local community organisations by making use of their specific expertise. As a result, we have expanded our skilled volunteering opportunities accordingly. To create further excitement, we held a lunchtime volunteer 'fair' at our Docklands facility in

Melbourne that highlighted 19 community organisations, many promoting skilled volunteering opportunities. The lunchtime event drew more than 150 attendees.

This year also marked the 10th anniversary of our collaboration with Volunteering Australia through the NAB Volunteer Awards – one of Australia's most successful volunteering recognition programs. Since 1997, NAB has awarded more than \$2.6 million to community groups that manage a workforce of unpaid volunteers. For a list of the 2007 recipients, go to [www.nab.com.au](http://www.nab.com.au).

### Earthwatch – nabCapital

This year, nabCapital introduced the Earthwatch Program to its employees. Ten nabCapital employees were selected to join an Earthwatch expedition to help find solutions to some critical environmental problems.

Earthwatch is an international environmental not-for-profit organisation that supports scientific field research and conservation education to help achieve a sustainable environment. Employees were selected to participate in the program based on their level of interest and understanding of the issues being addressed. They will share their experiences upon returning from the expeditions. You can learn more about the work of Earthwatch at [www.earthwatch.org.au](http://www.earthwatch.org.au).

### working with the British Heart Foundation

Poor diet, heart disease and obesity are high-profile issues for British communities. Our UK employees have taken up the challenge to get involved. Since 2005, the British Heart Foundation has been the beneficiary of both employee fundraising and payroll giving. At 30 June 2007, our UK business and employees had raised more than £430,000. You can learn more about the work of the British Heart Foundation at [www.bhf.org.uk](http://www.bhf.org.uk).

### how we measure ourselves

In 2007, NAB became a member of the London Benchmarking Group (LBG). LBG provides a comprehensive and consistent set of measures to determine a company's contribution to the community. This standardised methodology allows us to benchmark our community investments against other companies and against global best practices.

The benchmarking data from LBG this year identified opportunities for us to improve our employee involvement in community programs to meet best-practice standards – specifically our employee participation rates in workplace giving and the paid-leave volunteering programs across the Group.

## FIND OUT MORE



Further information on our community investment principles, objectives, management approach, partnerships and programs is available in our 2007 CR Detailed Facts & Information pack and on our Group website.



Further information on our community investment programs is available on our regional business websites listed on the back cover of this Review.

## MOVING FORWARD PLANNED ACTIONS FOR 2008 INCLUDE:

- ▶ Piloting a community investment data collection system in New Zealand to make tracking and reporting easier
- ▶ Supporting Preventing Violence in the Home with its first national fundraising, public education and awareness campaign in New Zealand
- ▶ Increasing community visibility and support as part of our 150th anniversary celebrations in 2008
- ▶ Achieving a take up of 750 paid volunteer days in the UK by December 2008
- ▶ Improving participation in our payroll giving and skilled employee volunteering programs
- ▶ Seeking opportunities to increase investment in education

# our people

*We're creating a place where our people want to work*

Our core purpose is to help customers fulfil their aspirations by listening, understanding and helping them. But this is only possible if our people make a genuine connection and deliver a memorable customer experience.

To do this, our people need to be satisfied in their workplace and be engaged and passionate about our business. This is why we are building a place where our people want to work and a place that offers opportunities to develop both professionally and personally.

To achieve this, we have devised a three-part plan to create an overall employee 'experience' and drive our businesses forward:

1. Giving our people opportunities to play an active role with their customers and communities
2. Providing an environment where our people develop their capabilities and are encouraged to find effective and innovative ways to do things
3. Building a culture of cooperation and great leadership

However, if we are to get it right, the measures and feedback need to be tangible. Improvements in key measures, like staff and customer satisfaction and staff retention, are a good indication that we are getting the mix right. Importantly, our customer research also tells us we are on the right track. Customers also want NAB employees to have fulfilling employment that builds talent. They want employees to connect with the community, which we encourage by offering our people volunteering opportunities.

Our focus is firmly on building the skills and capabilities of our people and we do this by:

- reinforcing our culture
- developing and progressing careers
- fostering diversity and workplace flexibility
- promoting leadership
- developing capabilities

## culture

Our culture is critical to both our employee and customer experience and therefore to the growth of our business.

We continue to embed cultural change into our business through role modelling, coaching on leadership and 360-degree feedback on our behaviours and our performance management processes. We want our people to understand their roles and our expectations and to feel part of a team delivering on our business strategy, meeting our customers' needs and engaging with communities.

To track our progress, we use an Employee Opinion Survey (EOS) and Organisational Cultural Inventory (OCI), which are showing positive signs of change. Further information on the results of our EOS and OCI are provided in our 2007 CR Detailed Facts & Information pack, page 30–31, which is available on our Group website [link](#).

## career advancement

Over the past 12 months, in both the UK and Australia, we have introduced new integrated people arrangements that offer greater flexibility and control over career development opportunities. We now have comprehensive frameworks in place in all our businesses. This encourages specialisation in customer facing or technical/specialist roles (an alternative to progressing solely via climbing through managerial levels). There will no longer be only one pathway to success – NAB Group people will be able to map their career path in a way that best suits them. In New Zealand, role transitions are supported with toolkits to help our people transition successfully throughout their careers.

Figure 8 shows alternative career pathways provided through the new people framework being implemented in Australia.



Figure 8: New Australian people framework

## valuing diversity

We value a diverse and inclusive workforce. We actively seek talent wherever we can find it and are removing barriers of gender, ethnicity, disability and

## ▶ AT A GLANCE

New career development frameworks in Australia and UK

Improved ratio of women in senior management

Diversity initiatives expanded globally

age. By respecting differences in a flexible workplace, we can foster diversity of thought, innovation, creativity and adaptability, and thus compete for, and retain, the best talent.

As a result, each of our businesses and the Corporate Centre have strategies and action plans to foster diversity and flexibility in the workplace. Figures 9 and 10 show some diversity statistics for our workforce. Further details are provided in our 2007 CR Detailed Facts & Information pack on our Group website [link](#).

Our diversity action plans aim to benefit all our workforce by making it easier for everyone, regardless of background, to succeed. Having said that, some of the key activities, such as making flexible working opportunities happen in practice, are particularly helpful to parents of young children, those with other carers' responsibilities and mature-age workers looking to gradually scale down their working hours.

Some of the key diversity initiatives undertaken by our businesses in 2007 were:

### creating an inclusive work environment

- In the UK, where we have worked with the union, Unite, to introduce childcare vouchers for employees returning to work, there has been a 17% increase in the number of new mothers returning from maternity leave over the past 18 months
- BNZ has incorporated diversity principles into the design of its three new office buildings, following consultation with community groups. The new buildings will include parents' rooms with breast-feeding facilities, as well as facilities for people with disabilities

### creating awareness of diversity and inclusion

- Diversity awareness is now being included in

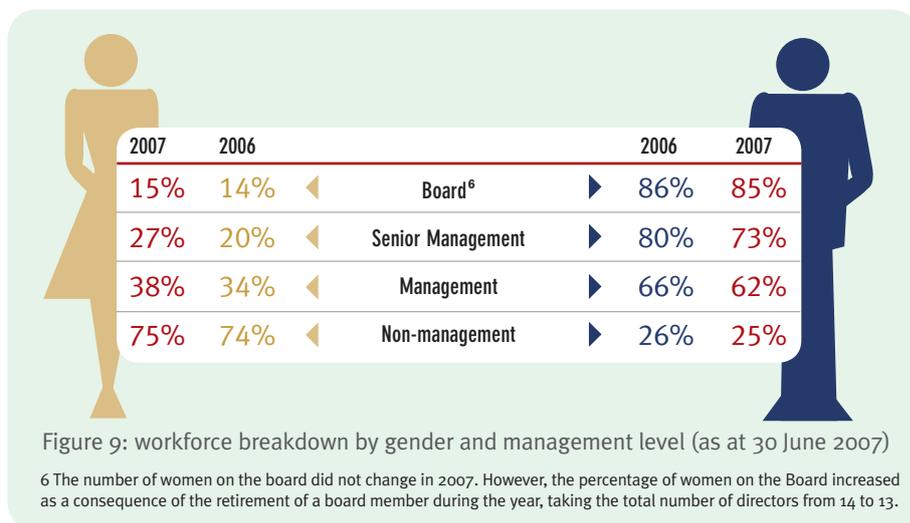


Figure 9: workforce breakdown by gender and management level (as at 30 June 2007)

<sup>6</sup> The number of women on the board did not change in 2007. However, the percentage of women on the Board increased as a consequence of the retirement of a board member during the year, taking the total number of directors from 14 to 13.

