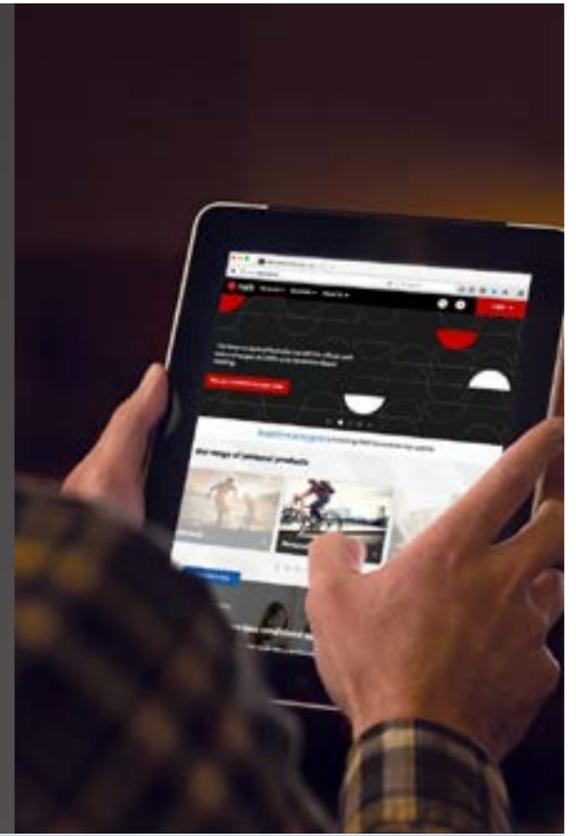


Dig Deeper 2015



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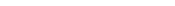
View performance disclosures relating to our Wealth of opportunity priorities.

- **Healthy relationship with money**
- **Prosperous communities**
- **Future focused nation**

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Introduction

Dig Deeper 2015

This Dig Deeper delves into NAB's Corporate Responsibility (CR) performance over the past financial year (1 October 2014 – 30 September 2015) and where appropriate, events that have occurred after the reporting period, prior to publication. It should be read alongside our sixth integrated **Annual Review**.

This year, we have worked hard to make the reporting more interactive after receiving feedback from a number of stakeholders – **presenting the information online** so you can find what you need faster, in addition to continuing to present the information in a downloadable document.

In 2015, we announced a refreshed strategy that was centred on investing in priority customer segments, delivering a great customer experience and continuing to execute flawlessly and relentlessly. We continue to evolve our reporting content to focus on what's most important to our stakeholders – while aligning to our strategy, and how it will help us achieve our vision of becoming Australia and New Zealand's most respected bank.

We continue to report against NAB's Wealth of opportunity pillars, anchored by our five-year business-wide commitments that were first published on page 27 of our 2013 Annual Review. We have supplemented this to respond to the matters that arose from our annual Materiality Review (described on **page 5**). The outcomes of our 2015 Materiality Review and our business-wide commitments guided the selection of key metrics included in both this paper and the

2015 Annual Review, as well as informing the scope of our independent assurance (detailed on **page 69**). These outcomes will also help guide our strategic planning in the future – ensuring that we stay committed to action, and that we continue to effectively describe how we create and maintain value for all of our stakeholders. It also highlights how we have progressed in applying the International Integrated Reporting Council (IIRC) framework.

How to read this report

This report has been structured by the 15 priorities across the three pillars of Wealth of opportunity:

Healthy relationship with money

- Providing quality products and services and building financial capability
- Access to inclusive banking
- Relieving financial hardship
- Responsible lending, spending and investment
- Helping customers and employees prepare for retirement

Prosperous communities

- Our investment in the community
- Encouraging a culture of giving and volunteering
- Supporting a thriving not-for-profit sector
- Supporting businesses that tie communities together
- Strengthening our workforce
- Supporting a more diverse and inclusive workforce and society

Future focused nation

- Future-proofing our business
- Leading conversations on operating in a resource-constrained world
- Addressing the big issues that matter to communities
- Embracing the changing digital and technological landscape

We continue to use the Global Reporting Initiative (GRI) G4 Sustainability Reporting guidelines and a full GRI index is available on **pages 67–69** of this report. References to the index can be found whenever you see this symbol – .

Our approach

Our approach to Corporate Responsibility

Our approach to CR aims to make a positive and sustainable impact in the lives of our customers, people, communities, and on the environment in which we operate.

This underpins a strong and sustainable business for our shareholders, while creating societal value for our stakeholders. Our approach is centred on:

- Customers – getting the fundamentals right by delivering a great customer experience and applying responsible lending practices;
- Employees – being a good employer, investing in a customer-focused, diverse and inclusive workforce, and developing the skills and capabilities of our employees; and
- Addressing our broader responsibility to society – supporting communities, managing our environmental impact and dependencies, and having a positive impact through our supply chain.

Our approach recognises and supports the United Nation's (UN) new global agenda **“Transforming Our World: the 2030 Agenda for Sustainable Development”**. The 17 Sustainable Development Goals (SDGs) adopted by the UN in 2015 incorporate action and targets on a number of issues – including climate change, sustainable energy and water management, halting biodiversity loss, gender equality, empowerment of women, and health and wellbeing. We have played a key role in supporting the goal development process in Australia, hosting a series of workshops attended by government, business, academia and civil society over the past three years to reach a broad based consensus. Our programs and policies also reflect these goals where appropriate – and we are

committed to working with stakeholders to improve the way we report and disclose information around these goals.

Creating value through Corporate Responsibility

We are focused on leveraging our vision, culture and CR approach to deliver a great customer experience, engage with our people, mitigate risk, identify new revenue opportunities and enhance our reputation. We believe this will help us meet our objectives of delivering superior shareholder returns, and becoming Australia and New Zealand's most respected bank.

Resource efficiency

This year, our head office at 800 Bourke Street was awarded the first Green Star - Performance rating in Australia, representing 'best practice' in sustainable building operations. The building has also received a 5.5 Star NABERS Energy tenancy rating. Our building at 700 Bourke Street was also awarded a 6 Star Green Star as Built rating and a 5 Star Green Star Interiors rating – bringing the proportion of our main office buildings that are Green Star certified to around 75%. If we hadn't put these energy efficiency programs into practice, our energy costs would be approximately 70% higher than what they are today.

Reputation

Over 80% of agribusiness customers consistently rate natural capital risks, such as soil health, energy and water as significant

for their business. Through showcasing best-practices and driving awareness about the importance of natural capital in underpinning business success, we are attracting and strengthening longer-term relationships with customers, government and research organisations among others. This is enabling us to enhance our customer value proposition and build our reputation.

Regulation

We continue to support the protection of vulnerable consumers from unfair fees and charges in the fringe lending sector. NAB's leading stance to not bank those businesses providing payday loans was highlighted after the Four Corners 'Game of Loans' story in April 2015. We know how important appropriate regulation is in protecting these customers and in 2015, we prepared a submission for the Treasury review of the small amount credit contract laws, and the related provisions in the *National Consumer Credit Protection Act 2009* – because we believe that these laws play a vital role in ensuring consumer rights are protected.

Risk

Understanding and comparing the impacts of carbon risk exposure during the investment decision-making process is an increasing challenge facing the investor community. That's why the four major banks in Australia have come together to form the Australian Portfolio Carbon Working Group – which is recognised by the United Nations Environment Program Finance Initiative (UNEP FI). The purpose of the working group is to share insights

and alternative approaches that will enable financial institutions to measure and disclose their climate performance.

Revenue

We have an important role to play in facilitating greater investment in renewable energy. This year, we launched a **\$300 million climate bond** – the first by an Australian issuer into the domestic market and with the support of the Clean Energy Finance Corporation (CEFC), we launched a \$120 million fund that can provide discounted finance to businesses looking to invest in energy efficient and small scale renewable assets.

Relationships

In Australia, our employee volunteering program achieved its goal of contributing one million volunteering hours (worth over \$50 million in employee salaries) to not-for-profit organisations since 2003 – and remains a valued element of our customer offering to government, education and community customers. Our 'Closed for Good' employee volunteering day in New Zealand continues to create positive impact in our local communities and improve our relationships with our people – with 87% of employees surveyed feeling more positive about working at BNZ as a result of the event.

Our approach

2015 Materiality Review

Each year we conduct a formal Materiality Review, so we can understand the broader environmental, social and governance (ESG) topics, and their relevant drivers, which are of highest importance to our stakeholders and most aligned to our ability to create value both now and into the future.

Our overall process for identification, prioritisation, integration and disclosure of ESG topics has remained in place – but we have increased the depth and breadth of views gained. To identify ESG topics, we gather information from both internal assessments and external frameworks (such as the Global Reporting Initiative and Sustainability Accounting Standards Board).

These topics are prioritised by analysing the survey results of over 1,000 customers (personal and business banking), employees, suppliers and our community partners across Australia and New Zealand. We have also conducted detailed interviews with our investors and senior executives to prioritise the ESG topics based on how they impact our

ability to create business and societal value. Changes to the Materiality Review in 2015 will allow us to track and disclose changes in stakeholder sentiment on each of these topics over time. 

In 2015, we prioritised seven major topics that are important to our stakeholders and closely aligned to our ability to create value through executing our strategy. You'll find more on these topics – and how we have managed and performed against them – throughout this report. 

Material topic	Stakeholder view and relevance to NAB	Performance measures	How we performed in 2015
Responsible lending practices	Our stakeholders are deeply interested in the policies and processes we have in place to make sure the loans we provide suit our customers' needs and ability to repay. Additionally, there has been sustained increase in interest in how we manage ESG risks in our lending portfolio. Our materiality review identified the areas of fringe lending and carbon risk as being of particular interest to our investors. In 2015, there was a significant increase in NGO advocacy and enquiries from customers and investors around the issues of climate change, fossil fuel investment and infrastructure development in the vicinity of the Great Barrier Reef.	<ul style="list-style-type: none"> Percentage of power generation sector exposure at default directed to renewable energy Improved disclosure of carbon risk Percentage of lending portfolio in arrears Number of confirmed breaches managed through lending and compliance committees, and their outcomes 	<p>We have continued to operate an effective monitoring system to make sure our people are compliant with lending policies and processes. For information on our performance relating customer satisfaction and complaints, refer to 'Providing quality products and services and building financial capability' on page 13.</p> <p>Information on breaches confirmed through our lending and compliance committees is available in the 'Workplace relations and conduct' section on page 32.</p> <p>We further integrated ESG risk in our lending and procurement areas. We worked towards delivering on commitments we made in our Improper Land Acquisition Policy statement (refer to 'Responsible lending' section on page 18), and our report against these commitments will be made available on our website in December. We have also continued to improve our disclosure on carbon risk, which you can read about further in the 'Responsible lending' section on page 18.</p>
Good governance processes	The importance of good governance at NAB is always a high priority for our stakeholders. In 2015, this interest was largely focused on our transition of Board and Executive Leadership Team members, as well as the policies and processes that are in place to ensure our leadership has an appropriate and diverse mix of capability, capacity and independence to support long-term value creation.	<ul style="list-style-type: none"> The remuneration information of our Board Directors and Executives, including the performance indicators that influence the 'at-risk' component of their remuneration, is detailed in the Remuneration Report in our 2015 Annual Financial Report. Number/percentage of senior executives with a 'ready-now' successor identified. 	Board succession planning is ongoing at NAB and the Board renewal that has been announced (expected to occur by February 2016) will bring fresh perspectives while retaining deep understanding of our business. In making decisions about Board composition, the Board, with the assistance of its Nominations Committee, considers a range of factors to identify suitable candidates. Current competencies contributing to our Board's capability include strategy and organisational leadership, understanding global trends and the local finance industry, risk management and governance, and information technology.

Our approach

2015 Materiality Review

Material topic	Stakeholder view and relevance to NAB	Performance measures	How we performed in 2015
Ethics and business conduct	Maintaining high standards of conduct within our organisation is critical to building long-term relationships with our customers, employees and the wider community. As well as seeking an understanding of how we can maintain high standards of conduct, our stakeholders have requested additional information on conduct within our UK and Wealth operations.	<ul style="list-style-type: none"> Number of Code of Conduct breaches Number of whistleblower disclosures Speak Up Step Up (SUSU) Employee Engagement Survey response: 'Our actions are guided by our desire to do the right thing.' 	<p>We believe that operating in an ethical manner is our day-to-day responsibility and is simply the right thing to do. This year we developed changes to our Code of Conduct, along with a new Employee Conduct Management Policy, which launched on 1 October 2015.</p> <p>We publish our Code of Conduct and approach to whistleblowing, as well as the number of breaches that have occurred. For further details refer to page 32 and our website. Earlier this year, we commissioned a report into our Financial Advice business which looked at what we needed to do to lift standards for our customers, employees and advisors. Following this, we have taken a number of steps to significantly improve outcomes for financial advice customers that have been negatively impacted. You can find out more about this on page 10 of our 2015 Annual Review.</p>
Values-aligned culture	Our stakeholders recognise that having a clearly defined, articulated and embedded values-aligned culture can influence value creation over time. In 2015, our stakeholders have emphasised the importance of measuring our culture and disclosing associated key performance indicators.	<ul style="list-style-type: none"> Enterprise engagement score in annual employee survey Alignment to our values score in annual employee survey Employee survey response rate to annual employee survey Length of tenure Retention of high-performing employees Total number of employees returning to work after parental leave Total retention rate of 'Group Talent Pool' 	<p>We know that a strong organisational culture sets us apart, and helps us to deliver on our strategy. This is why we introduced a set of five values in 2015 that describe our target culture, and create a direct link between culture and our strategy: Passion for customers; Will to win; Be bold; Respect for people; and Do the right thing.</p> <p>To make sure these values become the core of our culture, we have incorporated them into our performance management system – so that the rewards we receive are directly linked to how we live our values in our everyday work. More details can be found on page 30 of this document, with our performance against workforce KPIs in 'NAB numbers'.</p>
Improving customer experience	All our stakeholders recognise that getting things right for our customers, understanding their needs and meeting or exceeding them, is essential for NAB's success. It is expected that we actively seek and respond to customer feedback, finding and responding to the root causes of problems, and investing in innovative products and services.	<ul style="list-style-type: none"> Net Promoter Score (by customer segment) Number of branches and business banking centres Number of ATMs Total customer complaints 	<p>We have continued to invest in improving the experience for our customers. See pages 13-15 of the 2015 Annual Review for more information on what we have delivered this year to improve customer experiences by building deeper relationships, making it simple and innovating for our customers. We have continued to embed the measurement of customer advocacy throughout the organisation using the Net Promoter System, which you can read more about on page 13.</p>

Our approach

2015 Materiality Review

Material topic	Stakeholder view and relevance to NAB	Performance measures	How we performed in 2015
Customer security	Our customers expect us to keep their information and their money secure, and to invest in our technology systems and people to successfully manage existing and emerging threats. This year, there has also been considerable interest in the increasing use of technology platforms and cloud-based information – as well as how we build awareness of security threats for employees and customers.	<ul style="list-style-type: none"> % of customers that are active users of internet banking Number of major data breaches Number of Code of Conduct breaches 	<p>In 2015, we have continued to invest in the systems and processes that protect our customers' information – as well as publishing information on the 'Learn' portal of our website to help customers understand simple ways to protect themselves.</p> <p>We also partnered with the Australian Government for Stay Smart Online Week and National Fraud Awareness Week, to help raise public awareness of online fraud. In 2015, we experienced no major customer data breaches. You can read more about what we have done this year in the Customer security section on page 53.</p>
Transparency and disclosure	<p>Transparency and clarity on issues that will affect NAB's profitability, or have significant impact on our stakeholders, is expected – and considered just as important as the way we actually manage those issues.</p> <p>In 2015, there has been a significant increase in demand for information on how we approach the management of ESG risk in our lending portfolio. Disclosing taxation policies and payments, and managing conduct is also seen as vital to maintaining strong relationships within our operating environment.</p>	<ul style="list-style-type: none"> Improved disclosure as measured through benchmarking scores and stakeholder feedback Disclosure of taxation paid by region Disclosure of Code of Conduct breaches/outcomes 	<p>We are as committed as ever to increasing disclosure about our policies and processes, through publications such as our 2015 Annual Review, our 2015 Dig Deeper, and information available on our website – and by responding to requests for information from stakeholders such as ESG analysts for the Dow Jones Sustainability Index (DJSI), FTSE4Good, CDP, Ethisphere and Sustainalytics, among others. This year, we have listened and worked with our stakeholders to increase transparency, and published additional information on our tax contribution, as well as our political contact, communications and donation policy. We have also continued to improve disclosure related to carbon risk. See the 'Responsible lending' section on page 18 for more information.</p>



Our approach

Other important topics

The Materiality Review identified seven high-priority material topics for inclusion in our CR reporting – which have been listed in the table across pages 6–7. The Materiality Review (and ongoing stakeholder engagement) has also highlighted several areas of particular importance to specific stakeholders – including our employees, customers, investors and NGOs. These additional topics have been listed below, along with how we have responded to them.

Material topic	Stakeholder view and relevance to NAB	Performance measures	How we performed in 2015
Promoting financial inclusion	<p>More than three million Australians are either partially or fully excluded from accessing mainstream financial services¹.</p> <p>Economic circumstances are not the only cause of exclusion either, with disability, geographic isolation and natural disasters all creating pockets of disadvantage.</p> <p>Our stakeholders are primarily interested in how we deliver innovative solutions including products and services specifically designed for financially excluded Australians.</p>	<p>Number of low-income Australians assisted with microfinance products/services</p> <p>Number of microfinance loans provided (by loan type)</p> <p>Value of microfinance loans provided (by loan type)</p> <p>Number of AddsUP Matched Savings accounts provided</p> <p>Value of AddsUP Matched Savings funding provided</p>	<p>Financial exclusion is a complex issue and we are committed to partnering with the community sector and government bodies to deliver a range of safe and affordable personal and business microfinance programs for those who are marginalised from mainstream banking. In 2015, we have continued to make progress towards our mission of assisting one million low-income Australians with microfinance products and services by 2018. So far, over 394,000 Australians have received assistance – and we have used the things we have learned in promoting financial inclusion in Australia to support the development of financial inclusion in New Zealand, through our pilot community finance initiative.</p> <p>For more information, see the ‘Access to inclusive banking’ section on page 16, as well as the ‘Customer’ section on page 55 of NAB numbers for relevant performance measures.</p>
Diversity and inclusion	<p>Our stakeholders expect us to support a diverse and inclusive workforce that reflects the communities we operate within. It’s an important part of helping employees reach their potential, building relationships with our customers and encouraging innovation in the organisation.</p> <p>Through the 2015 Materiality Review, stakeholders clearly identified gender pay equity and managing an ageing workforce as two key challenges for NAB to address.</p>	<p>Employee engagement survey scores</p> <p>Breakdown of workforce composition by age, gender, employment type, employment level and tenure</p> <p>Breakdown of participation in talent programs by gender</p> <p>Basic salary ratio by gender</p> <p>Progression towards gender equity targets</p> <p>Number of employees with remote access capability</p>	<p>This year marked the first of our refreshed Diversity and Inclusion Strategy (2015-2017) – which is focused on inclusion, life stage and gender equality – to support our business strategy. The Executive Leadership Team has direct accountability for putting this strategy into practice, and actively promoting the right values to support a workforce where our people feel empowered and encouraged to perform. The Board also receives regular updates on diversity and inclusion from senior executives of the NAB Group.</p> <p>For more information, see the ‘Supporting a more diverse and inclusive society and workforce’ section on pages 35-40, as well as the ‘People’ section on page 58-62 of NAB numbers for our workforce performance measures.</p>

¹ Eight Years on the Fringe, March 2015 – Centre for Social Impact.

Our approach

Other important topics

Material topic	Stakeholder view and relevance to NAB	Performance measures	How we performed in 2015
Biodiversity loss and ecosystem services degradation	Our stakeholders expect us to manage our own natural capital risks, while also considering biodiversity loss and ecosystem services degradation as part of responsible lending. We believe it is important to lead by example in making sure our direct footprint is minimised, while also drawing on our own learning to support our customers in managing natural capital risks and in taking advantage of new market opportunities.	<ul style="list-style-type: none"> Diversion of waste from landfill [%] Office paper consumed [tonnes] Water consumption [kL] Increase in the proportion of customers receiving online statements [%] 	<p>During 2015, we played a leading role in raising awareness of the importance of addressing biodiversity loss and ecosystem services degradation by presenting at numerous customer and public forums. We actively participated in the Australian Business and Biodiversity Initiative (ABBI) and initiated research into understanding the links between good management of natural capital and financial performance over time.</p> <p>We also participated in the Natural Capital Declaration's working groups. This included a project to develop a soft commodities benchmarking tool.</p> <p>For more information, see the 'Natural Value' section on page 20 and the 'Future focused nation' section on pages 41–53.</p>
Climate change	<p>Regulators, ESG analysts, investors and benchmarking initiatives (like the DJSI and CDP) continue to request disclosure of information relating to our energy usage and GHG emissions – as well as information on:</p> <ul style="list-style-type: none"> • Products and services that assist in the transition to cleaner technologies and renewable energy; and • Lending book exposure to carbon risk in carbon intensive sectors. 	<ul style="list-style-type: none"> Stationary energy consumption [GJ] Stationary energy-related GHG emissions [tCO₂-e] Improved disclosure of carbon risk Continued investment in renewable energy 	<p>In November 2015, NAB committed to five climate change actions that underpin our role in supporting the transition to a low carbon economy that limits global warming to less than 2 °C. You will find more details on page 48 in the 'Future focused nation' section.</p> <p>For details on our lending activity – including our investment in renewable energy – as well as more information on what we have done to meet our carbon risk disclosure commitment, refer to 'Responsible lending, spending and investment' on page 18.</p> <p>A detailed breakdown of mining and agricultural exposures (Exposure at Default) was first included in the NAB Group's 2014 Full Year Results, with additional disclosures available in our 2015 Full Year Results Investor Presentation.</p>
Resource scarcity	Our stakeholders expect us to be demonstrating leadership by minimising our use of resources, and making sure that where we do need to use resources they have sustainable sourcing certification, where possible. We receive information requests and feedback from a range of stakeholders regarding the way we responsibly manage resource use – including customers, investment analysts, and benchmarking initiatives like the DJSI, and environmental NGOs.	<ul style="list-style-type: none"> Stationary energy consumption [GJ] Diversion of waste from landfill [%] Office paper consumed [tonnes] Water consumption [kL] Proportion of customers receiving online statements [%] 	<p>This is the second year we have reported against our 2014-2016 environmental targets.</p> <p>Five of the six operational efficiency targets are tracking ahead of forecast and are expected to be met.</p> <p>See the 'Measuring improvements in the efficiency and resilience of our business' section on page 44 and the 'Environment' section of our NAB Numbers on page 65 for more details on how we have performed in this area.</p>



Our approach

Our approach to stakeholder engagement

Maintaining an open and constructive dialogue with stakeholders is an essential part of our success. Through our engagement we are able to understand the expectations of the communities we operate in, as well as identify any issues or opportunities – so we can improve our business, and create new products and services for our customers.

Regular engagement

We value constructive feedback and engagement with a wide range of stakeholders, including NGOs and ESG analysts, and we take on board their feedback, information and analysis to assist in the determination of ‘materiality’ to NAB. Over the past year, we had regular dialogue with advocacy and shareholder organisations including 350.org Australia, Market Forces, the Australian Youth Climate Coalition and the Australasian Centre for Corporate Responsibility, to get a deeper understanding of community concerns on issues ranging from carbon risk, financing of the fossil fuel industry (particularly coal mining and infrastructure) and the health of the Great Barrier Reef. Since publishing **our policy statement on improper land acquisition** in 2014, we’ve continued to have open discussions with Oxfam on their campaign to raise awareness on the issue of improper land acquisition in the soft commodities sector and associated supply chains. See the ‘Responsible lending, spending and investment’ section on **page 18** for more details.

Accountability for stakeholder engagement is shared across the organisation.

Individual relationship managers within NAB aim to ensure ongoing engagement and relationships with key stakeholder groups. At the NAB Group level, we have teams responsible for our interactions with customers, employees, investors and analysts, government, industry associations and initiatives, not-for-profits and community organisations, unions and the media. Each of these teams manage relationships with key stakeholders, so we can understand issues these groups might have, and make sure that we’re taking the right action to effectively address them.

We also run a number of dedicated, specialised forums so that our stakeholders’ insight and feedback can help us to develop our business. Find out more about these **forums** on our website.

The following table outlines our major stakeholder groups, the ways we interact with them and the ESG issues that they have raised during our interactions in 2015. **GRI-24** **GRI-26**



Our approach

Our approach to stakeholder engagement

Stakeholder group	Types of engagement activities	Issues of interest
Customers	<ul style="list-style-type: none"> Consumer advocate meetings with senior leadership Customer feedback channels (in-branch, email, contact centre, social media) Market research – customer satisfaction and experience surveys and focus groups 	<ul style="list-style-type: none"> Improving the customer experience Customer security Financial hardship Financial education and literacy Financial inclusion Industry regulation Affordability of banking
Employees	<ul style="list-style-type: none"> Regular surveys Annual employee engagement survey Intranet articles and commentary Employee feedback groups Confidential alert lines Internal social media 	<ul style="list-style-type: none"> Customer security and safety Improving the customer experience Responsible lending practices (suitability of products and managing ESG risk) Performance and reward management Investing in human capital Employee engagement Ethics and business conduct Employee turnover Health, safety and wellbeing Diversity and inclusion Access and retention of skilled staff Innovation Financial crime Our Environmental Agenda
Shareholders and the investment community	<ul style="list-style-type: none"> Annual General Meeting Investor presentations Analyst briefings Participation in surveys Direct engagement with leadership Round tables 	<ul style="list-style-type: none"> Governance processes – succession planning Governance processes – capability and capacity Transparency and disclosure Responsible lending practices (suitability of products and managing ESG risk) Improving the customer experience Responsible procurement practices Sustainable sourcing Investing in human capital Employee engagement Our Environmental Agenda Health, safety and wellbeing (focus on mental health)

Stakeholder group	Types of engagement activities	Issues of interest
Government and Regulators	<ul style="list-style-type: none"> Regular meetings and briefings Participation in consultation process Focus groups 	<ul style="list-style-type: none"> Microfinance Indigenous employment and housing Impact investment Natural capital and environmental regulatory change/policy Ethics and business conduct Responsible lending practices
Media	<ul style="list-style-type: none"> Briefings/interviews Press releases NAB news website 	<ul style="list-style-type: none"> Ethics and business conduct Responsible lending practices (suitability of products and managing ESG risk) Improving the customer experience Innovation Diversity and inclusion Community investment Industry regulation
Suppliers	<ul style="list-style-type: none"> Supplier forums Regular meetings and briefings Ongoing relationship management Industry forums 	<ul style="list-style-type: none"> Diversity and inclusion Resource efficiency Off-shoring and outsourcing Managing our exposure to ESG risks Sustainable sourcing
Community partners	<ul style="list-style-type: none"> Surveys Interviews NFP customer support Meetings 	<ul style="list-style-type: none"> Employment opportunities for those marginalised in society Financial hardship Financial education and literacy Financial inclusion Mental health support Resource efficiency Responsible lending practices (suitability of products and managing ESG risk) Indigenous employment and housing
Community advocacy organisations	<ul style="list-style-type: none"> Regular meetings and briefings Customer feedback channels Corporate.Responsibility@nab.com.au 	<ul style="list-style-type: none"> Responsible lending practices Financing of fossil fuels Financing of projects impacting the Great Barrier Reef Financing of offshore detention facilities Improper land acquisition Diversity and inclusion Marriage equality

Healthy relationship with money

Providing quality products and services and building financial capability

Our customers

We provide banking and wealth management services to over 12.6 million customers across Australia, New Zealand, Asia and the UK. These customers are supported through our 1,590 branches and business banking centres globally – and we connect with them every day through our call centres and social media forums. We continue to strengthen the relationships we have with our customers by listening and providing fair products and services that help them get more from their banking. See pages 13-16 of our 2015 Annual Review, which details how we are executing our strategy, and delivering better value to customers through our products and services.

Satisfaction and advocacy

We want to make sure that it's easy for our customers to connect with us and share their feedback, compliments and complaints. And now, there are even more ways for them to connect with us how and when they like – including social media and other online channels. Customer feedback (including customer satisfaction) and the data it generates, is continually assessed to identify areas for product development and improved processes across all of our brands.

Customer experience specialists are embedded within the business and collaborate across the enterprise using a customer-centric design methodology to help manage change and create better products, services and experiences for customers.

We have introduced the Net Promoter System (NPS) to improve our understanding of how we can deliver great experiences for our customers.

Australia

In 2015, we achieved slight gains, with the average Net Promoter Score of our priority segments improving from -18 to -16. Over the same period we have seen increases in customer advocacy in three out of four of our priority segments. We have developed a clear and standard definition of how we want NAB to be experienced by our customers. We want to be easy to deal with, to be personal in all our dealings and to support our customers with advice and insight.

We know that this is easy to say and hard to deliver. To make this come to life, we are focused on:

- Making it simple for customers;
- Deepening our relationships with customers; and
- Innovating for customers.

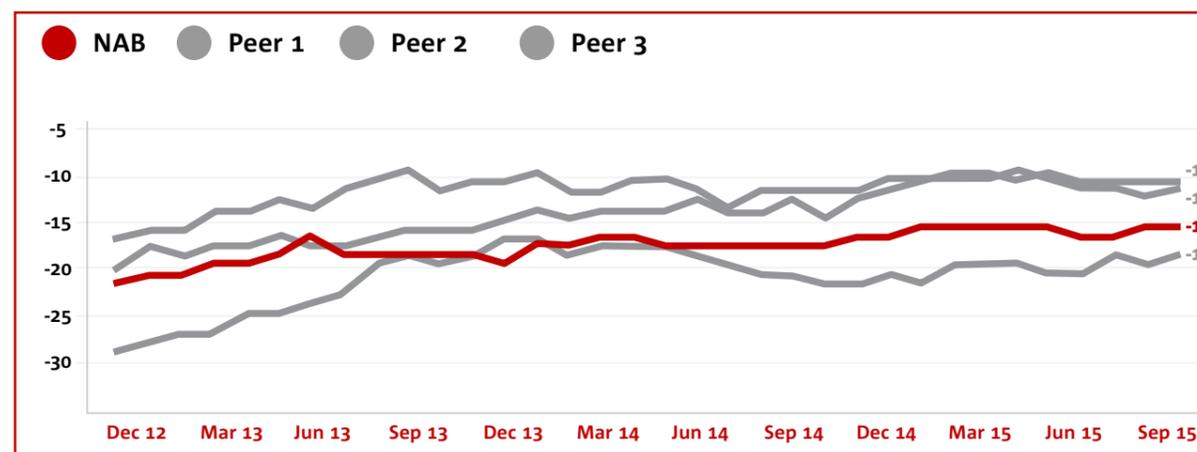
New Zealand

This year, BNZ has experienced a strong increase in overall recommendation from Retail customers in early 2015, which has been maintained in the following months, ending the year with the equal second highest ranking in the market. BNZ's NPS for Partners (annual turnover of NZ\$1m - \$150m) is largely stable; however, for Micro Business (annual turnover of under NZ\$1m) there has been a slight downward trend in recommendation.² The decline in Micro Business NPS is a result of increased customer demand for our award-winning proposition.

We have invested in additional employees this year to capture growth opportunities and address existing capacity constraints that will deliver a greater experience for customers in this segment.

FY15 Priority Segments NPS vs. peers

Mortgage customers, Micro Business, Small Business and Medium Business (Australia)¹



¹ Priority Segments NPS is a simple average of the NPS scores of four priority segments: Mortgage Customers, Micro (<\$1m) Business, Small (\$1m-<\$5m) Business and Medium (\$5m-<\$50m) Business. The priority segments NPS scores are based on six month moving averages from Roy Morgan Research and DBM BFSM. NAB compared with the NPS of the three major Australian banks (ANZ, CBA, and WBC). Our net promoter score is a measure how likely a customer would be to recommend NAB to a friend or colleague on a scale of 0-10. The overall score is calculated by subtracting the percentage of customers that answer 6 or below ('detractors') from the percentage of customers that answer 9 or 10 ('promoters').

² Source: Camorra Research - Retail Market Monitor; TNS Business Finance Monitor. Retail data is on a 6 month roll. Partners and Micro Business data on a 12 month roll. Retail market is based on five major banks, Partners and Micro Business markets based on four major banks.