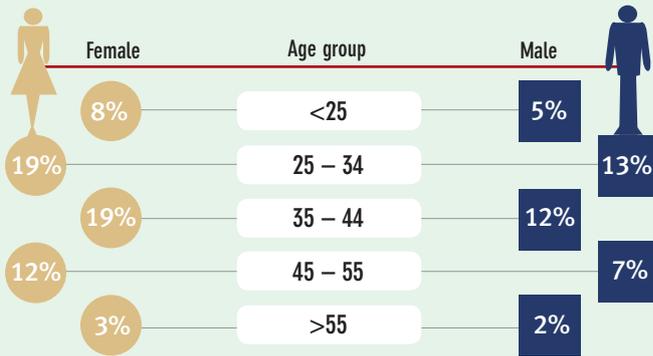


Figure 10: Percentage of total workforce by age and gender (as at 30 June 2007)

- our communications strategies
- Australia and the UK have diversity training modules for study by employees
- Our UK and Australian businesses have master classes for their talent population which aim to showcase a diversity of leadership styles and approaches through discussions with external leaders from industry, finance, academia and the military. These sessions are also attended by nabCapital
- The Corporate Centre has a volunteer group which aims to raise awareness of various cultures and religions and how these can impact individuals at work

#### flexible working

We believe we have excellent flexible working policies but the challenge is to make them work in practice. This has been a focus throughout the Group in 2007.

- Each of our businesses has an active Executive diversity champion
- Our Australian business ran a remote working pilot with 100 employees

- Our retail banks in Australia and the UK are encouraging flexible working to improve the employee work environment and business efficiency. Financial planners in the UK can all work flexibly and remotely
- Flexible working toolkits have been tailored to a number of business units across the Group and are available via our Intranet to all Australian-based employees. A printed version is in production for branch staff in the UK and is under development in New Zealand
- Over the past year, our diversity actions have increased our ratio of women in senior management positions to men (see Figure 9)
- Mentoring programs across the Group for talented women in pre-management roles are helping them to make the transition to their first management position, while creating a pipeline of female talent all the way to the top
- We have completed a pay equity audit in partnership with the Finance Sector Union in Australia and Industrial Relations Victoria. This



### supporting women in the workforce

“Having worked at Yorkshire Bank for over 28 years, I have witnessed first hand the organisation’s support and backing of the recruitment and development of talented women. The bank offers employees a chance to build their own business, on their own terms and with a high degree of empowerment. As a mother, family is paramount to me, so to have the opportunity to grow a business in one spot without having to move around the country for each bigger opportunity is fantastic.”

– Debbie Golec,  
Managing Partner in the  
Birmingham, UK, iFS Centre

“To be able to capture a disproportionate amount of the talent available to us, we need to address the issues in the work environment that cause women to leave our workforce before they take on senior roles and have an impact on the company. If we don’t do this, we can’t become a truly great company.”

– Chris Blake, Executive General Manager, People and Organisational Development, Australia

## PROGRESS ON PLANNED ACTIONS FROM 2006

ACTIONS	COMMENTS	Status
Continuation of culture change implementation	Refer to page 12 of this Review, and pages 30–31 of our 2007 CR Detailed Facts & Information pack	✓
Further developing our diversity strategies and delivering our diversity action plans	Refer to pages 12–14 of this Review, and pages 33–37 of our 2007 CR Detailed Facts & Information pack	✓
Introduction of childcare vouchers and a review of current maternity, paternity and adoption policies in the UK	Childcare vouchers have been introduced and taken up by 208 employees as at 30 June 2007. Review of policies has been included in larger project looking at reward and employment conditions	▶
Continuous improvement of our health & safety performance	We have continued to make improvements in our health & safety performance. See the health & safety news on page 2 and page 38–40 of our 2007 CR Detailed Facts & Information pack	✓
Continued rollout of Learning Campus in the UK	In progress, with implementation to be completed by October 2008	▶
Report back on offshoring undertaken from Australia	Refer to page 15 of this Review	✓

## talent matters

We believe the right employees can come from anywhere. Our UK Business Bank won the 'One Vision Employee Engagement Award' sponsored by The Royal National College for the Blind. One Vision recognises and celebrates organisations and individuals who have had an impact on the lives of blind and partially sighted people. Our award recognised our recruiting of David Clarke, Senior Partner, iFS Knightsbridge, who is visually impaired and was recruited purely on merit. The award also recognised the way we adapted our processes and technology to ensure David can perform his role to his full ability. David says he joined our UK business when he "saw an opportunity to do banking the way it should be done. Not by treating people as a number but by creating individual solutions for private and business clients." We feel the same way about our employees.

report and a case study were launched publicly in August 2007

- We held global celebrations and raised funds for International Women's Day
- nabCapital has continued its successful career resilience and planning for parenthood courses

### Indigenous initiatives in Australia

We have:

- begun work on an Indigenous School-Based Traineeship Program for students entering their final years at high school, which commences in December 2007
- continued our STEP Career Pathways Program in partnership with Mandala Career Advisers to maximise the employment prospects of

Indigenous people with NAB

- continued to fund an MBA Scholarship (through the Melbourne Business School) for Indigenous students demonstrating academic excellence. Two students have now graduated with the support of this scholarship
- submitted a Reconciliation Action Plan with Reconciliation Australia, detailing our Indigenous initiatives for the coming year

### mature-age workers

In financial services, we have historically been under-represented in the over-45 age group.

To attract and retain mature-age workers, we have:

- established a mature-age task force under the sponsorship of our Group Chief Risk Officer
- held focus groups to find out what would encourage mature-age workers to stay with us and how we might attract others

### monitoring and reporting on diversity and inclusion

A set of diversity metrics was agreed on at a NAB diversity conference, which brought together diversity practitioners from across the Group. These metrics will be reported half-yearly to the Remuneration Committee of our Board and will provide data on gender, age, ethnicity and disability, as well as cultural indicators. This will allow us to track areas of concern across the Group.

We are proud of the recognition we have received for our diversity initiatives this year, including:

- an 'employer of choice' citation from EOWA, publicly acknowledging our efforts in providing equal opportunity for women, in February 2007
- being nominated by an employee and receiving a Vision Australia Award in May 2007 for our recruitment of vision-impaired employees
- our 'two tick' employer status in the UK, which recognises our commitment to support of employees with a disability

Diversity initiatives also contributed to our UK People & Culture team winning the ASA Award for HR Excellence in Scotland.

### developing our talent

The current competition for talent and potential future skills shortages present a challenge. Our efforts to fundamentally transform our people's experience place us in a better position to compete for and retain top talent. Rigorous and targeted talent programs in each of our businesses will better enable us to build strong succession pools and a robust pipeline of leaders to grow the Company.

### leadership and capability development

We are focused on providing our people with opportunities to develop leadership skills and specific capabilities to help their careers, as well as meet customers' needs.

We offer leadership development across the Group to high-potential employees, first-time people leaders, middle managers and senior leaders. A good example is BNZ's recently launched 'Stepping Up', a senior leaders' program to develop influencing skills and coach leaders.

To foster role specific learning and personal development, we ensure all our people have individual development plans. Employees in all our businesses have access to online learning systems, our primary delivery tool for our compliance learning programs. These systems also deliver job-specific learning and a listing of internal and external face-to-face courses. BNZ also offers its people access to a Knowledge Centre, with a library and research services for employees to borrow resources on topics of interest.

We offer a Graduate Development Program in Australia, the UK and nabCapital, which exposes high-calibre graduates to a range of business areas.

## case study: celebrating International Women's Day

On Thursday, 8 March 2007, men and women across the Group came together to celebrate International Women's Day (IWD) in a show of commitment to diversity and inclusion. The event inspired and connected women in each of our businesses around the world.

Globally, people gathered to celebrate and hear a range of speeches from inspiring women from both within the bank and our local communities. Our fundraising efforts supported the United Nations Development Fund for Women (UNIFEM) and other local charities working to improve the conditions of disadvantaged women and children all over the world and achieve gender equality and sustainable economic and social development. Key stakeholders, including the Finance Sector Union in Australia, as well as a number of government agencies, helped us to make the day a success.

On International Women's Day in 2007 across the NAB Group:

- we hosted 247 events globally, attended by approximately 8,000 employees
- around 2 tonnes of clothing was donated to support disadvantaged women returning to the workforce, enabling 4,420 women to be 'fitted for work'
- 221 volunteer days were donated to women's causes
- more than \$50,000 was raised to provide:
  - clean water for life in 30 communities
  - funds to 200 UNIFEM programs to prevent violence against women
  - 1,000 piglets to help start small businesses
  - 1,000 lambs for wool and meat
  - 1,000 goats for milk



Clockwise from top right: Australian CEO Ahmed Fahour at one of our IWD functions; NAB employees participating in IWD events.

**"Diversity is a business issue – it is important that we reflect diversity in our business so that we represent our communities and we can authenticate our relationships with our various customers."**

– David Dodson, Associate Director of Product Control nabCapital, New York

It also helps to grow our specialist skills and leadership capabilities.

### offshoring

We are using offshoring to improve back office and data entry efficiency. Offshoring protocols and principles are discussed with the unions in each of the regions in which we operate.

Over 2007, we continued to take a measured, considered approach to offshoring. A total of 374 FTEs are projected to be outsourced offshore by the end of 2007<sup>7</sup>. These roles involve highly repeatable, transactional processes that do not directly interface with our customers.

During the year, we continued open dialogue with Australian employees, regulators, government and the Finance Sector Union on all offshoring activities – from initial planning to the completion of the transition of operations.

Processes that have been outsourced offshore to date include:

- Finance – Accounts Payable, procurement support, extraction and consolidation of data into reports, data validation and journal processing (data entry)
- Retail Banking – credit card account opening and maintenance, personal loan processing, Internet sales data entry
- Business and Private Banking – Trade Finance and International Payments (namely checking documentation and processing international payment transactions, data entry for financial statements)
- Technology – maintenance and delivery of two legacy mainframe systems

For anyone whose role has been impacted by outsourcing or offshoring, our first priority is to find them a new position at NAB. Where this is not possible, NAB will help people to find another job outside the organisation.

Importantly, we place a high priority on the security of customer data. All NAB customer data managed by local and global suppliers is subject to all requirements of the Australian Privacy Act.

### FIND OUT MORE



Further information on our people management practices and initiatives, including workforce statistics, our Employee Opinion Survey and Organisational Cultural Inventory, diversity, remuneration and reward, occupational health and safety, employee assistance programs and freedom of association is available in our 2007 CR Detailed Facts & Information pack.



Further information on our people-related management systems and policies, including performance management, reward and remuneration and occupational health and safety is available on our Group website along with copies of key people-related policies.

“... the journey was significant and forced me into the uncomfortable position of challenging deeply entrenched beliefs... it shifted my paradigm of what’s right and wrong and I don’t think I will ever forget it. The time away allowed me to consider what accountability means from an organisational perspective... for the social consequences of its actions or inaction. A new approach is needed to integrate social considerations more effectively into our core business operations and strategy. I’m personally committed and feel galvanised into wanting to make a difference.”

– Dorothy Hisgrove,  
Head of Customer Value Propositions



### Accelerating leadership development

At NAB, we truly value individuals who:

- demonstrate high performance
- demonstrate strong leadership behaviours
- promise high potential
- have the motivation to grow and succeed as NAB leaders

By providing unique opportunities to challenge our people, NAB plans to build a strong platform of senior talent to influence its strategic agenda and drive business success. One such initiative aimed at building this platform and supporting NAB’s strategic priorities is the new talent program – Accelerate – launched in early 2007 by our Australian business, which has so far received positive feedback from participants.

Accelerate is a 12-month talent program for high-performing, high-potential and highly motivated senior leaders. Fifty participants were selected for this challenging and confronting leadership program that focuses on the individual, organisation, customers and community.

We believe that Accelerate provides our people with authentic leadership development through a series of diverse and challenging experiences that enhance their personal awareness, whilst connecting them with colleagues and developing their understanding of the complex issues facing a business and the community. We benefit from this program through the growth and retention of our talent pool.

### MOVING FORWARD PLANNED ACTIONS FOR 2008 INCLUDE:

- ▶ Continued development of our cultural plans and initiatives
- ▶ Further development of our diversity strategies and plans for ethnicity, age and Indigenous employment
- ▶ Increased access to childcare services
- ▶ Continuous improvement of health and safety
- ▶ Completing rollout of flexible working toolkits across BNZ
- ▶ Raising BNZ employee awareness about services and support available for those experiencing domestic violence
- ▶ Launch of NAB Academy in 2008 to provide a platform for developing NAB’s leadership and critical organisational capabilities in Australia

<sup>7</sup> The 374 FTEs represent the total number of FTEs since October 2005 that have been confirmed for transition offshore up to December 2007.

# our customers

*We're working on making banking simple  
and being fair with fees*

We believe in listening, understanding and helping our customers by regularly improving the standard of, and access to, our products and services. It is this approach that has allowed us to build a large, diverse customer base, with around 8.2 million banking customers globally and 2.3 million wealth management customers and policyholders (as at 30 September 2007).

#### Our customers have told us to:

- make it simple to bank with us
- deliver on our promises
- charge fair and reasonable fees

#### customers first

In late 2005, our Australian business commenced a pilot for a new kind of banking called 'Customer First'. In 2007, we completed rollout of Customer First. Customer First placed 1,420 specialist employees with experience in home loans, small business and wealth management across our 447 metropolitan and regional branches to help make banking with us easier. As a reflection of our desire for closer customer contact, we completed seven new concept stores with open-plan design, no desk-bound staff or traditional counters. We are now extending similar services in rural areas.

From September 2007, commencing in NSW, we have begun to answer our customers' calls in branch where possible, rather than diverting them to our call centre. At MLC, we have abolished the automated phone menu altogether so that customers go directly to a customer service advisor.

Another improvement has been the introduction of 327 new NAB ATMs into Coles Express and Kmart stores, taking our ATMs to more than 1,620 – nearly a 25% increase. 40% of these ATMs will be in suburbs where there is currently no NAB presence. By August 2008, we aim to replace our entire ATM fleet with new technology to deliver better service.

#### inclusion & accessibility

##### better access

During 2007, BNZ undertook significant work to improve accessibility of branches and head office buildings for our people and customers, including installation of automatic entrance doors and wheelchair-accessible counters in all new branches. A community accessibility workshop was also held to seek the views of a range of relevant stakeholders and has resulted in:

- ongoing education of employees on accessibility issues and the establishment of an accessibility working group
- consultation with disability groups on the design of our three new commercial office buildings and branches

We have continued to improve the accessibility of our ATM network in New Zealand. This has involved installation of new ATMs that provide

better access for wheelchairs and keypads to enable use by vision-impaired customers. We currently have 241 audio-enabled ATMs and we are working with our vendor to audio-enable the whole network. We will also introduce multilingual functionality across BNZ's ATM network of 420 ATMs by November 2007. This will allow our customers to use our ATMs in English, Maori, traditional Chinese, simplified Chinese, French, Japanese, Korean or German. Whether you are a New Zealander or overseas cardholder, you can pick the language you prefer and the ATM will use this language every time.

In the UK, although we have exceeded the requirements of the Disability Discrimination Act to make our services accessible to the widest range of customers, we continue to upgrade our branches.

#### cultural inclusion

In 2007, our Australian business developed a Vietnamese version of its website to add to our existing Chinese and Korean versions ([http://www.nab.com.au/About\\_Us/0\\_78821\\_00.html](http://www.nab.com.au/About_Us/0_78821_00.html)). In Australia, we actively recruit bankers with language skills to support ethnic communities. We provide brochures, forms, banners and posters in non-English languages, while our multilingual ATMs make banking easier for new migrants. We also sponsor the Ethnic Business Award that recognises the positive contribution of ethnic communities and migrants.

#### fixing our mistakes

In November 2006, we established a new Major Refunds Unit in Australia. This unit manages any major refunds and also develops principles and processes for how we handle mistakes.

This unit managed a major refund in May 2007. When a customer makes a transaction using an international ATM, they are charged a currency conversion fee by either Visa or MasterCard on the \$AUD transaction amount. NAB found that from 1 April 2005 to 30 October 2006, this was not adequately disclosed to our personal account customers in Australia. As a result, during May 2007, we wrote to all customers to explain this fee and refunded \$3.94 million in fees and compensatory interest to just over 265,000 customers.

Customers who were to receive \$1.99 or less from NAB due to this error were given the option of donating their refund to the Ovarian Cancer Research Foundation (OCRF) instead of receiving a bank cheque. This led to a donation of \$52,000 to OCRF on behalf of our customers.

#### improving services for the visually-impaired in the UK

Our UK business has spent time getting feedback from visually-impaired customers, staff and local-community groups so that we can make further improvements to our services.

Based on this feedback, we developed a service which started on 30 September 2007 to update and issue all documents for visually-impaired customers in Braille. The choice of supplier was important and a link with the visually-impaired community was vital so we chose to partner with Scottish Braille Press (SBP), part of the national charity Royal Blind. SBP is one of the leading providers of high-quality alternative print formats, such as Braille, large print and audio. Any income from SBP's commercial work goes straight back into helping those who are visually impaired and currently the charity funds The Royal Blind School, Braeside House (a residential care home for elderly, visually-impaired people) and research grants.

#### ▶ AT A GLANCE

Rolled out 'Customer First' in Australia

Tailored access points (ATMs, Internet, branches) for specific customer requirements

Listened and responded on fees

Expanded our microfinance initiatives

Took proactive action to help customers avoid financial hardship

In addition, we are currently working on a multilingual call centre. In the UK, there are more than one million people of Polish decent. As many of them find it difficult to deal with banks in the English language, we set up an exclusive Polish language helpline in October 2007 and launched a number of helpful banking products.

In New Zealand, where our branches are located in areas with a higher percentage of a specific ethnic group, we aim to have staff available to assist customers in their own languages.

#### listening and responding to our customers

Our Australian customers' main complaints are about fees and charges, many of them not understanding why they are being charged certain fees. We are acting on this feedback. See our Smart Banking case study on page 17, and pages 46–47 of our 2007 CR Detailed Facts & Information pack available on our Group website [☐](#).



Brisbane customer Tanya Laird switched to a new eBanking account and opened a NAB iSaver account. Tanya can expect to save at least \$130 a year in fees.

### smart banking in Australia

We are trying to offer simplicity and better value in banking.