Healthy relationship with money

Providing quality products and services and building financial capability

Responding to complaints

Customer feedback offers us key insights into how we can improve our processes and address any concerns our customers might have. It comes to us in person, by phone, email and increasingly through social media channels such as Facebook and Twitter. All complaints are handled through our Internal Dispute Resolution Process – which aims to either resolve each one right there and then, or through our specialist complaint management functions, such as NAB Resolve and MLC Resolve in Australia.

In Australia, overall complaint volume increased by 17%. Feedback related to fees and charges continues to be the highest contributor, though the root cause of these complaints is often process or product related, rather than directly linked to the fee itself. We expected this increase in complaints, as our focus continues to be on resolving complaints at the first point of contact, and increasing complaint capture to help us in our customer experience improvement opportunities. What this feedback does show, however, is that we still have work to do in order to deliver a consistently great customer experience. See page 15 of our 2015 Annual Review, which details how we are responding to customer pain points. G4-S011 ▶

Building financial capability through help, guidance and advice

We seek to build financial capability and confidence through our daily interactions with customers so they can enjoy a healthy relationship with money. We believe that this commitment allows us to add real value by providing fairer and high-quality products along with specialised help, guidance and advice. This section provides further information on the work we are doing to build financial capability for our customers, our people and communities.

Learn

Our **'Learn'** online portal continues to provide customers with articles that offer guidance and advice on how to confidently manage their finances. We know just how important a higher level of financial literacy is in increasing positive financial outcomes for our customers. We work closely with different parts of our business to understand what our prospective and existing customers may need or want to know about banking processes, or money in general. The aim of the Learn portal is to create a knowledge centre that uses everyday, human language to help people become more financially literate – and feel more confident to take the next step towards their specific financial goals. That may be buying a home or saving for a holiday, or it could be something more complex like deciding whether to invest in property or use a self-managed super fund.

This year, we have had over 1.4 million unique visitors to the site and we continue to publish information aimed at increasing knowledge in the following areas:

- Money Basics explains the fundamentals of budgeting, saving, borrowing and investing;
- Life Events provides tips on how to manage the financial aspects of expected and unexpected events;
- Banking Tips allows customers to compare banking products so they can work out how to make the most of their banking set up. This year, we have also continued to publish information to help our customers manage the security of their information; and
- Business Tips also offers the tools, tips, guides and resources to help people improve the finances of their business.

Plunket

In New Zealand, BNZ has continued its ongoing support of Plunket (the country's largest provider of support services for the development of health and wellbeing of children under five) and created the BNZ Baby Budget Calculator – which can show new parents how to manage their money well and help their children do the same. The calculator provides parents with an understanding of the impact having a child can have on their finances and how these costs will change as their baby grows.



Healthy relationship with money

Providing quality products and services and building financial capability

Scam savvy

BNZ has continued its commitment to educate New Zealanders – especially older citizens – about how to recognise and avoid financial scams. We have a scam expert focused on educating the community on this issue – and we work with New Zealand Police on identifying and eradicating these scams wherever possible.

During the past financial year we have delivered 52 Scam Savvy sessions to an estimated 4,300 New Zealanders around the country. Additionally, our employees delivered 12 Scam Savvy sessions as part of Closed for Good to groups including Grey Power, Citizens Advice Bureau and Age Concern.

Start Counting

Backed by NAB, Start Counting is a program designed to empower women to make wise life and money decisions. After an internal pilot, 22 organisations (including 14 NAB customers) have now sponsored employees to participate and have positioned Start Counting as an opportunity to build on existing diversity and inclusion frameworks for their female workforce (e.g. supporting talent, return to work parents and graduates). Start Counting is just one example of a program where we are looking to build better relationships with customers and create positive social change.

Our Start Counting program is creating real impact; early results from an 18 month longitudinal study have shown participants reporting:

- Greater clarity around life direction and planning;
- Improved ability to control their finances;
- Being more prepared to deal with unexpected life circumstances; and
- Significantly greater involvement in managing their financial circumstances and wellbeing.

We continue to explore methods of evaluating and improving the impact of our program.

Indigenous Australia

NAB has assisted over 750 Indigenous clients in 2015 through the Indigenous Money Mentor (IMM) program, creating over one million dollars of social value.¹ We have partnered with Good Shepherd Microfinance to coordinate the delivery of a national IMM program to extend the reach and impact of the Money Mentor program throughout Australia. For more information, refer to the Access to inclusive banking section on **page 16** of this report.

Iwi Financial Literacy

BNZ continues to work with various Māori tribal groups (Iwi) to improve financial literacy in their communities.

This year our work included Marae Treasurers' Workshops with Iwi Waikato-Tainui – which were delivered in partnership with PWC. Marae are traditional meeting places and centres of learning, and these workshops covered topics such as recording of transactions, reporting of financial information, setting budgets and financial controls – with over 50 Marae representatives attending.

BNZ also ran 11 Be Good with Money workshops, again with Waikato-Tainui, which educated approximately 200 attendees on the basics of financial literacy.

Finally, we continued our involvement with the Massey University Certificate program – a 'train the trainer' program that was delivered through a combination of wananga (workshops) and distance learning. There were two intakes to the program this year – with 30 attendees representing 14 of our Iwi (tribal) clients.

¹ Based on the social return of \$4.20 for every dollar invested: Ernst & Young, Social Return on Investment 2013.

Healthy relationship with money

Access to inclusive banking

In 2015, we have continued to make progress towards our mission of assisting one million low-income Australians with microfinance products and services by 2018.

We have now assisted 394,000 Australians since the inception of this program and this year continued to address financial exclusion through the following initiatives:

- We partnered with Good Shepherd Microfinance and the South Australian Government to open the fourth Good Money store in Salisbury in August 2015. The Good Money stores offer customers a more integrated way of accessing financial assistance and support services such as NILS, StepUP and financial counselling (provided by local community agencies), under the one roof. Strategically located on main streets, these stores provide vulnerable Australians with an alternative to the fringe lending sector.
- We helped Good Shepherd Microfinance access \$33.3 million in Federal funding over five years for the delivery of microfinance products and services in Australia. These funds will be used to support the network of community organisations that deliver the no and low interest loans (No Interest Loans Scheme (NILS) loans and StepUP loans).

- We also launched 'Eight Years on the Fringe' with the Centre for Social Impact – detailing what it has meant to be severely or fully excluded. The research found that when compared to the broader population between 2006 and 2013, people who were severely or fully financially excluded were consistently more likely to experience a number of poorer economic, social and health outcomes. This research continues to inform how we deliver and support the programs that address the issue of financial exclusion.

You can learn more about our the work we are doing to support financial inclusion and build resilience on our **website**.

We have also used the lessons learned in Australia to support the development of financial inclusion in New Zealand, through BNZ and Good Shepherd New Zealand's Community Finance Initiative. A one-year pilot has provided the opportunity to refine the products and create a framework for expansion. To date, 84 StepUP loans and 43 NILS have been lent to customers through this pilot, for a combined total of NZ\$352,949.

BNZ won the Institutional Banking Innovation award for this Community Finance initiative at the 2015 Institute of Finance Professionals New Zealand (INFINZ) Awards in May. For more information on our Community Finance initiative, see the BNZ **website**.

We believe that promoting financial inclusion and seeking to improve financial resilience is a key contributor to the UN Sustainable Development Goals of 'Ending poverty in all its forms everywhere' and 'Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.

Healthy relationship with money

Relieving financial hardship

NAB Assist work with our customers experiencing financial hardship, vulnerability as a result, or customers who may have simply overlooked a repayment.

Over the past two years NAB Assist have engaged with Kildonan Uniting Care to improve the way we communicate with customers, so that our employees have the appropriate support and training to treat customers facing financial hardship with empathy and respect. We know that anyone can find themselves in financial difficulty and we treat all customers respectfully and without judgement as to their circumstances.

Within NAB Assist, our specialised hardship function has been working with financially vulnerable customers for six years, to support them and provide options to help them get back on their feet.

In 2015, we introduced a post-call survey that gives customers the ability to rate us on first point resolution, agent satisfaction, customer effort, and NPS. On average, 45% of our hardship applicants participate in the survey. We use this feedback for customer experience improvements and advisor coaching.

As a result of feedback from the post call survey we introduced a method of assisting customers that ensures that our most vulnerable customers receive a tailored assistance package at the initial point

of contact. In 2014, 50% of requests for hardship assistance were assessed, and assistance provided within the same day. In 2015 we introduced a new operating model which has increased the percentage of customers receiving immediate assistance to over 90%. Providing this support early reduces the strain on our customers, and gives them a better chance of getting back on their feet. Not only does this benefit the customer, it has a positive commercial outcome and helps to strengthen our community through better financial stability – a great example of shared value in practice.

We keep in touch with these customers when they come to the end of the arrangement, to check that they're tracking positively and identify if they need further assistance.

2015 Performance

- We have assisted 20,174 customers this year, an increase of 5,141 customers from 2014;
- By helping our customers avoid defaults our hardship function has resulted in \$60 million in business savings in 2015;
- Our hardship function has been so successful that now one in five requests for financial hardship

assistance are from customers who have not yet missed a payment;

- Since moving to our new operating model, 90% of hardship claims are now being resolved on their first call;
- In the last 12 months, 88% of customers who come into NAB Assist have had their payments up to date within 30 days. Of the 12% who are not up to date within 30 days, more than half are up to date within 90 days;
- We have reduced the number of hardship and debt collection complaints by 50% compared to the previous year. We did this through our respectful communication model – which focuses on customer pain points, the improvements to our hardship process, and really working to provide our customers with affordable options;
- We have seen a 28% reduction in loans re-entering NAB Assist; and
- We recently produced a **'Welcome to Care'** kit for customers (who may or may not identify as being in financial hardship). It includes: contacts across government and not-for-profits, where to find information on grants for support, and where to seek free advice.

NAB Assist case study

Mark*, a NAB customer, had experienced a great deal of difficulty over the past two years with events such as illness, surgery and a marriage breakdown which put him in a vulnerable position financially and emotionally. Mark was struggling to meet repayments on his investment property and NAB Assist worked with him to provide all available options. Unfortunately, Mark had to sell his property which was not his desired outcome, however, NAB Assist was with him every step of the way to support Mark through this difficult time.

Here is a verbatim comment from Mark:

“During the past two years I’ve experienced a great deal of difficulty in my life...I have nothing but praise for the work you guys [do] and the job that you do, the service has been highly exemplary. Everybody I have spoken to has been so kind, so understanding and so helpful...I will certainly continue to deal with National Australia Bank in the future... and I would highly recommend you to anyone else. I can’t speak highly enough of the service that you have provided me over this difficult period in my life.”

*name changed for confidentiality purposes.

Healthy relationship with money

Responsible lending, spending and investment

In today's business environment, it's important to be aware of a wide range of non-financial challenges, risks and opportunities – and know how to respond to them.

That's why we have a set of **Environmental, Social and Governance (ESG) Risk Principles** integrated into our risk management framework. These six principles provide us with an overarching framework for integrating ESG risk considerations into our day-to-day decision-making.

This year, we have continued to engage with a range of customers, suppliers and other stakeholders, so we can gain a better understanding of key environmental and social issues – and improve our risk management and business decision-making.

We have continued to monitor and engage on issues like climate change and fossil fuel extraction, as well as human rights and labour practices in supply chains. We closely monitor potential ESG risks arising in key sectors such as mining (particularly coal mining)

and agriculture. Due to the inherent social and environmental risk of these industries, they are included as sensitive sectors in our ESG risk management framework.

We also understand and value the importance of community concerns on ESG issues ranging from carbon risk, financing of the fossil fuel industry (particularly coal mining and infrastructure), the health of the Great Barrier Reef and improper land acquisition.

We have systematically improved the way we listen and respond to stakeholder concerns. We updated our CR policy with principles for engagement, creating a dedicated page on nab.com.au to outline our views, improved our response time to ESG stakeholder enquiries, and engaged in constructive dialogue with advocacy

organisations including Oxfam Australia, 350.org Australia, Market Forces and the Australian Youth Climate Coalition.

Responsible lending

We consider NAB's exposure to ESG risk at both a lending portfolio and an individual client level, where appropriate. At the client level, ESG risk is assessed on a case-by-case basis, as part of the credit risk assessment process. This includes our assessment of ESG risks associated with particular sectors and activities. For example, as a significant banker to the agricultural sector, we are committed to investing in this important industry to enable the production of food and other soft commodities needed by all communities. But we also believe that this should be done responsibly, to ensure long-term

sustainability. We incorporate ESG risk into our credit risk assessment and due diligence process to help us achieve this goal. Through our Natural Value strategy for agribusiness, we are now embedding management of natural capital into our credit risk assessment process and we are working towards including this in our credit modelling.

We have detailed our credit risk assessment and lending due diligence process in our **Improper Land Acquisition Policy Statement**, which is available on our website. An update on our progress against the commitments in our Improper Land Acquisition Policy Statement is provided in the highlight box.

Making progress on our commitments related to managing the issue of improper land acquisition

In 2014, Oxfam raised the issue of improper land acquisition or 'land grabbing' with the four major Australian banks. In response, we published our Improper Land Acquisition Policy Statement, so that stakeholders could better understand our views on improper land acquisition – and to provide more detail about how we manage social risk issues. We reaffirmed to our stakeholders that we consider the practice of improper land acquisition to be unacceptable.

Our policy statement contained a number of commitments to clearly outline how we are managing the issue of improper land acquisition. The statement also affirmed our willingness to engage with stakeholders to understand their concerns and take appropriate steps to respond to issues raised, including those related to human rights.

As a result, we have continued to have open dialogue and engagement with Oxfam on this issue throughout 2015. We have also published a separate case study, detailing our engagement with our client Wilmar to address the issue of improper land acquisition. This is available on our [website](http://nab.com.au).

This year, we have undertaken the following activities to meet our commitments on improper land acquisition:

- We shared NAB's Improper Land Acquisition Policy Statement with relevant customers so that they can understand how we're addressing the issue;
- We have continued to include the issue of land rights in our lending ESG risk assessment processes (including monitoring the progress of some of our customers in the soft commodities sectors that have made commitments to address the issue of improper land acquisition); and
- We incorporated the issue of land rights into ESG risk training for bankers and credit risk personnel – while continuing our participation in industry disclosure initiatives, such as being a signatory to the CDP Water and Forestry Surveys.

More details on how we are implementing the commitments in our Improper Land Acquisition Statement are provided in a separate progress report, which will be available on our website in December.

Healthy relationship with money

Responsible lending, spending and investment

We are also a signatory to the Equator Principles (EPs) and we take the EP requirements into consideration when lending for the purpose of financing specific projects. More information on project finance and the Equator Principles is provided in the 'Project financing' section on **page 21** of this document and our 2015 Equator Principles report, which will be available on our website in December 2015¹.

In 2015, we continued to provide financial support to the development of important infrastructure and energy projects. These projects included:

Sydney Light Rail Project, Australia

The project comprises two inter-connected light rail services (the CBD South East Light Rail, and the Inner West Light Rail) and involves the construction of a green-field light rail line from Circular Quay to the South Eastern suburbs of Sydney. The line will be approximately 12 kilometres in length, and have a total of 19 light rail stops along the route. The most important environmental aspect of the project is managing noise and vibration in neighbourhoods through which the railway line passes – this, and a range of other environmental and social issues were also looked at during the project's due diligence and credit risk assessment process.

Barrhill Chertsey Irrigation Scheme, New Zealand

A joint venture between a cooperative of farmers and Electricity Ashburton Limited, this project will provide an irrigation system to deliver water from the Rakaia River in New Zealand's South Island to the farmers. Considering social and environmental risk was a key part of the project due diligence and credit risk assessment process.

Grange Wind Farm, UK

Located near Scunthorpe in North Lincolnshire, this wind farm will consist of six wind turbine generators with a total capacity of 12.3 megawatts (MW). This project had reached the pre-construction phase when our UK business provided project finance debt. Specific environmental and social impacts are being managed and monitored during the project's delivery, with independent construction monitoring and reporting being provided each month. Monitoring of breeding birds, wintering birds and bats is also required for the first two years of operations.

All three projects are new to bank in 2015 and will be included in NAB Group's project name reporting to the Equator Principles Association (a reporting requirement of Equator Principles III).

We report on our lending book exposure to industry sectors and potentially higher ESG risk sensitivities on a regular basis to executive and Board level governance committees.

Carbon risk disclosure

In late 2014, recognising the growing demand from investors and others stakeholders to understand carbon risk in investment and lending portfolios, we made a public commitment to carbon risk disclosure. Consistent with our commitment to transparency and integrated reporting, we are committed to identifying, developing and implementing new ways to improve disclosure on carbon risk exposure – by collaborating with other financial institutions in Australia and internationally.