Our NAB iSaver account removes monthly account fees and provides a high interest rate for savings. We have removed service fees on our retirement and student accounts. Customers with a NAB Concession Card account are no longer charged over limit fees on their credit card. A new change is that customers can no longer overdraw their card on electronic purchases. This is making a real difference to our customers. Our NAB Concession Card account is one of our fastest growing accounts, doubling this year to more than 60,000 accounts.

In October 2007, we will also introduce three new NAB smart everyday banking accounts called NAB eBanking, NAB Classic Banking and NAB Gold Banking. In November we will launch NAB Clear Banking. These new accounts offer a range of benefits, such as a no monthly account keeping fees option for all accounts, use of any ATM without additional fees (with NAB Gold Banking) and no exception fees (with NAB Clear Banking).

Finally, from early 2008, our outward dishonour fee will decrease from \$50 to \$30. We will also eliminate the \$12 inward dishonour fee on credit cards and decrease the periodical non-payment fee from \$35 to \$30.

## ASIC queries loans in Indigenous communities

In October 2006, we became aware of concerns of the Australian Securities & Investments Commission (ASIC) with some personal loans we approved in remote communities in northern Queensland. ASIC was concerned about the customers' ability to repay and the procedures followed to issue the loans (these personal loans had been 'introduced' to us via a loan broker).

To investigate, on 15 November 2006, ASIC issued a S32A Notice under the ASIC Act requesting us to produce documents. The documents requested included copies of loan contracts, statements of payments, copies of each loan application and all supporting documents for 48 loans. These documents were supplied to ASIC on 1 December 2006. In total, there are now 52 loans subject to review following further meetings and discussions with ASIC.

At the request of ASIC, NAB approached the Indigenous Consumer Assistance Network (ICAN) in February 2007 to ask its assistance in organising a visit to a remote Indigenous community. As NAB is the only bank in the Torres Strait, ICAN suggested that a forum should be held on one of the Torres Strait islands.

The four-day forum was held in July 2007 and included meetings with both Saibai and Dauan Island's Council and community. The Torres Strait Remote Community Action Plan was developed and submitted to ASIC.

Examples of actions from the Plan include:

- Developing local language 'how to do your banking' brochures/cards
- Developing local language 'hints and tips' cards on what to look for when buying a car, how to avoid bank fees and saving money
- Establishing a centre of expertise within the credit referral assessment team that understands the circumstances and lifestyle choices of customers in remote areas, in order to provide better credit decision support
- Providing a NAB 'travelling bank' service that visits the main Torres Strait islands and other remote communities at approximately a 12-monthly interval. This service would be provided by two NAB employees. The purpose of the service would be to provide basic banking services and financial knowledge transfer. Customers would also have access to private appointments to discuss their needs and make product applications, if required.

ASIC has now commenced preparations for an industry-wide forum to be held in February 2008. This forum will discuss remote community lending practices with the aim of all major lenders applying similar lending practices to ensure customers in these communities are not disadvantaged.

### products for low-income people

Step UP is our Australian low-interest loan program, which is delivered jointly with Good Shepherd Youth and Family Service. It provides people on low incomes with a not-for-profit loan (\$800-\$3,000) for essential items such as household goods and motor vehicles. As at 30 September 2007, 434 loans had been written to around the value of \$1.15 million and more than 1,200 people have had access to basic budgeting under the program. The Step UP program is available throughout Melbourne, Sydney, South Australia and Western Australia and in regional areas such as Bathurst, Cowra, Lithgow, Orange, Kalgoorlie and Geraldton. A Step UP loan can have a profound impact on a customer as shown in the case study on page 18. The Step UP loan program was recognised by winning the Best Socially Responsible Product in *Money* magazine's Best of the Best Awards 2007.

We continue to contribute to the growth and

capacity development of the No Interest Loan Scheme (NILS<sup>®</sup>), coordinated by Good Shepherd Youth and Family Service across Australia. NILS<sup>®</sup> provides \$800 loans for essential household goods for people on low incomes. In April 2006, we announced a \$10 million commitment in loan capital to grow NILS<sup>®</sup>. As at 30 September 2007, NAB has allocated capital to 82 programs, totalling around \$5.6 million in value, which will be available on completion of the Good Shepherd Youth & Family Service accreditation process. We currently hold 56 submissions which are pending review and anticipate an ongoing response from the National NILS<sup>®</sup> network throughout 2008.

In the UK, we have about 160,000 Basic Bank Account (BBA) customers. BBAs are designed for low-income and financially excluded customers. However, some customers have been using BBAs as a second account.

In October 2006, BNZ introduced MyMoney, an

## PROGRESS ON PLANNED ACTIONS FROM 2006

ACTIONS	COMMENTS	Status
Review our Australian accommodation standards with external consultants to enhance usage by people with disabilities	Updated our property design guidelines to facilitate accessibility in new branches	
Develop a UK service that allows customers to apply for a mortgage or current account through a channel of their choice	New channels available and operational for mortgages. Customers can apply via telephone in branch. Further work is in progress for applications related to current accounts	



Step UP won Best Socially Responsible Product in *Money* magazine's Best of the Best Awards 2007. During the year we expanded the Step UP program so it is available to more customers.

## helping our customers to achieve their aspirations

One Step UP loan approved was to a single mum with three young children. Her loan for a car enabled her to get around and see her friends and family. Also, with two autistic children, she could more easily take them to their specialist schools or drop them off with family to have a well-earned break!



## a little confidence goes a long way

Lee Rodgers is a successful young entrepreneur and founder of 'Pack Leader Mobile Dog Training', which operates in Melbourne. However, turning his passion into a fully fledged business took an extraordinary amount of effort, including months of business training, market research and planning. Like all businesses, start-up capital is crucial and, when Lee found himself a little short, NAB was able to reward his efforts with a Microenterprise Loan. Lee now has the capital he needs to secure and grow his business, a business banker and access to ongoing mentoring support through our partner, Enterprise Network for Young Australians (ENYA). Also see [www.enya.org.au](http://www.enya.org.au).

account with a flat \$5 monthly fee for all transactions. Then in March 2007, BNZ introduced TotalMoney, an account with a flat \$10 monthly fee for up to 10 linked accounts within a family. TotalMoney enables customers to group accounts within families, pool deposit balances to earn higher interest rates, offset deposit balances against TotalMoney loans to pay less interest and increase customer online capability.

We also offer a range of special and subsidised

free or low-fee accounts and products for retirees, youths, students and not-for-profit organisations.

### looking out for our customers

It's important to us to continuously improve the products and services we provide and help our customers to manage their finances better.

MLC, our Australian wealth management business, has consistently applied insurance upgrades to both new and existing customers

automatically, regardless of their health or age, since 1986. In fact, we have delivered more than 200 improvements in that time. The upgrades to the MLC Personal Protection Portfolio include important changes to Critical Illness policies, like increasing the maximum benefit from \$1.5 to \$2 million. This helps address the under-insurance problem in Australia and gives clients the cover they need.

We have also improved Life Cover, Income Protection and Total and Permanent Disability Insurance, including increases to limits and benefits. This enhances our offer and ensures that all our customers are treated equally, applying product changes to both new and existing policyholders. More than 280,000 customers received upgrades in Australia this year.

All our businesses provide help and information on managing money. In the UK, we distribute a publication to employees titled 'Make the most of your money', which covers subjects like budgeting, debt management and saving plans, as well as how to get help. Information guides – such as 'Buying a home', 'Renovating your home', 'Selling your home', 'Securing your family's future' and 'Buying a car' – also help customers.

### responsible lending in action

In October 2006, our UK call centre was awarded World Call Centre of the Year. Its program to identify and help customers experiencing financial troubles is leading the way for our other businesses.

The efforts of our Customer Care Team in our UK call centre were also recognised in April 2007 by Credit Today when we were given the Responsible Lender of the Year Award.

The Customer Care Team is a dedicated unit within our UK call centre. It makes contact with credit card customers who are showing early signs of repayment stress before they reach the point of payment arrears. Customers are identified through a combination of risk score information and account behaviour.

Our Team members discuss the situation with customers and offer assistance and advice. These proactive calls usually result in the customer volunteering to implement one or more of the following actions:

- reducing their credit limit or electing to have no future limit increases
- establishing a minimum payment direct debit to avoid falling into arrears or a fixed payment to progressively pay down their account
- changing payment-due dates to better align with their income payments
- registering for phone/Internet banking so they can service their account themselves.

The Team also counsels the customer on how to better manage their card account.

The response from customers has been extremely positive, as they see this as us showing a genuine interest in their financial affairs.

In New Zealand, we will replicate the UK model based on early intervention, help and advice for those experiencing debt stresses. This new Customer Care Line goes live 1 October, 2007.

In New Zealand, call centres were anonymously audited to determine the company that provides the best customer service. Our call centre was independently judged as having the best service for a call centre with more than 50 seats, across all industries.

Houses, livestock and feed were lost in one of the worst bushfires in Victoria's history. Blazes raged in Victoria's east for more than a month.