In 2015, we have undertaken the following activities to deliver on this commitment:

- We have increased relevant disclosures on our lending to the energy and natural resources sectors in our Results Investor Presentations (2015 Half Year pg. 112 and 2015 Full Year pg. 114-115);
- We have included a calculation in our 2015 CDP survey response² for financed emissions represented by NAB Group's share of total Scope 1 and 2 GHG emissions from the Australian designated power generation assets³ we finance in our Project Finance portfolio (as a % of debt as at September 14);

- We continue to participate in the **United Nations Environment Program Finance Initiative (UNEP FI) and World Resources Institute (WRI) Portfolio Carbon Initiative**, to help develop a standardised disclosure on carbon-related risk exposure for financial institutions;
- We collaborated with our Australian banking peers on disclosing information on carbon-related risk exposure for financial institutions (refer to highlight box on **page 20**); and
- Provided information on the NAB Group's exposure to the agricultural, energy and natural resources sectors as shown on **page 20**.

For more information on NAB Group's commitment to carbon risk disclosure, take a look at our **website**.

¹ Our 2014 Equator Principles report is available on our **website**.

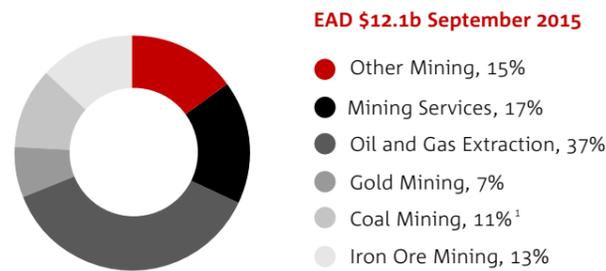
² NAB Group's CDP response is available on the **CDP website**.

³ Designated generation facilities are defined on the **Australian Clean Energy Regulator's website** as facilities where the principal activity is electricity generation and where the facility is not part of a vertically-integrated production process.

Healthy relationship with money

Responsible lending, spending and investment

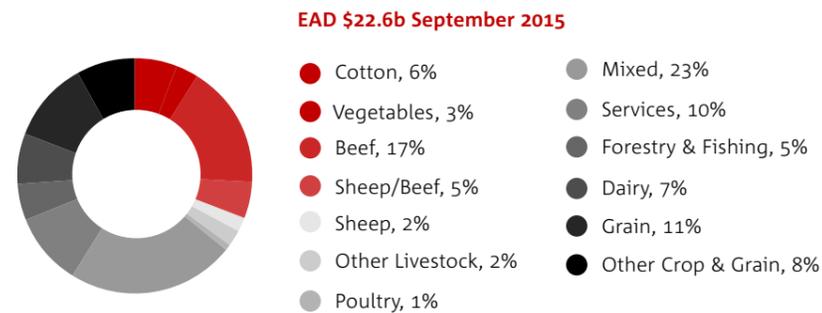
Resources Exposure ~ 1% of total group EAD



Group Agriculture, Forestry & Fishing exposures (by region)



Australian Agriculture, Forestry & Fishing exposures (by sector)



Australian Portfolio Carbon Working Group

In 2015, the four major Australian banks (ANZ, CBA, NAB and Westpac) formed the Australian Portfolio Carbon Working Group, an informal, collaborative working group recognised by UNEP FI.

The purpose of the working group is to share insights and alternative approaches that will enable financial institutions to measure and disclose their climate performance, with the aim of demonstrating how we can support the transition to a lower-carbon economy.

The outputs from this Australian Working Group will be provided to the UNEP FI/WRI Portfolio Carbon Initiative, which is a formal collaboration between international financial institutions and the WRI.

Membership is open to any Australian or Asia-Pacific bank that is a UNEP FI member and whose interests align with the purpose of the Working Group.

Natural Value

Although our Natural Value strategy stretches across the entire enterprise, we continue to focus our efforts on our agribusiness customers because of the clear dependencies between agribusiness and natural capital.

In 2015, we announced that we consider natural capital in our credit assessments and that we are working towards including natural capital in our credit models. This work builds on our commitments as a signatory to the Natural Capital Declaration. To meet this goal we have:

- Initiated research into the links between the good management of natural capital assets, financial performance and business resilience – partnering with CSIRO, Dairy Australia, University of Tasmania and Australian National University;
- Integrated key representatives from our agribusiness credit risk team into our Natural Value Agri-Champions network; and
- Piloted a discounted finance product for solar panels – which led to the launch of a \$120 million fund supported by the CEFC. This fund is delivering discounted finance to support customers in mitigating energy risks through energy efficiency and renewable energy investments.

This work will support our Natural Value strategy and broader Environmental Agenda, as detailed in the 'Future-proofing our business' section on **page 44**. Through these efforts, we will be able to price natural capital risks appropriately – and help our customers to manage their own natural capital risks.

¹Coal mining is composed of black coal mining (99.6%) and brown coal mining (0.4%)

Healthy relationship with money

Responsible lending, spending and investment

Project financing

We have been a signatory to the Equator Principles (EPs) since October 2007 and we take the EP requirements into consideration when undertaking relevant project-related transactions.

Our global project finance portfolio helps larger customers invest in infrastructure projects. Global project finance represented 1.3% of total Group Exposure at Default at 30 September 2015. As at 30 September 2015, for deals in our project finance portfolio to which we have applied EPs, 99% are in designated countries and 1% are in non-designated countries. In 2015, we closed 18 new project finance transactions, refinanced 11 existing deals, and removed 13 deals from our loan book. Although deals can be declined at any stage in negotiation or due diligence, none were declined in 2015 specifically on the basis of social or environmental risks or issues.

In 2012, we made a public commitment to continue to make a significant investment in renewable energy through project finance. And in 2015, we continued to deliver on that commitment – financing an additional 86.5 MW of renewable energy generation projects, including finance for wind and solar assets in the UK. Our current global portfolio of renewable energy generation projects represents a total generation capacity of 2,785 MW. Having arranged \$2.04 billion worth of loans since 2006, we continue to be the leading arranger (by market share)¹ of project finance to the Australian renewable energy sector. We have provided project finance to approximately 62% of Australian utility-scale renewable energy projects² commissioned since 2000.

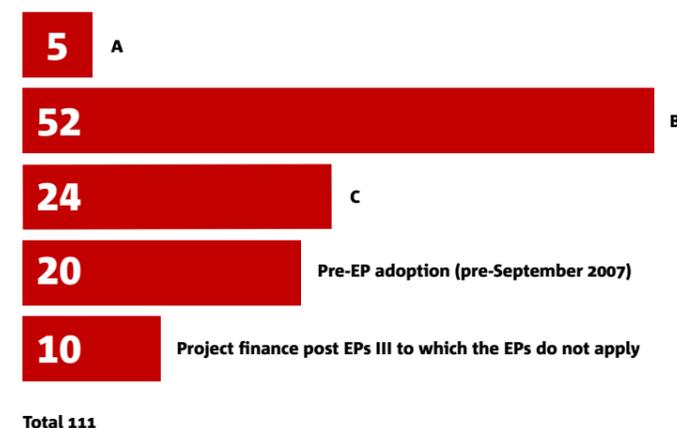
To continue to build on this leading position, we have set ourselves a new commitment to finance \$18 billion over the next 7 years (to 30 September 2022) to help our customers who are engaged in climate change mitigation (e.g. renewable energy, energy efficiency, low emissions transport) and climate change adaptation activities. See the 'Future focused nation' section on **page 41** for further information.

This year, we calculated an estimate of our share of the total Scope 1 and 2 GHG emissions from the Australian designated power generation assets we finance (as a percentage of debt as at September 2015) in our Project Finance portfolio.³ This represents an amount of 1,878,547 tCO₂-e based on NAB's participation in financing for each facility as a percentage of debt as at 30 September 2015.

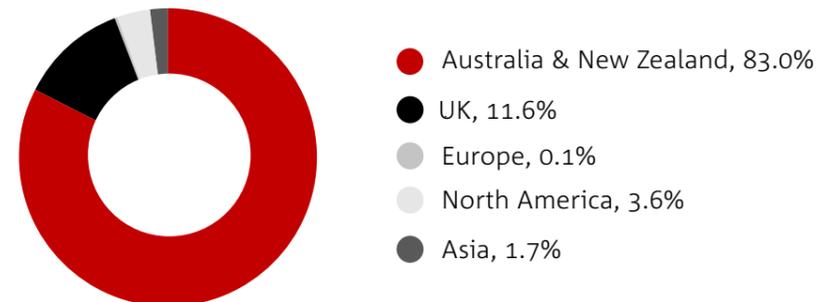
Our 2015 Equator Principles report will be made available on our **website** by the end of December 2015, and meets all reporting requirements of EPs III.

Project finance deals by Equator Principles Categories

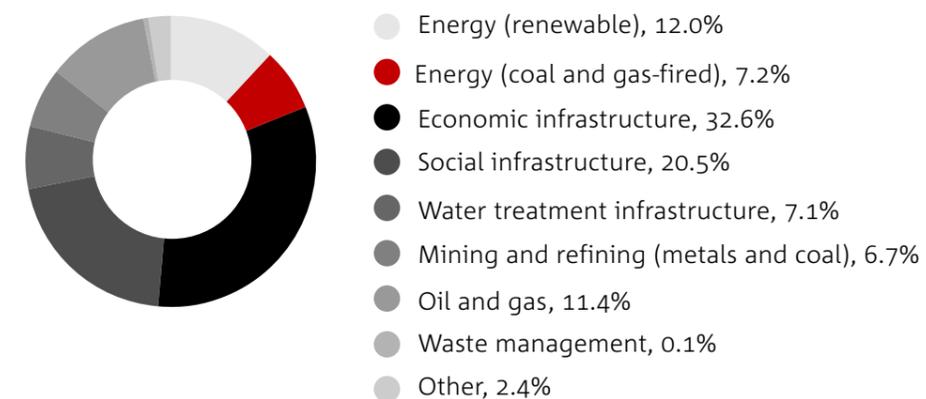
Number of projects



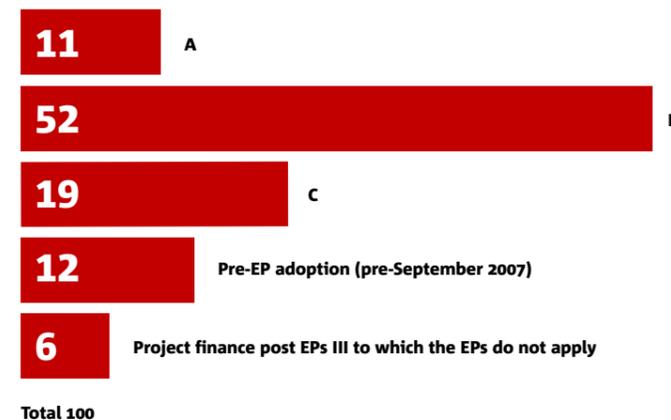
Project finance by region as a % of total portfolio value, expressed as total committed and uncommitted exposure, as at 30 September 2015



Project finance by sector as a % of total portfolio value, expressed as total committed and uncommitted exposure, as at 30 September 2015



Projects as a % of total portfolio value



¹ Project Finance International 2006-2015 APAC Mandated Lead Arranger League Tables US\$ Project Allocation, NAB analysis ranking against four major Australian banks – cumulative volume as at 30 June 2015.

² ESAA (Energy Supply Association of Australia) Electricity Gas Australia 2015, Appendix 1 Power Stations in Australia 2013-14 and represents NAB % (by deal).

³ Designated generation facilities are facilities where the principal activity is electricity generation and where the facility is not part of a vertically-integrated production process. The emissions figure calculated for our project finance portfolio of Australian designated generation facilities covers 96% of the Australian power generation assets (measured as MW capacity of the power generation facilities) included in NAB Group's project finance portfolio. Data for the remaining 4% of assets (measured as MW capacity of the power generation facilities) was not available.

Healthy relationship with money

Responsible lending, spending and investment

Fringe lending

Addressing financial exclusion remains a major focus for us, as discussed in the ‘Access to inclusive banking’ section on **page 16** of this document. We know that dealing with a lack of access to mainstream finance is a significant element of breaking the cycle of poverty. For a number of years, we have had a position to not pursue business from fringe lending credit providers and have instead sought to offer fair, affordable options through our partnership with Good Shepherd Microfinance.

In New Zealand, we have taken the opportunity to review our relationship with some types of lower tier and ‘fringe’ lenders, to ensure these relationships are a good fit with BNZ’s values and overall approach to responsible lending. This review will be ongoing and from time to time may see BNZ end its relationship with some customers in this category.

Responsible spending

As a global organisation, we have more than 1,700 contracted suppliers providing us with over \$5.8 billion worth of goods and services each year. Our procurement professionals are responsible for procurement and sourcing activities – buying goods and services for the NAB Group within their region and category specialisation, and working closely with a team of relationship managers across the business that are responsible for day-to-day operations. In Australia, the UK and New Zealand, our procurement professionals manage categories including Technology Services, Business Services or Professional Services, along with other strategic projects.

This year, we entered into 482 new supply contracts – but the changes to material supplier partnerships and category spend profiles were minor. One of the benefits of having a large sourcing footprint – as well as supply partners spanning a range of jurisdictions, sizes and industry sectors – is that we can also have a positive impact on the environment and communities in which we operate through our sourcing decisions.

In 2015, we introduced a range of measures to improve our ability to understand and manage our spend responsibly – including:

- Updating our Group Supplier Sustainability Principles (GSSPs) to enhance our minimum requirements relating to human rights, and to promote diversity and inclusion in our supply chain;
- Improving our ESG risk assessment framework to support the GSSPs in recognising any potential risks at the tender stage; and
- Updating our supplier due diligence process.

We are making good progress against our target to have 90% of our material suppliers across the NAB Group signed up to our GSSPs. This year we reached 47% – and we are well positioned to achieve 90% by 30 September 2016.

NAB’s Procurement Policy and Outsourcing Standard act as global reference points for our procurement practices – clearly outlining the way we approach procurement and sourcing. For more information about NAB’s approach, see our **website**.

Responsible investment

We recognise that an important characteristic of investment management is the approach taken to assess environmental, social and governance (ESG) issues. Socially responsible investment (SRI) funds are those that have a diversified portfolio of assets that support the Australian Ethical Charter or where the fund manager uses a strategy for screening ethical and socially responsible investments. Refer to **page 57** of the NAB numbers for the total value of socially responsible investment (SRI) funds under management by NAB Group’s wealth businesses.

At MLC, we offer hundreds of investment choices to clients because we understand that everyone has different ideas about how their money should be managed. SRI funds managed within NAB Wealth and externally are included in these choices. We believe that ESG factors are a source of potential risk in all its investment portfolios and should be managed prudently.

As a multi-manager, MLC researches and selects leading investment managers, a number of whom are signatories of the United Nations Principles for Responsible Investment. MLC’s investment managers are in the best position to appraise and evaluate the extent to which good corporate governance and a sustainable business approach are conducive to delivering long term investment performance and the management of these risks in their portfolios, and that includes important impacts such as ESG factors. Adherence to an acceptable ESG policy is part of the

manager evaluation that we undertake before an investment manager is appointed.

JANA is an investment consulting firm, with offices in Melbourne and Sydney. JANA’s core business is providing traditional and implemented consulting advice to institutional clients, including corporate, industry and public sector superannuation clients as well as charities, foundations and endowment clients. In 2015, JANA implemented a comprehensive **ESG Policy** and has continued to integrate ESG considerations into its business in line with its ESG philosophy and policy.

This includes:

- Assessing ESG credentials for all new investment managers prior to appointment;
- Monitoring appointed investment managers and the execution of their investment processes – there were no instances of managers’ failing to meet JANA’s ESG related requirements; and
- Continuing to monitor and report to clients on ESG trends – this included a **thought piece** on fossil fuels/divestment.

Additionally, the Trustees for Plum MySuper (PFS Nominees) and MLC MySuper (MLC Nominees), published their **ESG Risk Management Policy**.

Healthy relationship with money

Helping customers and employees prepare for retirement

We do our best to help our customers and employees get ready for a better retirement – and to strengthen their financial capability by providing them with leading products, services and advice.

This year we developed and announced the launch of NAB Prosper – an online, financial advice platform that will be rolled out to NAB’s Internet Banking customers.