## bushfire relief package

In December 2006, following prolonged drought conditions in Australia and heading into bushfire season, we made a proactive decision to help customers at risk in Victoria, Tasmania and South Australia by announcing that we would provide customers impacted by bushfire with:

- a \$10,000 grant to mortgage, business or agribusiness loan customers whose home or farm building has been completely destroyed by bushfire
- a \$5,000 grant to mortgage, business or agribusiness loan customers whose home or farm building has been partially destroyed by bushfire

We also waived the establishment costs of a new loan for customers who need to rebuild because their home or business has been destroyed by bushfire.

In January 2007, as a response to bushfires in Victoria and Tasmania, during the 2006-07 summer, we offered insurance relief as an extension to our bushfire assistance package. The additional assistance included:

- a waiver of excess for all our affected customers
- one year's free Home and Contents Insurance for customers eligible for our relief package (up to a maximum of \$750)

## fraud prevention

In New Zealand, there has been less fraud activity compared to 2006 when we reported incidents of skimming. This has been the trend on an industry-wide basis but, particularly from our perspective, as a result of the introduction of very effective early detection and prevention mechanisms. What is generally defined as identity theft, has not yet, as in other countries, become an issue in New Zealand. The main fraud risk continues to be via the Internet.

During 2007, BNZ introduced and enhanced front-end protection to combat Internet fraud. This protection covers both personal and business

Internet banking channels. BNZ can now provide customers with very effective Internet banking protection, prevent identity disclosures and facilitate detection, often before a fraudulent transaction is undertaken. It also enables a high level of financial recovery where fraud has occurred. Due largely to these mechanisms and the skill of the operators, BNZ has experienced far less of this activity than other New Zealand banks. Keeping on top of all fraud requires ongoing commitment and innovation, plus availability of physical and technical resources.

Consistent with UK industry trends, online banking fraud has increased for our UK banks, following compromise of customer details through phishing emails and downloading of keystroke loggers onto customers' computers. Losses through Internet banking fraud remain relatively small in comparison to the industry for our UK business. This is in part due to our efforts to protect our customers, including:

- 24/7 monitoring of IP addresses from which phishing emails requesting customer information are originated – this enables

fraudulent websites to be closed down reasonably promptly, protecting our customers from any sustained attack

- daily contact with other industry bodies in relation to Internet fraud and related security matters
- training to increase employee awareness of online banking risks and separation of duties to ensure that risk of data theft is minimised
- providing our customers with a greater understanding of computer security and the risk of identity theft. Regular bulletins are included as statement inserts and warnings are posted clearly on our websites. Secure messages are also sent to all Internet banking customers reminding them of security standards and that we will never email them asking for their personal details

In Australia, we have implemented a number of world-class prevention and detection initiatives to protect our customers and keep fraud losses low. Our Australian business has focused on encouraging customers to protect themselves by providing guidance and preventative tips on how to bank safely online and at ATMs. In Australia, customers have also been provided with access to discounted security software.

Our businesses have implemented a number of security measures, including:

- SMS authentication to protect Internet banking customers in Australia
- NetGuard grid cards to protect customers in New Zealand
- tokens to protect corporate customers
- addition of jitter technology and special sleeves to significantly reduce the risk of card skimming from our ATMs
- use of sophisticated, automated fraud detection tools to monitor electronic transactions in real-time to detect fraud – usually before the customer is aware there is a problem

We are also collaborating with law enforcement agencies and our industry peers to reduce the risk of fraud, both domestically and internationally.

### contributing resources to reduce fraud in our industry

Our Australian business has provided employees to the Joint Banking & Finance Sector Investigation Team established by the Australian High Tech Crime Centre. This team has responsibility for a national law enforcement response to online banking fraud. This collaborative initiative is built around the co-location of staff in Canberra from both the financial sector and the Australian Federal Police. Online banking fraud cases and associated fraudulent funds transfer activity, phishing and fake job advertisement websites are referred to the Team for action. The Team has been responsible for successful shut down of fraudulent activity and funds recovery.

## FIND OUT MORE



Further information on our customer base, customer research, complaint management and privacy, customer service, customer quality, inclusion and accessibility, financial literacy, financial hardship, fees and charges and fraud prevention is available in our 2007 CR Detailed Facts & Information pack.



Further information on our products and services and the work we have done to address the issue of fees and charges is available on our Group website and our regional business websites (see back cover).

## MOVING FORWARD PLANNED ACTIONS FOR 2008 INCLUDE:

- ▶ Lowering, and in some cases eliminating, dishonour fees on accounts in Australia
- ▶ Replacing ATMs in Australia with new technology by August 2008
- ▶ Making it easy for UK customers to contact us about a concern
- ▶ Introducing multilingual functionality across the BNZ ATM network
- ▶ Promoting BNZ's subsidised account for non-profit organisations via its website and in branch to assist more community groups

# environment

## Good environmental management makes good business sense

Caring for the environment is consistent with our goal of long-term value creation. In other words, good environmental management makes good business sense.

This year, we have made two significant environmental commitments that will contribute to reducing the direct impact created by our people and our infrastructure and the indirect impact created by the activities of our customers, suppliers and the community partners we support. In March 2007, we began our journey to become carbon neutral by the end of September 2010. Our business also agreed that we would adopt the revised Equator Principles, a voluntary set of international guidelines for assessing the environmental and social impact of projects we finance.

### our commitment to carbon neutrality

Climate change is one of the most significant environmental challenges facing governments, business and communities. We are responding to the risks and opportunities presented by climate change through our climate change strategy and pledge to be carbon neutral.

### so what is the essence of our climate change strategy?

Basically, our objective is to help our employees and customers respond to climate change, while reducing our own carbon footprint. We aim to achieve this in five ways:

- **Leading by example** – documenting our carbon inventory and making our operations carbon neutral by reducing our energy and fuel consumption, using green energy and investing in carbon offsets. We will also publicly report on our progress and be involved in debate and development of solutions to climate change
- **Engaging and helping our people** – we will support employees who want to take action

personally on climate change and introduce office energy and resource reduction activities and relevant volunteering opportunities

- **Understanding and supporting our customers** – we will continue to develop our understanding of the impacts of climate change on our customers, to talk to them about their concerns and to develop product and service offerings to help them respond to climate risks and opportunities
- **Building key partnerships** – we will join our peers and other like-minded corporations, government, and non-government organisations to identify and implement solutions that help our people, customers and communities to take action on climate change
- **Evolving our learning** – we will continue to build our understanding of climate risks and opportunities and their impact on our lending and investment decisions

### our carbon footprint

Our carbon footprint, as captured by our current emissions inventory, is shown in Figures 11, 12, 13 and 14.

In 2007, our Group-wide greenhouse emissions totalled 251,374 tCO<sub>2</sub>-e, a 0.44% decrease compared to 2006. The major contributing factors to this decrease in emissions are (i) changes in Australian emissions factors and (ii) reduced electricity consumption by Bank of New Zealand.

In Australia, our greenhouse emissions decreased primarily due to changes in published greenhouse emissions factors. This occurred despite a 1.63% increase in our building-related energy, mainly due to increased energy use in our major data centres.

In the UK, our greenhouse emissions increased compared with 2006 because we purchased only 53% of our electricity from renewable sources (compared to ~90% in 2006) and the remainder from climate change levy-exempt, good-quality

our commitment – we will be carbon neutral by the end of September 2010 by reducing our carbon footprint and responding to climate change challenges for the benefit of our employees, customers and other stakeholders.

### we are focused on:

1. Documenting and monitoring our emissions inventory (carbon footprint) against our 2005-06 carbon emissions baseline.
2. Avoiding emissions and reducing energy consumption from our buildings, resource and materials use to reduce our overall emissions. Energy efficiency is a key priority.
3. Reducing emissions from our business travel.
4. Using green energy.
5. Offsetting the emissions that we can't avoid after implementing energy efficiency.
6. Reporting on our progress.