NAB Prosper’s retirement section will help customers understand and explore different financial strategies and how they can help them achieve their retirement goals, as well as showing the difference between a ‘modest’ and ‘comfortable’ lifestyle in retirement and explaining the transition into retirement.

Understanding the importance of retirement planning is vital – because if our customers leave it too late, they might not have enough savings to live the retirement lifestyle they seek. We want everyone to enjoy a comfortable retirement, and NAB Prosper is another example of how we are helping our customers make the most of their financial future.

We are also supporting our employees as they transition through the various stages of life – including through our MyFuture Program. See the section ‘Supporting a more diverse and inclusive workforce and society’ on **pages 35-40** for more details.



Prosperous communities

Investing and lending doesn't just have the power to deliver financial returns, it can also help communities to thrive.

By investing in big and small local organisations, we can turn places into communities – and create good social and financial returns for everyone by investing in industries, infrastructure and businesses that form the backbones of those communities. We also encourage our people to look for more opportunities to get involved in the wider community.

Launched our **first mobile branch** to support customers when they need us most.

We continue to be Australia's leading business bank, supporting the businesses that support our communities.¹

1,084,712

1,084,712 volunteering hours (worth over \$50 million) contributed to our communities.

\$59.2m

\$59.2 million invested in our communities in 2015.

\$7.8m

\$7.8 million invested in grants and programs aimed at improving mental health outcomes for all Australians through the MLC Community Foundation since 2008.

6,300

Over **6,300** secondary school students involved in our \$20 Boss education program – building the financial, business and entrepreneurial skills of young people.

Prosperous communities

Our investment in the community

Banks have a unique role to play in building more prosperous communities.

By investing in the organisations and industries that tie those communities together – and supporting initiatives focused on financial and social inclusion, young people, and encouraging a spirit of giving and volunteering – we can help them thrive. As we continue to invest, we want to be sure that our programs and partnerships are having a lasting impact, and as such we are committed to ongoing leadership in the areas of social and economic impact investment, measurement and reporting.

Breakdown of 2015 community investment

In 2015, NAB invested \$59.2 million in the community. These investments encompassed all kinds of support – from short-term donations, to longer-term capacity-building programs. Some contributions are delivered in-kind, such as employer-supported volunteering, while others are financial, and range from charitable gifts and donations to community partnerships and community sponsorships. We use eight categories to manage and track our community investment – which are all (with the exception of foregone fees and interest) derived from the London Benchmarking Group's (LBG) methodology, with some small variations adopted from the Australian Benchmarking Group. See the Glossary on **page 71** for further information on how these LBG categories are defined.

This year's 12.4% decrease in total community investment is largely due to the fact that 2015 figures have been reported on a continuing operations basis only, and therefore excluded Great Western Bancorp Inc. NAB Group's annual community investment has remained stable since 2012. 2011 was higher due to significant donations to support areas impacted by natural disasters.

Category	2015	2014	2013	2012	2011
Charitable gifts and donations	3.7	3.7	6.6	3.6	18.7
In-kind volunteering	10.5	10.3	8.5	8.9	8.0
In-kind support	0.2	0.3	0.1	0.3	0.6
Forgone revenue	19.8	25.9	28.0	17.5	17.2
Community investment	10.7	12.5	10.6	12.5	12.3
Commercial initiatives	9.3	10.1	9.3	9.4	10.1
Management costs	5.0	4.8	3.4	3.5	5.3
Total	59.2	67.6	66.5	55.7	72.2

Prosperous communities

Our investment in the community

Our focus areas for community investment

Financial inclusion

NAB plays an active role in assisting individuals who are marginalised from mainstream finance and banking – so that they can access fair and affordable financial services. We are delivering a range of safe and affordable personal and business microfinance programs in partnership with the community sector and government and making sure the delivery of those products have a strong emphasis on increasing financial literacy and financial resilience. The work we're doing to address the issue of financial exclusion is covered in detail in the section 'Access to inclusive banking' on **page 16** of this document.

Social inclusion

NAB plays an important role in fostering a more inclusive society; we are focused on addressing social exclusion in our communities, and promoting social inclusion within our organisation. See the 'Supporting a more diverse and inclusive workforce and society' section for more information. This includes our progress against NAB's Reconciliation Action Plan (RAP) and the details of our African Australian Inclusion Program (AAIP).

Young people

\$20 Boss

In its first year, \$20 Boss – our program designed to build entrepreneurial skills in young people – was run with 6,328 students from 150 schools across the country, offering them the opportunity to plan, budget and market their business idea, and a month to run their business. Learn more about the program on the **\$20 Boss website**.

Work Inspiration

Work Inspiration is a work experience program with a difference, providing young people with the opportunity to build their self-confidence, learn essential workplace skills and explore employment pathways. We know that investing in opportunities for the next generation is an investment in the future of our country and our business. In 2015, 128 NAB employees mentored 441 students who participated in Work Inspiration nationwide. Our final program in September 2015 welcomed the largest group since the program launched in 2013 – 152 students from 15 different schools from across Victoria. Learn more about the program on the **Work Inspiration website**.

High Resolves

In 2015, NAB supported High Resolves to empower 25,000 students from 121 high schools to make a positive difference in their communities. 3,000 students also partnered with volunteer mentors

from NAB to run projects that addressed important social issues. Over 100,000 teenagers from all over the country have benefited from the program since 2005.

Learn more about the program on the **High Resolves website**.

Health and wellbeing

The MLC Community Foundation's main focus is improving mental health outcomes for Australians. Since 2008, we have provided \$7.8 million in grants to not-for-profit organisations to assist with various programs and initiatives addressing mental health. We also work to help our partners beyond the financial grants, through various events and skilled volunteering opportunities with NAB employees. During the year, we began a review of the Foundation's strategy – and we will be launching a new grants program in early 2016 to increase our support of the mental health and wellbeing of Australians.

We know financial hardship can be a contributor or consequence of mental health issues and that those facing financial hardship or waiting for decisions to be made on claims for income protection or disability support payments are among those most at risk. So we have partnered with Kildonan Uniting Care to build greater resilience in our own people who speak with vulnerable customers daily.

Alongside the Australian Bankers Association (ABA), NAB is the key sponsor of a voluntary set of guidelines for dealing with customers experiencing mental health issues. We are working with other banks – especially their Collections' teams – to make these guidelines industry practice.

In New Zealand, we sponsored Doug Avery's 'Resilient Farmer' roadshow. Doug is a BNZ customer and farmer, who has learnt first-hand the challenges that farming can bring – from both a financial and a mental wellbeing perspective. He launched his roadshow to share some of his knowledge and advice to farmers throughout New Zealand – on how to be resilient financially and mentally, especially in the face of extreme weather events and volatile commodity prices. 35 roadshows have been held throughout the country, with around 4,000 farmers attending. Importantly, this partnership has allowed us to raise awareness and support for an issue that has a significant impact on one of our customer focus segments - agribusiness.

See the 'Healthy and safe workforce' section on **page 34** for more information on what we are doing to improve mental health outcomes for our people.

Prosperous communities

Our investment in the community

Providing support for communities impacted by natural disasters and crises

The countries and communities where NAB operates are increasingly exposed to extreme weather events which are forecast to increase as a result of climate change. Not only can this impact our own operations, but can severely impact our customers – particularly in the agricultural, mining and tourism sectors which are exposed to the impacts of extreme weather events, flood and drought.

At NAB, we have a long history of supporting communities affected by natural disasters and other extreme events through our Natural Disaster Relief Framework. Our response comes in the form of donations, cash grants, suspended loan repayments and waived fees for impacted customers. And we offer financial and other support for our employees too.

In 2015, we provided support to communities affected by bushfires in South Australia, cyclones and severe storms in Queensland, the Northern Territory, New South Wales and Vanuatu, the earthquake in Nepal, and the Syrian Refugee Crisis – contributing and facilitating donations of over \$927,000. We have helped our customers (and their communities) rebuild their lives, not only with direct contributions, but also with the support offered by our dedicated NAB Care team.

In December 2014, when floods damaged the local NAB branch in North Lakes, Queensland, we launched ‘the Modular’ – our first mobile branch. The generator powered mobile branch takes approximately 90 minutes to set up or dismantle. Modular is a branch on wheels, and is made up of three different sections – the Sales room, the Service area and a Transactional hub. It’s been designed with the customer experience in mind, and enables us to continue supporting impacted communities when they need us most.

In collaboration with Beca, IAG, New Zealand Red Cross and Vodafone, BNZ is a founding member of Resilient New Zealand – an initiative that aims to identify, champion and advocate ways to make the country more resilient to natural disasters. Their first project will research the role business plays in disaster recovery by interviewing Canterbury business leaders about their experiences after the 2010/11 earthquakes. These findings will form the basis of a report to be launched in December 2015.

BNZ Future Hub, a specialist advisory service for anyone affected by the Christchurch earthquakes, has now been up and running since September 2013. In that time, it has helped more than 5,600 people (including non-BNZ customers) resolve complex financial and property issues arising from the Christchurch earthquakes. Future Hub

employees are now also using their skills and expertise to help those affected by the flooding in June in Whanganui and other parts of New Zealand. Employees are applying systems and processes learnt from experience with the Christchurch earthquakes, including understanding when and how to make appropriate exceptions to policies to make it easier for customers and educating employees in Whanganui to more confidently help.

Future Hub is also talking directly to customers affected by the flooding in Whanganui, explaining their options and allowing them to make fully informed decisions.



Prosperous communities

Encouraging a culture of giving and volunteering and supporting a thriving not-for-profit sector

Volunteering

Our employee volunteering program continues to deliver significant community benefits and is an important factor in our ability to attract and retain great people.

In Australia this year, our people achieved our mission of delivering 1 million volunteering hours – generating \$50 million in value to communities since the program began. In 2015, over 13,000 NAB employees completed 20,995 volunteering days in the community, which is an increase of 4% on the previous year. The volunteering activities included providing long-term unemployed people with interview skills, assisting in classes for people learning English as an additional language, and much more.

Closed for Good is the largest corporate volunteering event in New Zealand, and was run for the sixth time this year. For one day, BNZ closes all its branches and corporate offices, with most of the workforce volunteering in the community. Closed for Good remains a key part of our employee engagement strategy, with 87% of the employees we surveyed feeling more positive about working at BNZ after getting involved. This year we improved the reach of the event as well, with 3,206 BNZ employees participating – including seven members of the Executive Team, three Board members and Hon. Jo Goodhew, the Minister for the Community and Voluntary Sector.

Workplace giving

Our Workplace Giving Program continues to encourage employees to make regular donations directly from their salaries to Australian registered charities. NAB then matches these donations, up to the value of \$1,200 for each employee, each year.

In 2015, over \$2 million was invested in over 550 charities, through donations from employees and our matching contributions.

Environmental engagement activities

2015 marked the eighth year we participated in Earth Hour globally. Every year, we turn off the lights at our main buildings to show our support for Earth Hour – and the importance of being a resource efficient organisation. This year, we tailored our Australian employee campaign (switch off here to switch on there) to showcase the social enterprise, **Pollinate Energy**, which is improving the lives of India's urban poor by giving them access to sustainable products such as solar lighting. BNZ also showed their support by switching off the lights in retail locations for one hour, running a short video on branch digiscreens before the event, and profiling Earth Hour on ATMs.

In Australia, we sponsored 20 NAB employees to participate in Earthwatch expeditions at Calperum Station, near Renmark and Neds Corner, near Mildura. Employees contributed to scientific trials monitoring ecosystem rehabilitation processes, visited a range of innovative agribusinesses, and learnt about the importance of natural capital. Our employees also completed over 10,800 hours of environmental volunteer activities – including tree planting, garden and site work, bushfire assistance and marketing activities for conservation groups.

BNZ also launched their BNZ Green Team Community online, to keep our people informed on environmental sustainability news relevant to BNZ, our customers and broader society. There are currently 238 members on the team, which is approximately 5% of all BNZ employees.

Supporting a thriving not-for-profit sector

Alongside our specialised relationship bankers and advisors, we are able to support our not-for-profit customers to build the capacity of their community businesses. We focus on supporting our customers to grow revenue, resources and awareness of their organisation through our **not-for-profit offering**.

This includes access to our volunteering and matched workplace giving programs, opportunities to engage with NAB employees, access to special events, resources and our custom built co-working space, The Village.

We understand that philanthropic grants are a critical revenue stream for not-for-profits. Periodically, we invite our community customers to apply for a NAB Community

Grant. We have awarded \$2 million in grants since 2014 for initiatives that address social inclusion or financial inclusion or that provide support and opportunities for women and girls.

In June, over 100 of our not-for-profit customers from around Australia joined us for The NAB Community Summit – an exclusive event focused on increasing awareness of the support we can provide to our not-for-profit customers nationally.

In New Zealand, our mission to help New Zealanders be good with money goes beyond the typical sponsorship of community groups. We support these organisations in a range of ways – from complimentary access to the network of Partners Centres, to specialised banking products and services. A number of our BNZ employees act as volunteers in these communities too, lending a hand with general and skilled tasks.

Category	2015	2014	2013	2012
Number of days (NAB Group)	28,022	27,750	22,679	26,254
Numbers of hours (NAB Group)	217,170	215,062	175,762	203,469
% change on previous year (NAB Group)	+0.1	+22.4	-13.6	+2.4
Value of contribution (NAB Group) (\$m)	10.5	10.3	8.5	8.9
Number of skilled volunteering days (Australia)	2,074	1,940	1,916	1,490

Prosperous communities

Supporting the small businesses that tie communities together

We see potential in small business. And we understand how important they are – not only for the future of NAB, but also for the Australian economy.

After all, 96% of Australia's businesses are small businesses. They employ more than 4.5 million people and produce over \$330 billion of our nation's economic output each year.¹ That's why we're proud to be a close partner and advocate for the SME sector and for a long time have actively and consistently advocated for the interests of small business. We currently lend more to small business than any other Australian bank.²

\$1 billion pledge

At NAB, we back the businesses that back themselves. That's why we have lent more to Australian businesses than any other bank – \$136 billion and counting.² And it's why in November last year, we proudly launched a campaign committing to lend \$1 billion a month to them. Since then, we have doubled that commitment, which means we're currently lending \$2 billion to Australian businesses every month.

As Australia's largest business bank (and the largest lender to micro, small and medium businesses), we want the Australian business community to know we are behind them and believe in them.

Advocating for our customers with regulators

In December 2014, NAB presented 'A Deregulation Plan for Australian SMEs' to Hon. Bruce Billson (then Federal Small Business Minister). The plan outlines recommendations to lower the regulatory burden on small business – advocating for governments at all levels to better understand the needs of the SME sector, a review of the remit and scope of regulators, and a reduction in compliance costs. It proposes a review of taxes as well as innovative ways to use technology to alleviate the BAS and GST reporting burden all small businesses face.

The Village

The Village is an innovative space that we provide for our business customers and community partners to connect with clients, work between meetings and learn from each other. Its value to customers is demonstrated by the fact that approximately one in every four members has started a banking relationship with NAB in order to access The Village.

Investing in our business for our customers

We are always looking for ways to improve our customer experience. That means putting more bankers in more places, investing in innovative products and making it simpler to do business with us, every day. In 2015, we hired 100 new business bankers to support our customers and launched a simplified business lending process to make applying for loans of up to \$2 million easier. Business customers can use this improved service to get funding for their trading needs, asset purchases, debt consolidation, business expansion or commercial property investment.

BNZ continues to have a major focus on helping small businesses flourish. This year we launched a new version of our PayClip device that accepts eftpos – and as a result, we have seen an increase in the value and number of transactions by our active users. We launched our updated 'e-lend' tool in June this year, which has significantly increased the number of SME lending approvals processed through auto-decisioning from 0.5% to over 50%. On a larger scale, BNZ has invested in 59 additional FTE to support growth in the SME area, has launched a new Small

Business Hub in Hamilton, and increased capacity in Auckland and Christchurch. These efforts were rewarded when BNZ won the Canstar Best Value Small Business Bank award for the 5th consecutive year – something no other bank has ever done.

We have also continued our sponsorship of the Start-Up Alley competition at Webstock (a web technology conference held annually). BNZ's Start Up Alley is all about taking start-ups to the next level, and a winner is chosen each year. This year it was Banqer – an interactive platform that aims to improve financial literacy and motivation in the classroom. They received NZ\$20,000 cash, a return trip for two to the US, places at Kiwi Landing Pad and a Business Fundamentals course from the Icehouse, as well as up to NZ\$5,000 worth of specialist engagement support from New Zealand Trade and Enterprise.

¹ <http://budget.gov.au/2015-16/content/overview/html/overview-06.htm>

² APRA Monthly Banking Statistics, September 2015.

Prosperous communities

Strengthening our workforce

Workforce composition

We have a global workforce with more than 40,000¹ employees. Our focus on leadership, culture and capability creates a workplace that's focused on what matters to our people, creating opportunities for them and always looking at the bigger picture.

This year we have made some positive changes to the composition of our workforce to better support our customers. We have added bankers to our Business Banking team, to align to our investment in our people with our priority segment of micro, small and medium businesses. And in our innovation division, we have established the new NAB Labs team. It's made up of people with client-centred expertise, and they're focused on developing our digital capability and creating an innovation hub to fast-track products going to market.

Employee figures within this section have been reported on a continuing operations basis only. Accordingly, they do not include figures for Great Western Bancorp Inc. (which NAB divested during the year).

Embedding a values-aligned culture

We have a strong culture that sets us apart, drives our performance and accelerates the execution of our strategy. And while we have always been an organisation based on values, 2015 has been a pivotal year, because we have articulated a set of five specific values that describe our aspirational culture to create a direct link between culture and our strategy. They are: Passion for customers, Will to win, Be bold, Respect for people and Do the right thing. Replacing our previous Enterprise Behaviours, they're intended to guide our decisions,

actions and behaviours when we interact with customers, communities and each other.

Articulating them is an important first step – but embedding them will bring them to life. That's why we have translated each value into a set of observable behaviours, and added them to our performance management system, so that our individual rewards are directly related to how we live our values. To make this work, our people and people leaders have also been trained to evaluate how we demonstrate them.

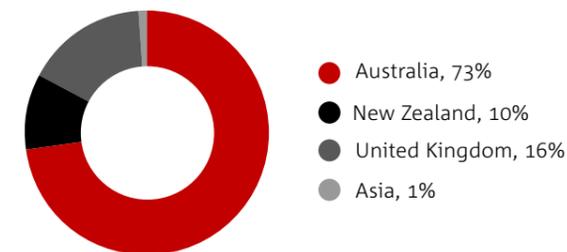
We have also refreshed and aligned our other core people processes (including our People Leader Fundamentals standards, recruitment, induction and recognition) so that they all reinforce our values.

To provide additional understanding of how our values are embedded within the organisation, we have included a new subset of questions in our annual employee engagement survey, providing us with an 'Alignment with our values' score.

A compelling new employee value proposition has been introduced too: 'Be you. Become more'. It's an idea that brings together all the qualities that make NAB a great place to work, including: what we stand for and believe in; career, development and community opportunities; what makes us feel valued and valuable; and the financial and lifestyle benefits we offer.

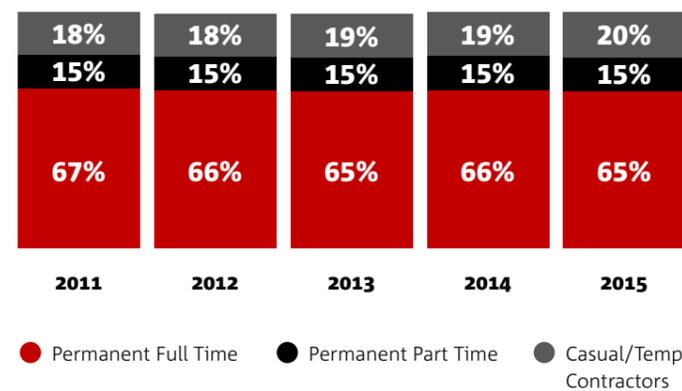
To ensure our culture continues to accelerate the execution of our strategy, we will focus on inclusive leadership at all levels and encourage our leaders to drive authentic and human communication.

Employee distribution by geographic region



Source: Internal. Calculated as total number of employees in each region divided by total number of employees. A small number of employees (less than 1%) are based in the USA and are not reflected in the above chart.

Group workforce composition by employment type



Alignment with our values score²



Source: Speak Up, Step Up survey conducted by Right Management in May 2015.

BNZ: Bold, Brave and Blue

Bold means that we aim high and focus on innovation. Brave is about tackling challenges and doing right by our customers. And Blue means taking a bank wide approach and showing care and respect for each other.

We introduced these new behaviours in 2015 as part of building a performance culture – a culture in which we think ambitiously, encourage courageous leadership and work together for the best outcome right across the enterprise. By changing the way we behave, we can begin to extend our great culture through to the customer experience, ensuring that all our people live the **six customer promises**. By expressing our behaviours through our career website, we'll attract the best people. And by weaving Bold, Brave and Blue through our leadership programs, we're ensuring that every BNZ employee is taking an active role in creating a culture that our people will love, and our customers will value.

¹ Based on number of full-time equivalent employees.

² The score represents the percentage of employees who either agreed or strongly agreed with the following statements: Australia (including branches in NY, London and Asia): (1) our organisation has a clear set of values and behaviours; (2) my everyday work is guided by the organisation's values and behaviours; and (3) the organisation's values and behaviours are demonstrated every day in my team. New Zealand: (1) Our organisation has a clear set of behaviours; (2) My everyday work is guided by the organisation's behaviours; and (3) The organisation's behaviours are demonstrated every day in my team.

Prosperous communities

Strengthening our workforce

Managing an engaged workforce

In 2014, we changed our employee engagement survey provider from Hay to Right Management. The new engagement model provides an overall measure of engagement, which can be broken down into organisation engagement and job engagement.

This year, we had significantly stronger survey results than in 2014. We saw our overall engagement score increase by 10% to 52%, which puts us well above the global financial services benchmark of 40% – and gets us even closer to our goal of achieving the global high performing benchmark of 60%.¹

The organisation engagement component of the results increased more than the job engagement component which suggests that our people have welcomed organisation-wide changes such as the introduction of our values, our employee value proposition and the articulation of our new strategy.

We have seen particularly encouraging improvements in areas of the survey such as:

- Leaders are putting customers at the heart of their decisions;
- Our customers regard our products and services highly;
- Reducing the barriers that stop our people working productively;
- The success of our performance management framework; and
- The way we communicate when changes are made.

The results suggest that our leadership is becoming more effective. But we still have more work to do – to ensure our people feel we are responding effectively to changes in the external business environment, there are career opportunities for them, and their skills and abilities are being recognised.

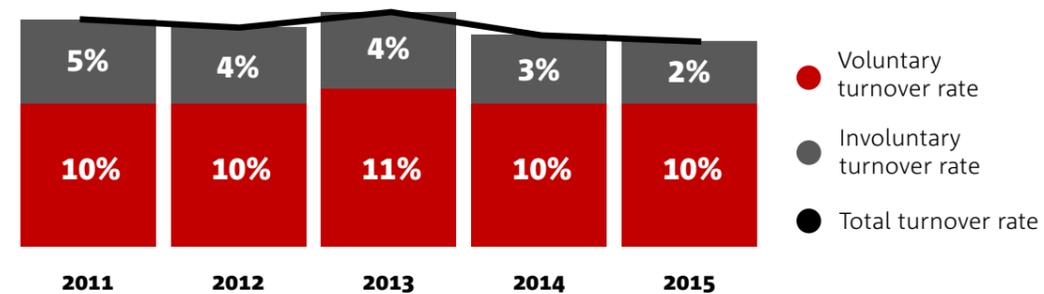
Managing employee turnover

With more than 40,000 employees worldwide, it is inevitable that employee numbers will fluctuate in different parts of the business. This is due to completion of different programs and our continued focus on efficiency.

We strive to redeploy our people within the business where possible and are actively taking steps to better understand

and address some of our key drivers of voluntary turnover. Our overall turnover has steadily decreased since 2013, an improvement we have noticed across all age brackets and genders. There are a number of factors at work here – including increased organisational stability following structural changes in 2013, more activities aimed at employee engagement and a focused effort to retain talent.²

Group employee turnover (%) by voluntary/involuntary exit status



Source: Internal. Involuntary turnover refers to all exits which have been initiated by the employer (such as dismissals). Voluntary turnover refers to all exits which have been initiated by the employee (such as resignations). Calculated as a percentage of average permanent headcount from 1 October - 30 September. Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

¹ 'Speak Up, Step Up' survey conducted by Right Management, May 2015.

² NAB has a policy with respect to significant organisational change. In each business as part of our collective agreements there are minimum notice periods and commitments to consult employees regarding significant organisational change prior to the implementation of that change.

Prosperous communities

Strengthening our workforce

Building capability and leadership

Developing the capability of our people is critical to our vision of becoming Australia and New Zealand's most respected bank. That's why each year, we establish training priorities as part of our people strategy – and then align them to our overall business strategy.

This year, we focused on inspiring a passion for customer experience in our people. The training programs developed ensure that our bankers, customer advisers and support teams are more confident and capable in the first three months of their role. We have also invested in innovative technologies and informal learning spaces to encourage new ways of learning, sharing knowledge and working collaboratively. A strong focus on accessibility means training is now available regardless of time or place – thanks to solutions like scenario based online learning.

There's also been a trend towards bite-sized learning, which makes it easier for our people to fit training into busy schedules, and to practise what they've learnt between modules. With these developments, we've been able to transform our Operational Excellence curriculum into bite-sized learning modules that can be done anywhere, anytime.

It's a transformation that's had a huge impact on the success of our 2015 Operational Excellence Diploma and Certificate graduates. The business improvements they've generated are worth more than \$5.6 million – which is more than 20 times return on investment in the program.

In addition to formal training (both in person and online), our employees are given the opportunity to build capability through coaching, mentoring, and project experience. This type of consistent job-ready development is already having an effect – our results show that it's contributed to a reduction in attrition rates for new employees, and fewer errors. We know that turnover of bankers can be a significant pain point for our customers and will continue to invest in our capability offering to attracting, developing and retaining great people.

In New Zealand, we have developed a program for our people leaders. Performance EDGE aims to clarify and communicate a consistent set of expectations for all 700 BNZ leaders – and equip them with the skills they need to help their teams perform. The program is led and delivered by our Enterprise Leaders and is made up of a one day workshop, agreed leadership commitments (embedded

into FY16 scorecards), targeted skill development, application in day-to-day work and follow up workshops (to assess progress and set new commitments).

Since the program launched, 180 leaders have participated – and our short-term goal is to reach all 700, with leadership commitments linked to business performance in place, and reflected in individual scorecards by the second quarter of FY16. Longer term success will be measured by individual and collective uplift in leadership capabilities and behaviours that help create business value.

Workplace relations and employee conduct

Workplace relations and employee conduct Our people are able to join and be represented by a union without suffering any form of discrimination or prejudice. We endeavour to comply with all relevant freedom of association legislation, regulatory requirements and ILO Conventions 87 and 98. In our three largest regions, our people are represented by the following unions:

- Australia – Finance Sector Union;
- New Zealand – First Union; and
- United Kingdom – Unite.

Our Global Unions Engagement Agreement recognises these three unions as key stakeholders in our business, and their right to collective bargaining and freedom of association within NAB.

Conduct

Any employee who becomes aware of a breach of NAB's Code of Conduct (Code) has a responsibility to raise the matter with their People Leader, People Partner, Concern Online or the Confidential Alert Line. All reported breaches of the Code will be investigated. If the matter relates to bullying, harassment or discrimination or could be classified as serious misconduct it must be referred to NAB's Workplace Relations team. All suspected breaches are taken seriously, handled impartially and confidentially and are dealt with in a timely manner.



Prosperous communities

Strengthening our workforce

If the investigation reveals that a breach has occurred, appropriate disciplinary or remedial action may be taken. This can range from training, coaching and counselling, to formal warnings and termination of employment.

Each year we report compliance against our Code through the number of breaches managed by our Workplace Relations team. This year, we reported 870 breaches of our Code. They related to conflicts of interest, privacy and confidentiality, and legal and regulatory compliance (including discrimination and corruption) – dealing with issues such as inappropriate workplace behaviour or conduct inconsistent with our values. We investigated each allegation and complaint, and the outcomes included 278 employees leaving the organisation and 592 matters dealt with through either formal warnings or counselling.

We also investigate, monitor and report on the number of breaches managed through our lending and compliance committees. In 2015, there were 587 confirmed breaches that ranged from overdue training to lending procedures not being accurately followed. Breaches are dealt with on a case-by-case basis and outcomes that may result include additional training and counselling, formal warnings, and dismissals. Depending on the nature of the confirmed breach, these numbers may also be reflected in the overall total number of Code of Conduct breaches managed by Workplace Relations team.

The NAB Group has a Whistleblower Program for confidential reporting of unacceptable or undesirable conduct. The system enables disclosures to be made to a protected disclosure officer by the Group's employees, or, where applicable and the employee believes it more appropriate, directly to the Audit Committee. We do not tolerate incidents of adverse behaviour, questionable accounting or auditing practices, fraud or legal or regulatory non-compliance by our employees and encourage our people to escalate any issues they believe could have a material impact on the Group's profitability, reputation, governance or regulatory compliance. It is a responsibility of the Audit Committee to oversee that employees can make confidential, anonymous submissions regarding such matters.

This year, 98 disclosures were received under the Whistleblower Policy across four categories: adverse behaviour; auditing and accounting practices; fraud; legal and regulatory non-compliance. The majority of disclosures made under the Whistleblower Policy related to adverse behaviour.

Of the fully completed investigations, 26 have been fully or partially substantiated (and closed), and 55 were unsubstantiated or unproven. 17 disclosures received remain under investigation at the time of publication. Depending on the nature of the alleged breach, there are a broad number of potential disciplinary outcomes, including dismissal.

Changes to our people policies

This year, we started engaging flexible part-time employees in NAB business units for the first time. It became possible after amendments were made to the NAB Enterprise Agreement 2014 ('EA'), giving us greater flexibility with workload variations and seeking to reduce our reliance on casual or agency contracts.

One of the biggest changes was to our policy for primary carer's leave – giving fathers and other non-birth partners access to up to 12 weeks of paid primary carer's leave. This change is to complement our existing policies to support new parents. You can learn more about this within 'Supporting a more diverse and inclusive society and workforce' on **pages 35-40**.

Performance and remuneration

Creating a strong performance and remuneration framework plays a big part in our ability to attract and retain great people. In October 2015, a new Performance Framework was introduced – taking us from a relative performance assessment framework, to a framework based on absolute performance against stretch objectives. This new framework requires us to set strong stretch objectives at the beginning of performance periods. The three point rating scale drives the incentive pool distribution through a multiplier incorporating both individual and business performance.

As discussed in the 'Embedding a values-aligned culture' section on **page 30**, we have also replaced our Enterprise Behaviours with a new set of values, changing the way we assess performance. This year has been all about embedding the changes being made, and uplifting the capabilities of our People Leaders to align with the new framework.

As part of the EA, we have also introduced a new seven level classification structure. This move from four broad levels to seven has increased role clarity and transparency for our employees. Importantly, the structure has further enabled the introduction of a new methodology for setting market-based pay ranges across the organisation (as provided through the EA). This methodology was agreed with the Finance Sector Union (FSU) this year, and implemented in September. The advantages include greater:

- Consistency of pay ranges across like roles and businesses;
- Simplicity, transparency and openness for employees and people leaders; and
- Flexibility to determine where an employee's pay should be set.

Prosperous communities

Strengthening our workforce

Healthy and safe workforce

Effective management of health, safety and wellbeing risk in our workplace is not only required by law, but it's also an essential part of engaging our people. That's why we're focused on creating safe, healthy and productive working environments – for every employee, visitor and customer.

Prevention, early intervention and LTIFR

Consistent with our strategic approach to raising awareness of the need to report incidents, numbers have steadily increased particularly for non-work related injury/illness. This is a positive sign because the more we know and the earlier we know it, the more effectively we can respond. Consistency in reporting is a really important part of preventing injury and/or illness that way we can address hazards as soon as they appear. It also provides an important source of data to inform our risk profile, which highlights the main causes and impact of incidents. This information is then used to develop a plan to eliminate or minimise physical or psychological risk in our workplace.

Early reporting is essential because it triggers the implementation of NAB's best practice early intervention model. Our team of injury

management specialists provide tailored support to employees and their people leaders, helping them manage personal or work-related injury and illness. Once we know about the issue, we can offer a range of options to help with recovery and prevent the aggravation of existing conditions. This approach results in significantly fewer lost time injury claims and our lost time injury frequency rate (LTIFR) has stayed stable and low, despite an increase in reported incidents.