### ▶ AT A GLANCE

Carbon neutral by September 2010

Three new sustainable buildings in New Zealand

Equator Principles adopted

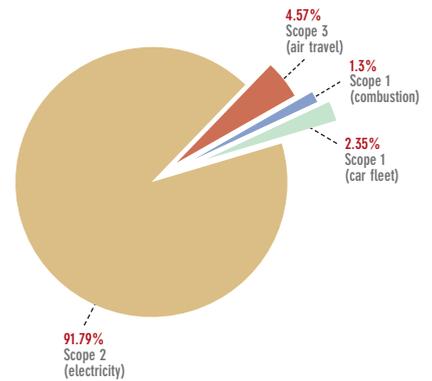


Figure 11: Australian 2007 greenhouse emissions by scope

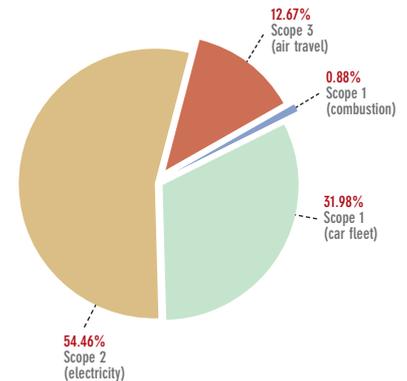


Figure 12: New Zealand 2007 greenhouse emissions by scope

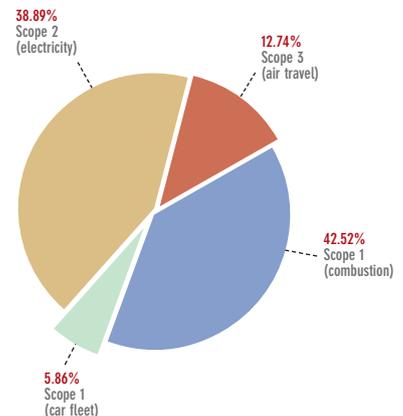


Figure 13: UK 2007 greenhouse emissions by scope

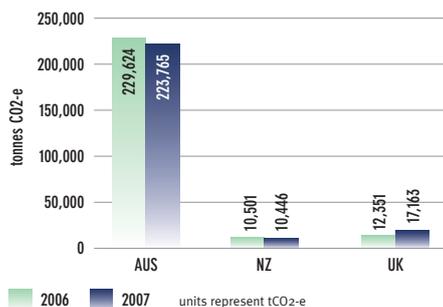


Figure 14: our greenhouse emissions by region (including emissions from electricity, combustion of fuels, air travel and vehicle fleets)

heat and power. In the UK, we changed to electricity from 100% renewables from 1 May 2007. Our UK business exceeded its target to decrease energy consumption by 5% by 30 September 2007 – by achieving a 9.7% reduction at 30 June. In New Zealand, our greenhouse emissions decreased by 0.5%, mainly due to decreased stationary energy consumption – both from gas and electricity.

Further detail about our energy consumption and greenhouse emissions is provided in our 2007 CR Detailed Facts & Information pack available on our Group website [www.nab.com.au](#).

### what have we been doing?

Over the past 12 months, we have been delivering on our climate change strategy and carbon neutral commitment in a number of ways:

#### leading by example

- We have established senior management accountability, structures and systems to monitor our progress towards carbon neutrality
- From May 2007, our UK operations commenced purchasing 100% renewable energy and we put in place contractual arrangements to commence purchasing 2.5% of our Australian electricity as renewable energy from July 2007
- We changed our standards for design and refurbishment of Australian commercial buildings to achieve a minimum 4-Star GreenStar rating (refer to [www.gbcaus.org](http://www.gbcaus.org))
- We installed new video conferencing facilities and promoted their use along with teleconferencing to help reduce our air travel
- We now have the option of using a hybrid vehicle taxi service in London, UK
- We completed energy efficiency assessments for 13 of our highest energy use commercial buildings in Australia, eight representative sites in New Zealand and 11 in the UK
- We improved the energy efficiency of 80 refurbished UK branches
- BNZ contracted for the designs of its three new commercial buildings to reach a targeted rating



“The financial services sector has an important role to play in meeting the challenge of climate change. NAB is very aware of the contribution it can make. As a large, international corporation with a sizeable carbon footprint, going carbon neutral will help make a difference. Of even greater impact is the ripple effect we can have by encouraging and helping others to respond to climate change. Through our journey to become carbon neutral, we will actively share the knowledge and experience we build with our employees, customers and suppliers. That’s potential to influence around 40,000 employees, 10.5 million customers and around 56,000 suppliers globally.”

– Michael Ullmer, Group CFO

## PROGRESS ON PLANNED ACTIONS FROM 2006

ACTIONS	COMMENTS	Status
Improve our supply chain management systems for monitoring CR performance metrics	CR-related information now recorded in supply contract management system in NZ and Australia	✓
Progress implementation of the CR procurement policy, including supplier engagement	Top 50 suppliers surveyed in NZ	✓
Introduce a supplier CR assessment checklist for tender processes in the UK	Tender documents updated and checklist now in use	✓
Review and update our Group-wide Environmental Policy	Policy has been reviewed and updated	✓
Complete a review of the revised Equator Principles	Review completed. Equator Principles adopted	✓
Educate UK employees on how to reduce energy use and carbon emissions	Energy awareness campaign conducted	✓
Decrease energy use by 5% in the UK by September 2007	9.7% energy reduction achieved	✓
Commence a zero-waste trial at five office sites in Australia	Sites selected and baseline data established. Waste Reduction Plans completed for each site	✓
Improve quality of data for reporting on general waste and recycling in Australia	We now receive monthly waste and recycling reports from waste contractors	✓
Reduce Australian energy use per m <sup>2</sup> of property occupied by 5% by September 2007	Increasing energy use in our data centres meant we did not meet this target. More information in our 2007 CR Detailed Facts & Information pack, pages 65–66	✗
Introduce further customer-related paper reduction initiatives in New Zealand	BNZ has commenced a project to reduce the number of reply paid envelopes sent to customers and to reduce the amount of paper used in statement production. Internet customer ‘opt in’ for e-invoicing is now at approximately 30%	✓
Establish an energy league table so BNZ employees can review energy consumption regularly	Project put on hold while pilot energy efficiency initiatives are evaluated. Implementation will commence in late 2008 following New Zealand-wide rollout of energy efficiency initiatives	□

of 5-Star under the New Zealand Green Building Council's rating tool. One building has achieved 5-Star and the other two are expected to achieve a minimum 4-Star rating. We anticipate that all these buildings will achieve a 5-Star rating.

- John Stewart, our Group Chief Executive Officer, participated as a member of the Australian Prime Ministerial Task Group on Emissions Trading, which recommended a domestic emissions trading scheme

#### engaging and helping our people

- We continued to offer no-interest loans for public transport tickets in the UK and Australia
- 'Climate messengers' trained by Al Gore spoke to Australian employees and two of our employees were trained as 'climate messengers'
- Employees were kept informed on climate change, our carbon neutral commitment and actions they can take through our Intranets, employee newsletter and other communication channels
- We established green office teams and carbon neutral champions in Australia and New Zealand and equipped them with information and tools to drive employee behavioural change at the local level

#### understanding and supporting our customers

- In December 2006, we established our Carbon Solutions Group (CSG) to act as a centre of excellence for all matters relating to carbon financing

#### building key partnerships

- We became foundation members of Origin's Carbon Reduction Scheme™
- We identified opportunities to work with our suppliers to reduce our carbon footprint – for example, we participated in the InterfaceNZ Cool Carpet program
- We continued our support of the Total Environment Centre's Green Capital Corporate Sustainability Program
- We continued our involvement in the United Nations Environment Programme Finance Initiative

- We became a member of BITC's May Day group of companies working to deliver a low-carbon economy in the UK

#### evolving our learning

- We have undertaken a project to identify the types of risks and opportunities our corporate banking clients may face as a result of climate change
- We sponsored the 3rd Australia-New Zealand Climate Change & Business Conference in Brisbane and the 3rd AustralAsian Cleantech Forum in Melbourne
- We regularly presented at conferences and industry forums

#### project finance & the equator principles

In our CSR Report last year, we stated we would undertake a review of the revised Equator Principles. Following this review, our project finance team, which is part of our institutional banking and capital markets business, nabCapital, made a recommendation that NAB Group adopt the revised Equator Principles. Our Board approved this in June 2007 and we made a public announcement in October at the United Nations Environment Programme Finance Initiative Roundtable.

The Equator Principles provide voluntary guidelines to help banks manage the environmental and social aspects of project financing. They are based on policies and guidelines of the World Bank and International Finance Corporation (IFC), including the IFC Performance Standards on Social and Environmental Sustainability.

The Equator Principles were initially launched in 2003 and a revised version was released in 2006. They apply to all new project financing with a total capital cost of US\$10 million or more. Further information on the Equator Principles can be found at [www.equator-principles.com](http://www.equator-principles.com)

#### what does this commitment mean to us?

In adopting the Equator Principles, some of the key actions we have agreed to include within our project finance business are:

- categorising projects according to the definitions set out in the Principles

- undertaking social and environmental review and assessment of project finance deals with a value of US\$10 million or more
- ensuring that borrowers we lend to have action plans and management systems to reduce or mitigate environmental and social impacts for specific categories of projects
- ensuring borrowers have consulted with affected communities when projects have potential for significant adverse environmental and social impacts
- incorporating appropriate covenants in financing documentation
- monitoring and reporting in accordance with the Principles over the life of each loan
- publicly reporting on an annual basis about our implementation of the Principles

nabCapital has had a specialised finance environmental credit risk policy in place since January 2005. From its initial implementation, this policy has included a requirement that our specialists apply the IFC and World Bank policies as part of our credit risk and due diligence process for project finance in countries classified as Middle Income-Low or Low by the World Bank. Further information about this policy is provided on our Group website.

Following the first year of adoption, the Principles require that we report on the progress of our implementation. In subsequent years, we are also required to report on the number of transactions reviewed and screened, as well as how our implementation efforts are tracking.

We are now taking action to meet the Equator Principles' requirements. Our implementation actions include:

- raising general awareness of the Principles among our people
- providing specific training for relevant employees
- aligning our management systems and lending processes so we can easily monitor projects and report data as required

#### our project finance portfolio

In 2007, our global project finance portfolio represents less than 1.2% of the Group's total loans



New air conditioning units at the main data centre in Clydebank, Glasgow.

#### reducing data centre energy use in the UK

Our UK business has now completed the first two phases of a major plant replacement project at our main data centre in Glasgow. This is critical because data centres use more energy than any other part of our building portfolio.

We worked out that the best way to save energy and reduce greenhouse gas emissions was by installing indirect free cooling systems. This change in plant will save around £1,000 per kW of cooling load and will cut greenhouse gas emissions by 7,500 kg per kW over the next 10 years.

With a potential heat load of up to 520 kW from the IT equipment, this represents an operating cost saving of £520,000, coupled with a greenhouse gas reduction of 3,900 tonnes over 10 years. We have also exceeded the requirements of environmental legislation by reducing the amount of refrigerant used on site by 75%.

At 30 June 2007, eight out of 12 old cooling units had been replaced, with the remaining four to be installed by November 2007.

and advances, including loans at fair value. Less than 1% of our project finance portfolio is in low-income, non-OECD countries.

This year, we closed 30 new project finance transactions and seven deals were removed from our loan book. We continue to invest significantly in renewable energy projects.

Although deals can be declined at any stage

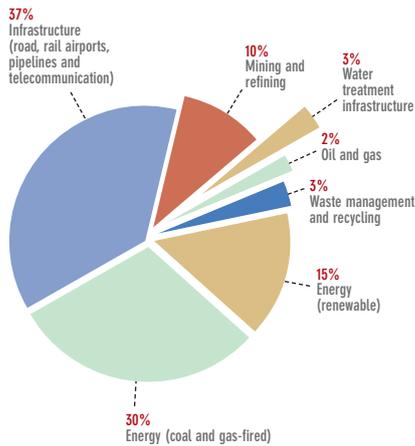


Figure 15: project finance by sector – calculated as % of total portfolio value (as at 30 September 2007)

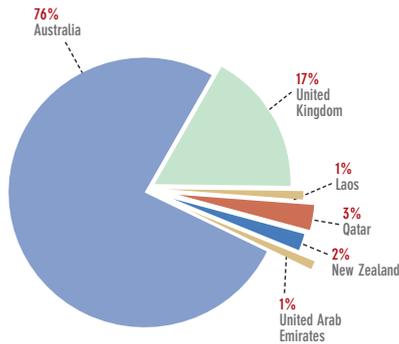


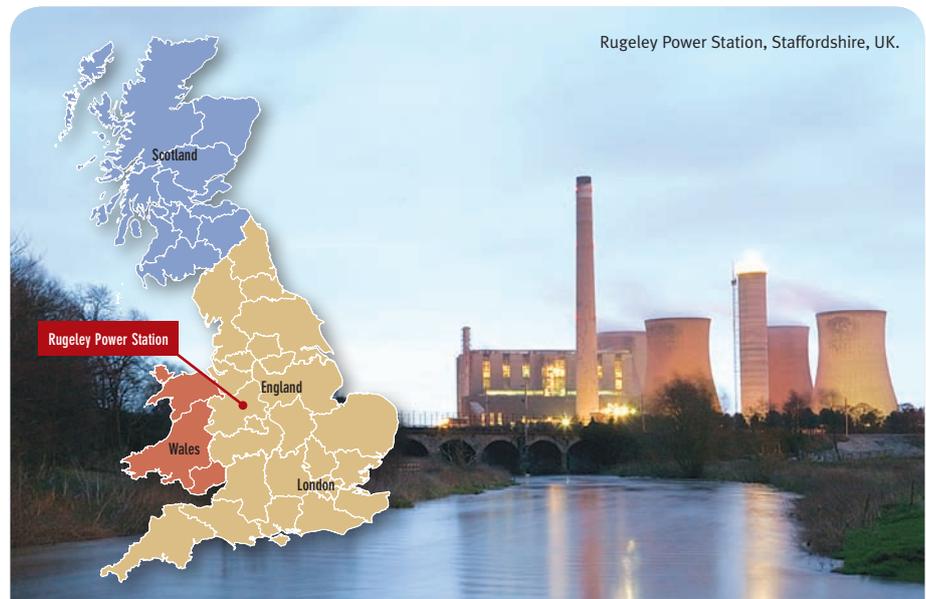
Figure 16: geographic distribution of project finance portfolio – calculated as % of total portfolio value (as at 30 September 2007)

in negotiation or due diligence, none in 2007 was declined on the basis of social and environmental risks or issues. Customer confidentiality dictates we cannot report the decline of any specific deals for social or environmental performance.

Where possible, we support customers who

wish to invest in cleaner technologies, such as wind power generation. We believe our approach to project finance can help improve our customers' environmental and social performance.

Figures 15 and 16 illustrate our current project finance portfolio.



Rugeley Power Station, Staffordshire, UK.



## Rugeley Power Station

Rugeley owns and operates a 1,050 MW coal-fired power plant in Rugeley, Staffordshire, United Kingdom. Commissioned in 1970 and presently at 37% net efficiency, Rugeley is one of England's and Wales' most efficient coal-fired power stations.

nabCapital took a £35 million participation in a £485 million debt-financing package to fund the construction of a Flue Gas Desulphurisation (FGD) plant and provide certain other facilities to support operations at Rugeley. The FGD allows the station to meet tighter environmental operating conditions which are coming into force in 2008. The station will also be able to reduce its NOx emissions and upgrade the electrostatic precipitators to meet lower particulate emissions standards.

## AGL Hallett Wind Farm

nabCapital arranged and underwrote the entire \$280 million finance for Perpetual Wind Pty Ltd for the construction and operations of the AGL Hallett Wind Farm (HWF), 220km north of Adelaide and located within the Brown Hill Range. The area is surrounded by rural land with a low population density and has one of the best wind resources available on mainland Australia.

The HWF is currently under construction and will comprise 45 2.1MW wind turbines set 80 metres off the ground. As the farm's nearest residents are 2km away, there has been no local opposition. In addition, the local community also benefits directly from a community fund that has been set up to assist local interest groups to fund specific projects.

### FIND OUT MORE



Further information on our environmental performance and supply chain management practices is available in our 2007 CR Detailed Facts & Information pack.



Further information on our environmental commitments and memberships, environmental policy and management processes and our CR procurement policy is available on our Group website.

### MOVING FORWARD PLANNED ACTIONS FOR 2008 INCLUDE:

- ▶ Offsetting all Australian business air travel and job-related vehicle emissions by September 2008
- ▶ Purchasing 5% of Australian electricity consumption as accredited GreenPower by September 2008
- ▶ Mobilising green office teams at five major Australian building sites
- ▶ Setting new energy efficiency targets in Australia and New Zealand
- ▶ Introducing 100% recycled A4 and A3 paper in the UK
- ▶ Reviewing our UK and NZ car fleet policies to identify opportunities to reduce our carbon footprint
- ▶ Establishing paper recycling arrangements across five commercial buildings in New Zealand
- ▶ Reducing electricity consumption through control of PCs and 'lights out' initiatives in five of BNZ's commercial buildings
- ▶ Reducing UK energy consumption by 5% by June 2008
- ▶ Installing monitoring and control technology in all UK properties by June 2008 to help manage electricity consumption
- ▶ Introducing water meters to UK properties by June 2008 to help manage water consumption

# assurance

Assurance is crucial to the transparency and disclosure of our public reporting. To ensure our stakeholders can understand what we do and what we stand for, we are committed to providing high-quality, relevant and credible information. We continue to apply the AA1000 Assurance Standard principles of materiality, completeness and responsiveness to our CR disclosures. Find out more about this standard at [www.accountability21.net](http://www.accountability21.net).

External auditing not only gives people comfort that our information can be trusted, it also gives us an independent opinion so we can continue to improve our reporting process. This

year's audit covers all three components of our 2007 CR disclosures – including specific web content (with comments on the bottom of each page indicating that it has been reviewed by our external auditors), this CR Review and our 2007 CR Detailed Facts & Information pack, which are available in both interactive and downloadable pdf formats from our Group website [📄](#).

Our external CR auditors – Environmental Resources Management Australia Pty Limited (ERM) – have provided independent assurance and verification for the non-financial content and indicators in our CR disclosures, including a

review of our stakeholder consultation and feedback. A summary of their findings is provided here and their full assurance statement is provided in our 2007 CR Detailed Facts & Information pack, pages 81–82.

Ernst & Young has reviewed the accounts used in preparing the key financial information in the Economic performance section of our CR Detailed Facts & Information pack, page 83 to ensure that it has been correctly extracted from the Group Annual Financial Report and financial records as at 30 September 2007. Their assurance statement is provided in our 2007 CR Facts & Information Pack, page 83.



## independent assurance report to the national australia bank limited

Environmental Resources Management Australia Pty Limited (ERM) was engaged by the National Australia

Bank Limited (NAB) to provide independent assurance of its 2007 Corporate Responsibility disclosures (CR disclosures) to the scope of work outlined below.