Absenteeism

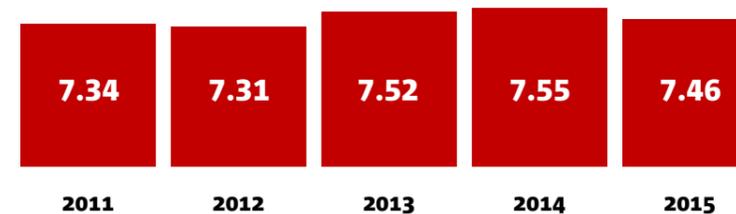
As well as compensation claims, we also measure sick, carer's and bereavement leave. This unplanned absence data provides an indicator of the health and wellbeing of our organisation – and if there's any material movement in unplanned absence, the data is further investigated and analysed as to possible cause.

In Australia, the rate of unplanned absence has remained relatively consistent. As part of our initiative to create a healthier, more engaged workforce, we continue to recognise the importance of using annual leave to take a break from work.

Promoting work-life balance, and giving our people a clear understanding of what's expected from them at work, is all part of

developing a mentally healthy workplace. Our People Leaders are given guidance on how to manage performance, incorporate flexible working arrangements, provide role clarity and develop their people.

Absenteeism, Australia (Unscheduled days absent per FTE)



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

Prosperous communities

Supporting a more diverse and inclusive society and workforce

Our employees all have unique backgrounds, capabilities and life experience.

And by embracing the things that make us different, we can be more innovative for our customers, provide better service to the community – and deliver stronger returns to our shareholders.

Inclusion

Promoting an inclusive culture is at the core of our Diversity and Inclusion Strategy – and regardless of their ethnicity, sexual orientation, gender, or any disabilities, anyone is welcome in our workplace. To us, inclusion means encouraging our people to be at their best and making sure they feel valued – not only for the great work they do, but for the qualities that make them unique. We're always working to make sure this inclusive culture doesn't just exist, but that it provides a platform for our people to thrive. And that the things that make us different are celebrated.

We demonstrate ongoing respect for human rights throughout our workplace – as well as with our suppliers and customers – through a range of commitments and disclosures including, but not limited, to: the **United Nations Global Compact**, contributing to the **Sustainable Development Goals** and our **Reconciliation Action Plan**.

Increasing accessibility

NAB has an unreserved respect for others, including those who identify as living with disability. In 2015, The Australian Network on Disability (AND) carried out an independent review of the actions within NAB's Accessibility Action Plan 2012-2014, recognising the enhanced accessibility of information and communications technology at NAB, and encouraging a continued focus on recruiting people who identify as having a disability.

Our refreshed 2015-2016 plan reaffirms our goal to continually improve accessibility for our people, our customers and our communities – and focuses on providing long-term, sustainable results. Enhancing our customer experience remains a main focus, alongside extending community support through corporate responsibility and sponsorship initiatives. More information of our approach to accessibility can be found at nab.com.au.

For every new product development and major change that impacts our customers, BNZ run planning workshops to assess the effect of the changes on these customers. Customer personas have been created to continue to embed customer-led development within these workshops

– and the personas include aged and disabled examples, to encourage our people to think about how these changes might impact these customers. This way, we can consider whether we're making changes easy for our customers, and listening to their needs.

Supporting cultural diversity

BNZ continues to be a leading bank in the Māori business sector. This year, as part of Matariki (Māori New Year) celebrations, we launched our new digital design 'Te Whai a Titipa' – The Stingray of Titipa - which is one of the traditional Māori names for the Southern Cross (which is part of BNZ's logo). The Whai design incorporates many Māori elements that represent the connecting of our people with our customers – being there for them through good times and bad, and being prepared for the many challenges ahead. This design appeared on screensavers, ATMs and digiscreens throughout our branch and Partners networks.

BNZ is a foundation sponsor of the inaugural **Superdiversity Stocktake**, published in November. This report looks in detail at the profound demographic changes that are shaping New Zealand, particularly in the 'superdiverse' city of Auckland – and the challenges and opportunities these changes

mean for public policy makers, businesses and others. BNZ's approach to diversity in the workplace is featured as a case study in the Stocktake, which is authored by chair of the Superdiversity Centre for Law, Policy and Business (and BNZ board member), Mai Chen.

Enabling inclusion through flexibility

Providing flexible working arrangements continues to be an important part of our Diversity and Inclusion policy – and is embedded into our day-to-day environment. We're focused on creating a flexible working environment to accommodate the diverse needs of our customers and our people – because we know it can lead to greater job enjoyment and higher productivity, and contributes to a strong quality of life outside of work.

Everyone is unique – and our employees might take up flexible working arrangements for reasons including studying, caring for family, taking a career break or volunteering. Our employee engagement survey tells us that over 85% of our employees feel that they have the flexibility required to accommodate various priorities at work, at home and/or in the community.

Prosperous communities

Supporting a more diverse and inclusive society and workforce

Promoting inclusion via our employee networks

Connecting Women

This network engages men and women across our organisation to create an inclusive workplace where women can grow as leaders. The network also showcases employee stories to peers within the bank, the financial services industry and the broader community. Along with our ongoing support, this year we also hosted a luncheon to connect, support and celebrate women in business. The event included a panel discussion with the Hon. Kelly O'Dwyer (Assistant Treasurer and Minister for Small Business), Naomi Simson of Red Balloon, Janine Allis of Boost Juice, and Nicole Newman of The Food Purveyor. They discussed the success and challenges faced by small and medium sized enterprises.

NABility

Our Australian employee network continues to advocate for people with disabilities, sharing a commitment to support colleagues and customers with disabilities.

Pride@NAB

Our lesbian, gay, bisexual, transgender and intersex (LGBTI) Australian employee network aims to continue the development of an inclusive and safe workplace culture. This year, we were the major sponsor of the 2015

Midsumma Festival, participated in the Fair Day at Brisbane Pride and partnered with the AFL to create the first NAB Challenge Pride match, which raised awareness and acceptance of LGBTI communities in sport.

In partnership with Pride in Diversity, the network also hosted internal LGBTI Awareness Training Sessions across Australia to increase the awareness of workplace inclusion.

Life stage

This year, through a formal Materiality Review, our stakeholders identified a need to prioritise policies and programs that support an ageing workforce. After all, people from different generations have different needs and expectations when it comes to their workplace.

That's why we differentiate our employee value propositions for each life stage, which includes continued support for our mature-age employees. We also encourage reflection on their health, relationships and financial situation.

In 2011, we launched the award-winning MyFuture and Pathway2020 workshops to Australian employees – and since then, more than 1,000 employees have participated. These workshops provide people leaders and mature-age employees

with an opportunity to consider the future of their career, flexibility, health, finances, relationships and the transition to retirement. This year's participants reported an increase in flexible working opportunities, proactive health management and planning their goals for the future.

KPMG and NAB provided corporate sponsorship to the 'Older Australians at Work Summit', which is held in partnership with the Australian Human Resources Institute and the Australian Human Rights Commission. The event explored the actions required by individuals, businesses, organisations, leaders and government to harness work by older Australians, following the Federal Government's announcement that it would raise the age for pension access to 70 in coming years.

Supporting new parents

Family dynamics are changing, and we've responded by making our 12-week paid parental leave entitlement more accessible to new fathers and other non-birth parents. Our employees can now take paid primary carer's leave anytime within the first twelve months of a child's life – where before, it was only available to the primary carer for 12 weeks from the birth or adoption of a child (or 24 weeks at half pay).

We also provide up to 40 weeks of unpaid parental leave, which is recognised as service for the purposes of long service leave accrual. Superannuation contributions are made on the unpaid portion of primary carer's leave for that amount of time too. And, as outlined in our Enterprise Agreement, employees receive a remuneration review after returning from parental leave – that way we can make sure their level of remuneration remains appropriate.

This year in Australia, 89% of employees returned to work after taking primary carer's leave, which is a two percentage point increase on 2014. We have child care facilities and arrangements operating in or near our major office locations to support these employees and we continue to offer corporate childcare discounts at centres across Australia. We also offer a \$1,500 NAB Family Day Care Grant – which an employee's family day care provider can apply for to help with setting up or extending facilities.

Prosperous communities

Supporting a more diverse and inclusive society and workforce

Gender equity

Gender diversity continues to be a key priority. Our portfolio is made up of 162 Performance Units (PU), each representing a strategically important function. For each of the PU leaders, gender equality in leadership positions is closely tracked.

We're committed to improving female representation at all levels – and our Board has set measurable objectives for achieving gender equality:

- Increase the proportion of women in executive management;
- Increase the proportion of women on Group subsidiary boards;
- Increase the number of female non-executive directors on the NAB Board; and
- Strengthen the talent pipeline by targeting a 50/50 gender balance in the Australian Graduate Program intake.

Pleasingly we met the majority of our FY15 gender targets – including the proportion of women on Group subsidiary boards and holding non-executive director positions on the NAB Board, as well as a 50/50 gender balance in the Australian graduate intake.

Whilst there was an increase of female representation in executive management in FY15, up two percentage points to 32%, we did not meet our target of 33%. This will have renewed focus in the year ahead, led by the Group CEO and the Executive Leadership Team, to continue to drive gender equity at NAB.

We acknowledge this wasn't the result we were aiming for, but it's definitely a big step in the right direction. We have seen real change throughout the organisation over the last 12 months, and our business has been consistently delivering on a

number of priorities. Looking ahead, we're remaining committed to driving gender equity in our workplace – and the initiatives we've set in place across the business will enable our leaders to help us.

See the 'People' section of NAB numbers for all the details and disclosures on our workforce profile. You can also find more information on our approach to gender diversity on pages 65-66 of our 2015 Annual Financial Report.

	FY14 actual female representation (as at 30 September 2014)	FY15 target female representation	FY15 actual female representation (as at 30 September 2015)	FY16 target female representation	FY17 target female representation
NAB Board including executive directors	16%	-	20%	-	-
NAB Board - non executive directors	18%	-	22%	-	30%
Group subsidiary boards	32%	30%	36%	-	35%
Executive management ¹	30%	33%	32%	34%	35%
Talent Development Program ²	47%	50%	50%	-	-
Graduate Program intake ³	46%	50%	55%	-	-
Total organisation	57%	-	57%	-	-

¹ Executive Management positions (also known as senior executive positions) are those held by Executive Leadership Team members, Executive Leadership Team members' direct reports and their direct reports. Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in the data. As at 30 September 2015, the proportion of females reporting directly to the Group CEO on the Group Executive Leadership Team was 33%. Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

² Calculated on an aggregated basis across Group's core Australian talent development programs. We will evolve our approach to Talent Management in FY16 and beyond to a more tailored development approach aligned to the individual's potential next role. This means a shift away from large events and longitudinal programs. FY16 and beyond we aspire to a 50/50 gender split for our total talent population.

³ Australian graduate program: As at 30 September 2015, 55% of the graduates who have accepted positions in NAB's 2016 graduate program are women.

Prosperous communities

Supporting a more diverse and inclusive society and workforce

Initiatives to promote gender diversity

CEO commitment to gender equality

Andrew Thorburn reinforced his commitment to gender equality by becoming a proud member of the Male Champions of Change Victorian Chapter. He also continues to participate in the Workplace Gender Equality Agency's Pay Equity Ambassadors Program, which started back in September 2014.

NAB Board Ready

An Australian program designed by NAB women for NAB women, it aims to educate and prepare females in senior positions to become directors of NAB Group companies. The program focuses on building confidence, as well as providing the training and development needed to successfully pursue positions on NAB Group subsidiary boards and not-for-profit boards.

Since its creation in 2011, there have been over 784 participants in the Board Ready Program – and female representation on NAB Group subsidiary boards has increased from 14% (2010) to 36% (2015).

Recruitment

We work hard to make sure our recruitment processes are free from gender bias. To do this, we aim to short-list a mix of both men and women for all roles, and where it's possible, the interview panels that make hiring decisions are mixed too.

Realise and Senior Realise

These programs are designed to give our female employees the skills, knowledge and tools they need to move into more senior and executive management roles. We also run a virtual Realise program to support our employees in regional Australia – as well as participants from our offices in Hong Kong, India, Japan and Singapore. The program covers topics like building a career path, enhancing business relationships, empowering leadership and life integration.

In Australia, over 1,200 women have completed the Realise program, and there have been over 250 who've completed the Senior Realise program since 2011. In New Zealand, where it's in its fourth year, 70 women have completed Realise, and five are currently taking part in the BNZ pilot of Senior Realise.

BNZ research into women in leadership

As a follow up to our benchmark study in 2010, this year we conducted in-depth research into our women in leadership to determine what progress had been made, what barriers might exist to their advancement and any other insights. We wanted to understand the views of our female leaders, now that there are more at senior levels. The research findings highlighted an increased representation of women in senior leadership and in our pipelines compared with 2010 – but there are still barriers and challenges that they face. As we move forward, this research will inform our strategy in a number of ways, including:

- Targeted development initiatives – we are already piloting the Senior Realise program;
- Open forum discussions between senior women and the Director of Human Resources to share insights and experiences; and
- Focus on retaining senior women, and exploring new roles or shadow roles to provide opportunities for experience and progression.

Our work in New Zealand has been externally recognised – we won the Deloitte Top200 Diversity Leader Award in November 2014 which recognised BNZ's diversity policies, programs, and values, and in the same month we were named as one of the best companies in APEC for women to work in.



Prosperous communities

Supporting a more diverse and inclusive society and workforce

Gender pay equity

In our 2015 Materiality Review, the importance of reaching gender pay equity was highlighted by all stakeholders – our people, customers, community and government partners, and shareholders. We remain committed to fair and equitable remuneration that is consistent with our market and performance framework.

That’s why our gender pay gap continues to decrease. It now sits below the current industry average of 30% – and that number will continue to reduce as we increase the number of women in senior roles.

During 2015 we completed a number of analyses at enterprise and divisional levels to identify any systemic issues that were causing gender pay inequality. This included a focus on comparable roles, performance, and incentive targets and outcomes. We didn’t identify any issues in the areas reviewed, but we’re continuing to actively monitor:

- The setting of variable reward targets, to ensure gender consistency;
- Annual remuneration recommendations for specific roles, to ensure they’re gender neutral; and
- Performance outcomes for gender bias.

Last year, our Enterprise Agreement was updated to include a commitment to reviewing remuneration of employees who return from parental leave, and pay equity is now listed as an explicit factor that People Leaders should consider when making their decision.

Our Group Remuneration Policy and Remuneration Committee Charter have also been updated to include our pay equity commitments.

Providing pathways to employment

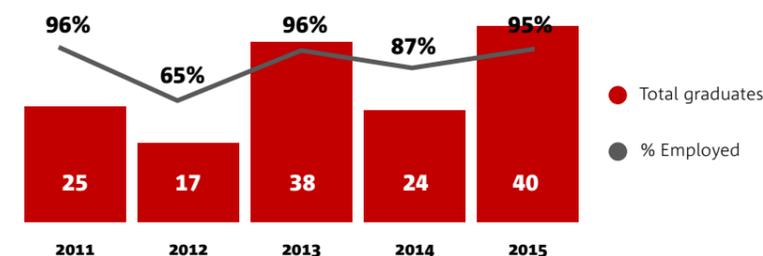
Indigenous employment program

This program focuses on creating real jobs and career development opportunities, and has continued to grow throughout the year. In 2015, we had 44 Indigenous school-based trainees, 23 Indigenous full-time trainees and 12 Indigenous university student interns join the business. 18 of our people moved from a traineeship program to on-going employment, highlighting our commitment to provide real jobs.

African-Australian Inclusion Program

We have continued to support skilled African migrants through our African Australian Inclusion Program. Since it began in 2009, we had 155 people graduate from the program – 89% have found ongoing employment in their field of study, 74% are employed at NAB (115) and 15% are employed outside of NAB (24). This year, we’ve had the largest number of positions (46) to offer our 2016 intake.

African-Australian Inclusion Program Graduates



Māori Cadetship program

We continued our Māori Cadetship program this year, bringing the total number of cadets in the last two years to 18. Of those, 14 have moved onto other roles at BNZ, two are completing their current Cadetship, and two are following other career paths. The program aims to encourage more Māori to follow BNZ and banking careers – which will lead to new talent and more diversity at BNZ, as well as an increase in connectivity with Iwi.