### scope of work

The 2007 CR disclosures cover NAB's operations for the 12 months to 30 June 2007, unless stated otherwise in the text. These disclosures incorporate three elements: CR Review (printed and web-based); 2007 CR Detailed Facts & Information pack (web-based); and CR standard disclosures (web-based). This work was performed in accordance with ERM's assurance methodology, which is based on the international assurance standards: ISAE 3000, AA1000 AS and ISO 19011. ERM reviewed NAB's use of the AA1000 principles of Completeness, Materiality and Responsiveness in reporting performance. To do this, ERM undertook broad assurance of the CR Review and CR standard disclosures; and in-depth assurance for 10 material datastreams in the CR Review and 2007 CR Detailed Facts & Information pack. ERM interviewed a number of personnel and reviewed relevant documentation at NAB's operations in Australia (Aus), New Zealand (NZ) and the United Kingdom (UK), regarding:

1. Data accuracy: data trails from original data retrieval to final published disclosures, for a representative sample of data; robustness of data capture processes; collation, transcription, internal reporting and controls.
2. Adequacy and relevance of key statements: for a representative sample of key statements.
3. Effectiveness of mechanisms in place for preparation of publicly reported disclosures: including regional involvement.
4. Responsiveness to stakeholders: interviews with senior executives and review of stakeholder engagement documentation.

5. Information provided in the GRI Content Index: with respect to the G3 Guidelines.

### ERM specifically undertook assurance work for the following material datastreams:

1. Stakeholder trust: data from the Edelman Relationship Index (RI) Survey.
2. CR strategy: implementation at the Group level and within the regions.
3. Corporate Community Investment (CCI): spend.
4. Offshoring: number of roles and processes outsourced offshore.
5. Carbon neutrality: energy use in the property portfolio, fuel use for travel and related greenhouse gas emissions.
6. Equator Principles & project finance: adoption of Equator Principles, number of new transactions and deals removed.
7. Customer accessibility/financial inclusion – regional initiatives: multilingual websites (Aus), audio-enabled ATMs (NZ) and documents for the visually-impaired (UK).
8. Customer fees & charges: number of complaints.
9. Responsible lending – regional initiatives: Basic Bank Account (UK), MyMoney (NZ) and Step UP (Aus).
10. Supply chain management: screening for CR issues and resultant contractual conditions.

The scope specifically excluded data and statements relating to financial information and previous financial years.

### ERM's independence

NAB was responsible for preparing the CR disclosures, including the collection and presentation of data and statements within them. ERM's responsibility was to express assurance conclusions in line with the scope of work agreed with NAB. The ERM team, led by Jo Cain, Partner and Practice Leader for Corporate Advisory Services, Australia & New Zealand, was

not involved in the design or compilation of the CR disclosures (except by way of this independent assurance engagement). During 2006-07, ERM did not work with NAB on other consulting engagements.

### our conclusion

On the basis of its scope of work and in consideration of the limitations of the assurance engagement presented left, ERM concludes, in all material respects, that NAB's 2007 CR disclosures appropriately address the AA1000 principles of Completeness, Materiality and Responsiveness for the 12-month period to 30 June 2007. ERM is of the opinion that the CR disclosures have been prepared to Application Level A+, as defined in the GRI G3 Guidelines. ERM will provide a more detailed Management Report to NAB.

**Environmental Resources Management Australia Pty Limited (ERM)**  
**6 December 2007**  
**Melbourne, Australia**

*ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services.*

### FIND OUT MORE



More information on ERM's scope of work and key operations are provided in the Full Independent Assurance Report in the NAB's 2007 CR Detailed Facts & Information pack, pages 81–82, available on our Group's website.

# glossary

**Australian Greenhouse Office (AGO):** The lead Commonwealth agency on greenhouse matters — responsible for both the coordination of domestic climate change policy and delivery of major new and existing Commonwealth greenhouse programs.

**APRA:** Australian Prudential Regulation Authority.

**ASIC:** Australian Securities & Investments Commission.

**ATM:** Automated Teller Machine.

**BITC:** Business in the Community.

**Carbon dioxide equivalents (CO<sub>2</sub>-e):** Carbon dioxide equivalents (CO<sub>2</sub>-e) are the unit for measuring the quantity of greenhouse emissions.

**Collective agreement:** An employment conditions agreement between the Group and a union. In Australia, this is known as an enterprise agreement.

**Custody services:** Custody and related services to foreign institutions, superannuation funds, government bodies, fund managers, insurance companies and other entities. Key products include sub-custody, global custody, master custody, investment administration outsourcing, securities lending and cash deposit facilities.

**EOWA:** Equal Opportunity for Women in the Workplace Agency.

**FTE:** Full-time equivalent. A measurement for number of employees.

**Green energy:** Energy from renewable energy sources.

**Greenhouse emissions:** Gaseous pollutants released into the atmosphere through human actions that amplify the greenhouse effect. The greenhouse effect is widely accepted as the cause of global climate change. Gases creating greenhouse pollution include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

**IFC:** International Finance Corporation.

**Joule:** A unit of energy. A gigajoule GJ is 10<sup>9</sup> (1 billion) joules.

**kL:** Kilo litre or 1000 litres.

**Lost Time Injury Frequency Rate (LTIFR):** The Lost Time Injury Frequency Rate (LTIFR) is calculated as reported lost time injuries resulting in one day/shift or more off work per 1,000,000 hours worked.

**Microenterprise:** A microenterprise is a type of small business. A microenterprise is defined as a business having five or fewer employees and a seed capital of not more than \$35,000. Typically, microenterprises have no access to the commercial banking sector.

**Microfinance:** The practice of providing financial services, such as microcredit, microsavings or microinsurance to disadvantaged people. By helping them to accumulate useably large sums of money, this expands their choices and reduces the risks they face.

**Project finance:** A way of lending money to fund a large project and of obtaining repayment, in due course, from revenues generated by that project. The loans required to fund these projects are large and are typically shared – or syndicated – among different financial institutions.

**Phishing:** An attempt to criminally and fraudulently acquire sensitive information, such as usernames, passwords and credit card details, by masquerading as a trustworthy entity in an electronic communication. Phishing is typically carried out by email or instant messaging and often directs users to enter details at a website, although phone contact has also been used.

**Specialised finance:** A range of financial solutions utilised in large-scale, complex transactions, such as project finance, structured finance and acquisition finance.

**Work/life balance:** The ability of an employee to balance the demands of work and family responsibilities.

**Wealth management:** Wealth management products include financial planning services offered in conjunction with financial advisers – private banking, wealth creation (investment), wealth protection (insurance), superannuation and retirement solutions for retail customers; outsourced investment, superannuation and employee benefit solutions for corporate and institutional customers; asset management – providing investment management advisory services, including research, selection and monitoring of investment managers under a ‘manager of managers’ approach which underpins all the Group’s investment offerings.

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# corporate principles

## contact us

We welcome any feedback you may have on our 2007 CR review. Please email us at [corporate\\_responsibility@national.com.au](mailto:corporate_responsibility@national.com.au) with your feedback or write to us at Corporate Responsibility, National Australia Bank, Level 35, 500 Bourke Street, Melbourne, Victoria, 3000 Australia

This Review is also available at [www.nabgroup.com](http://www.nabgroup.com) and additional copies can be obtained by telephoning NAB's Share Registry on 1300 367 647 or outside Australia + 61 3 9415 4299

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[www.mlc.com.au](http://www.mlc.com.au)

[www.nabcapital.com](http://www.nabcapital.com)

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Telephone: +64 9 976 5055

## [www.cbonline.co.uk](http://www.cbonline.co.uk)

## [www.ybonline.co.uk](http://www.ybonline.co.uk)

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## [www.nabgroup.com](http://www.nabgroup.com)

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## to create and deliver consistently superior value to our:

- Shareholders
- Customers
- Employees
- Communities

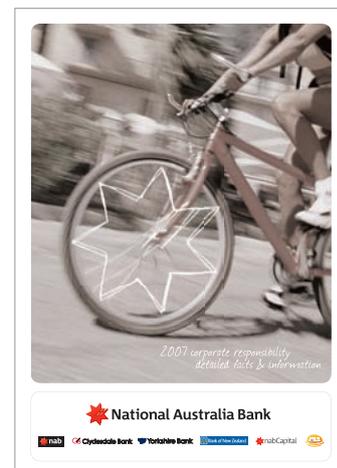
## our core beliefs and values are based on the following principles:

- We will be open and honest
- We take ownership and hold ourselves accountable (for all of our actions)
- We expect teamwork and collaboration across our organisation for the benefit of all stakeholders
- We treat everyone with fairness and respect
- We value speed, simplicity and efficient execution of our promises

And we do not have room for people who do not live these principles



This Review, our 2007 CR Detailed Facts & Information pack and disclosures on our Group website make up our total 2007 CR reporting disclosures. These disclosures have been reviewed by the Global Reporting Initiative (GRI) and meet GRI's A+ Application Level. Our GRI Index is available on our Group website.



## new CR detailed facts & information pack

This year, to complement our CR review, provide full coverage of our CR performance and continue to meet the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, we have produced the 2007 CR Detailed Facts & Information pack. This pack is available online at [www.nabgroup.com](http://www.nabgroup.com)