Ratio of average basic salary – female to male (Australia)

Employment level	2013	2014	2015
Executive management	0.80	0.83	0.79
Senior management	0.86	0.86	0.87
Managers and specialist experts	0.95	0.93	0.93
Junior management	0.96	0.96	0.97
Customer support	0.99	1.00	1.01
Operational support	0.98	0.98	0.99

Source: Internal. Average remuneration calculated as: total of all remuneration (annualised for part time employees) divided by the actual number of employees within each employment level, by gender). Ratio is calculated as average female remuneration divided by average male remuneration per employment level. See the ‘People’ disclosures of the NAB Numbers section for further information.

Prosperous communities

Supporting a more diverse and inclusive society and workforce

Promoting diversity through our suppliers

Our Supplier Diversity program is now in its third year in Australia, and it continues to help us build sustainable enterprises and support communities through our purchasing activities. Our approach is based on increasing direct and indirect spend, building supplier capability, and finding opportunities to obtain diverse suppliers with our Tier 1 supply partners. By including these suppliers in our supply chain, we're increasing their exposure to corporate procurement, creating employment and training opportunities, and encouraging social and financial inclusion.

In 2015, we identified eight new opportunities for either direct or indirect partnerships with diverse suppliers – four of these opportunities are being investigated further and we anticipate will result in engagement of these suppliers. Through our supply chain we have now supported more than 29 diverse suppliers and we've built two new Supplier Diversity targets into our 2015 Reconciliation Action Plan as well – based on increasing spend and direct engagement with diverse suppliers. We also sponsored Supply Nation's Connect 2015 Annual Indigenous Business Tradeshow.

Through our Procurement Awareness workshops, we've worked to increase diverse suppliers capability and understanding of corporate procurement. This year, capability building has remained a consistent theme, as we worked with Supply Nation certified businesses to build their operational risk knowledge through workshops run by our risk team.

Supplier diversity and inclusion are also values shared by our supply chain partners. By virtue of our strong relationships with supply partners, NAB has been able to rely on their industry knowledge to identify potential diverse supplier partnership opportunities. This year for example, we launched an Indigenous promotional material portal internally with our supply partner IMC. This portal features a range of NAB branded promotional items with Indigenous artwork – and IMC is working with Indigenous artists and suppliers to expand that range.

For more details about our supplier diversity program, visit our [website](#).

Supplier case study – Workwear Group

Workwear Group is NAB's corporate wardrobe partner. They have developed NAB's corporate wardrobe with a 'cradle to the grave' philosophy encompassing ethical and environmentally responsible development, production, delivery and disposal of work wear.

This philosophy begins with the sourcing of raw materials from ethically certified suppliers and launching an online microsite to remove the need for print catalogues, and continues through to delivering wardrobe items in recyclable packaging and collecting used NAB work wear for recycling through Kids off the Kerb, and employer of disadvantaged youth.

Promoting inclusion in our supply chain

We are also working with our suppliers to promote diversity and inclusion in the supply chain. 55 suppliers took part in the LGBTI Pride @ NAB team. The objective of these sessions was to help suppliers gain insights into better understanding of inclusion of LGBTI employees as well as to support them in their own inclusion journey.

Respecting human rights

Consistent with NAB's values, respecting human rights is a fundamental part of the way we do business – and is guided by the UN's Guiding Principles on Business and Human Rights.

Throughout 2015, we took further steps to integrate consideration of human rights within business and risk policies and processes, with additional details included within our revised ESG Credit Risk, Outsourcing and Procurement policies. For more information, see our [website](#).

For examples of how we are integrating ESG risks – including human rights – within our risk assessment and due diligence processes in supply chain relationships and lending, take a look at the [Responsible lending, spending and investment](#) section.

Future focused nation

Understanding the big picture and planning ahead makes it possible to future-proof our operations and supply chain – and provide products and services that help our customers to do the same. It means valuing the environment that sustains us and contributing to conversations about the issues that affect society.

5

5 Impact Investment grant recipients selected, enabling capacity building support to scale their enterprise and impact.

\$120m

\$120 million fund launched with support of the Clean Energy Finance Corporation, to provide business banking customers with discounted loans for energy efficient upgrades and investments in renewable energy.

\$13.7m

Funded seven of the nine privately funded EUAs to date – with a total investment of \$13.7 million.

\$300m

Launched a \$300 million Climate Bond (the first by an Australian issuer into the local market and the first Climate Bond Standards certified bond issued by a bank globally), to raise funds for renewable energy assets across Australia.

75%

Approximately 75% of NAB's major office buildings are now Green Star certified.

Continued to champion **Shared Value** – by sponsoring the creation and launch of Social Outcomes Australia 'Shared Value in Australia' report, and hosting **Mark Kramer** (senior fellow at Harvard's Kennedy School of Government), for the Shared Value Forum.

Through our **Natural Value strategy** for agribusiness, we are now embedding management of natural capital into our credit risk assessment process and we are working towards including this in our credit modelling.

Future focused nation

Future-proofing our business

Our Environmental Agenda

A healthy, economically-prosperous society is always underpinned by a sustainable environment. We recognise this relationship, and a growing number of global businesses, government leaders, and non-government organisations have acknowledged it as well. This is reflected through the recently launched **United Nations Sustainable Development Goals**, which cover matters such as action on climate change, sustainable energy and water management, and the sustainable use of resources to reverse land degradation and halt biodiversity loss.

Our Environmental Agenda is consistent with the key environmental issues of global priority incorporated into the UN Sustainable Development Goals – particularly, the issues of climate change, resource scarcity and natural value. Addressing these issues is part of future-proofing our business, as well as supporting our customers, and the communities in which we operate, to do the same.

Our Environmental Agenda focuses on the following issues:

- **Climate change** – Increasing impact of climate change and climate-related policy on business resulting in increased need for climate finance.
- **Resource scarcity** – Increasing competition for finite resources has the potential to limit economic growth and business operations.
- **Natural Value** – Increasing pressure on the natural capital (environmental assets and services) that underpins our economic system could impact future asset and business value.

In 2015 we have:

- Committed to five climate change actions to support the transition to a low carbon economy – see the Climate change section on **page 48**;
- Released a number of new products, including green bonds and a fund to reduce the costs of financing energy efficient assets. See ‘Products and services’ on **page 43** for more details;

- Continued to integrate environmental sustainability into the way we do business – in our operations, spending and lending;
- Continued to strive for best practice in the design and operation of our building portfolio; and
- Reviewed and updated our **Environmental Standards**.

Helping our customers

We have a number of specific teams that are helping customers address their environmental objectives, by providing products and services that support investments in clean and renewable energy and energy efficiency. In Australia, these include our:

- Capital Financing team who have recognised the inherent growth in the clean energy sector, and are exploring and developing a range of financing solutions to support our customers’ needs – including providing green bonds to the market;
- Environmental Finance team, who provide environmental finance advisory services to NAB’s corporate and institutional customers. The team has been active in the Australian environmental financing

market for the past nine years, and covers three core areas: energy efficiency, renewable power (including distributed generation) and carbon pricing. Their services include debt structuring and arranging energy and climate-focused projects, project feasibility studies, risk management strategies, offset project development and Environmental Upgrade Agreement (EUA)¹ funding;

- Specialised Finance team, who provide project finance² and asset finance solutions to customers across a number of key industry sectors – specifically to larger-scale infrastructure³, energy⁴ and natural resource⁴ projects, including the financing of renewable energy; and
- Agribusiness team, who provide specialised finance and banking solutions to our agribusiness customers across all related industries – including the first stage post-farmgate processing sector. Our team is located in every state, and is on the ground in 110 locations.

¹ An EUA is an innovative funding model which allows customers to finance improvements to the resource efficiency or environmental sustainability of their buildings. Learn more on our [website](#).

² Project finance is a method of financing in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the lending exposure. Asset finance typically covers lending to industry-specific vehicles, plant and equipment.

³ Large-scale infrastructure includes national critical projects such as Public Private Partnerships in areas of education, health, social housing, justice, water and roads.

⁴ Energy projects include traditional power projects, energy distribution and transmission. Renewable projects are a key focus for the team and include such sectors as wind, solar and geothermal power.

⁵ Natural resource projects are arranged across selected mining and mining-related infrastructure.

Future focused nation

Future-proofing our business

Products and services

- NAB has worked closely with investors – and increasingly with potential issuers and other market participants – to develop the domestic green bond market, and create additional financing solutions. In December 2014, we launched a \$300 million climate bond – the first climate bond by an Australian issuer into the local market, and the world’s first bank-issued climate bond to be certified in compliance with the Climate Bond International Standards and Certification Scheme (“Climate Bond Standards”). Proceeds from the bond issue are ring-fenced for the financing of renewable energy assets across Australia, and are expected to have an installed capacity of over 1.5 gigawatts of electricity in aggregate. In March 2015, we jointly arranged a second green bond – raising \$205 million in the US markets to finance an Australian wind farm;
- NAB also offers **Environmental Upgrade Agreements (EUAs)** to customers wanting finance to undertake environmental improvements to commercial buildings. In 2015, we funded

one new EUA for a commercial office building, adding to a total of seven of the nine privately funded Environmental Upgrade Agreements to date. This represents a total investment of \$13.7 million and collective operational savings of \$0.94 million per annum for the buildings involved as a result of energy and maintenance efficiencies;

- In June 2015, we signed a \$120 million funding agreement with the CEFC to offer businesses of all sizes discounted equipment finance for assets that cut energy use or generate renewable energy. The agreement will allow NAB to offer a rate 70 basis points below its standard equipment finance rate for a diverse range of pre-approved assets – including cars, irrigation systems, solar PV, building upgrades, lighting upgrades, processing line improvements and refrigeration;
- A continued investment in renewable energy through project finance¹ and other forms of finance for the power generation sector²; and
- Kauri bonds – BNZ continues to plant new kauri trees on the Coromandel

Peninsula whenever a BNZ Kauri Bond deal is done. The kauri is the largest native New Zealand tree, with kauri forests being amongst the oldest forests in the world. In total, the Kauri 2000 Trust has planted almost 45,000 kauri. BNZ has purchased 5,520 of those – and this year, we planted another 380. Last year also saw the planting of the ceremonial 40,000th kauri in Coromandel township.

We do everything we can to ensure our operations are efficient and resilient – so that we’re prepared for future environmental challenges. We are committed to providing our customers with products and services that help them do the same, and leading the industry in research and innovation. 

¹ Refer to ‘Project financing’ on page 21 for more information.

² Refer to ‘Carbon risk disclosure’ on page 19 for more information.

Future focused nation

Future-proofing our business

Measuring improvements in the efficiency and resilience of our business

Setting environmental targets helps us measure our progress towards achieving our environmental objectives. This year marks the end of the second year of our 2014–16 Group environmental performance targets (see the NAB Group reduction targets table on **page 66** of NAB Numbers). Our targets are aligned to our Environmental Agenda’s three areas of focus.

Five of the six Group targets are tracking ahead of forecast and are expected to be met. The waste diversion from landfill target is the exception as it is not increasing at the rate forecast and is therefore not expected to be met in 2016. The key reason for this is that our Australian operations have significantly decreased the amount of waste paper produced due to the implementation of Follow You Printing, greater availability of technology to enable paperless working and various process improvements. This is a positive result in that NAB is reducing our resource use, but it does mean that the percentage of waste diverted from landfill has not changed materially. We will continue to enhance the recycling facilities available to our employees and raise our employee awareness of how and why to reuse and recycle.

We continue to underpin our GHG emissions and energy reduction targets with a key focus on energy efficiency in our operations – which you’ll see in the tables below. Our landlords’ activities have a material impact on our energy and greenhouse performance, and we continue to collaborate with our supply partners to meet our resource efficiency targets through our Building Environmental Management Committees.

Switching from electricity to gas as NAB moved into 700 Bourke Street (which has a gas co-generation plant contributing to base building energy supply) played a big part in decreasing our Australian emissions this year – as it replaced sites where brown coal generated electricity is consumed by the base building plant. Other examples of projects that our landlords are taking part in to optimise the energy efficiency of base building plant in 2015 include:

- At 500 Bourke Street, Melbourne, ISPT has upgraded the stairwell lighting, optimised lift performance, improved management of the after-hours air conditioning plant, and replaced the lighting in the lift lobbies and toilets to LED light fittings;
- At 700 Bourke Street Docklands, AMP Capital has made ongoing enhancements to the operation of the plant and equipment since their base building services were initially commissioned;

- At 800 Bourke Street Docklands, The GPT Group has optimised the controls and improved the efficiency of pumps for heating hot water and the tenant condenser water loop – and has negotiated with their electricity supplier to include a higher proportion of certified GreenPower. The base building energy mix now includes 40% GreenPower, and when coupled with excellent efficiency gains has led to a dramatic reduction in base building emissions; and
- At 105 Miller Street North Sydney, we worked in collaboration with Investa to implement a partial building shut down over the Christmas 2014 holiday period – which achieved estimated savings of 10,000 kWh (10 tCO₂-e).

We have also researched and modelled a science-based carbon emission reduction trajectory for NAB, while recognising that there is not sufficient development yet as to how to assess financial institutions against a 2 °C trajectory. We recognise the importance of a 2 °C trajectory and look forward to participating to the ongoing development of a robust methodology.

Summary of energy efficiency opportunities investigated across our Australian and New Zealand geographies as at 30 June 2015

Stage of development	Total number of projects	Total estimated annual CO ₂ -e (tonnes)
Under investigation	2	Not available
To be implemented	10	1,161
Implementation commenced	15	16,722
Implemented	863	84,023
Not to be implemented	266	Not available
Totals	1,156	101,906

Future focused nation

Future-proofing our business

Examples of energy efficiency opportunities that were implemented in Australia in the 2015 environmental reporting year

Activity type	Description of activity	Estimated annual CO ₂ -e savings (metric tonnes CO ₂ -e)	Investment (\$AUD)	Annual savings (\$AUD)	Payback period (years)	Estimated lifetime of the initiative (years)
Low carbon energy installation	Pilot installation of solar PV panels at NAB branches to generate renewable electricity and reduce reliance on grid-sourced electricity and associated carbon emissions.	62	49,239	18,718	2.8	10
Energy efficiency: Building services	Implementation of various energy efficiency works across branch network including measures such as timer controls and lighting upgrades.	581	431,493	230,948	1.9	10
Energy efficiency: Processes	Range of technology based initiatives to decommission, consolidate or phase out older equipment and implement more efficient solutions.	972	Not available*	110,615	Not applicable	10
Energy efficiency: Building fabric	Implementation of solar reflective roof paint at NAB branches to reduce external roof temperatures and improve energy performance.	86	59,300	21,414	2.8	10
Energy efficiency: Building services	Implementation of energy efficiency measures in commercial sites including lighting upgrades and operational improvements.	50	14,410	5,728	2.5	10
Total		1,751	594,432	387,422		

* Costs embedded into on-going Technology costs - project specific costs not available

Future focused nation

Future-proofing our business

Minimising the environmental dependencies and impacts of our business

This year, our head office at 800 Bourke Street was awarded the first 'Green Star - Performance' rating in Australia, achieving a 4 Star Green Star - Performance rating, which represents 'best practice' in sustainable building operations. Often, strategies to maximise the environmental performance of our office environment, such as access to natural light, also optimise the wellbeing and productivity of the people who work within them. This has been evident in our newest office at 700 Bourke Street – which has been awarded a 6 Star Green Star As Built rating, 5 Star Green Star Interiors rating, and was ranked highest in the Building Occupant Satisfaction Survey Australia, a benchmarking tool developed by the University of Sydney and the University of Technology Sydney to assess the indoor environment quality of Australia's leading workplaces.

Data centre transition

We also completed our planned transition from a twenty-plus year old data centre, to a new, purpose-built centre prior to 30 September this year. As a result of this transition, we have been operating three data centres instead of two as we move

equipment from one facility to another. We look forward to realising the benefits of this transition in the 2016 environmental reporting year, including more than a 50% reduction in like-for-like power consumption and associated cost savings.

Aside from the savings we expect from reverting to operating two data centres, we know that our customers have ever increasing technology needs – and both energy consumption and greenhouse gas emissions from our data centres are forecast to increase in the future. To address this increase, we are focusing on the operational effectiveness of our data centres using Power Usage Effectiveness (PUE) as a performance metric. Currently, the average PUE for our three data centres is 1.62 – and once we exit the old data centre, it's expected that the average PUE will decrease to 1.50 or less, well below the Australian and New Zealand average (2.03) for similar sized data centres.

Operation of our black water treatment plant at 700 Bourke Street Docklands, and the transition to our new data centre, has also contributed to reducing water use in Australia by 12%, as well as associated operating expenses.

Optimising lighting and cooling controls

Making sure that we design our buildings and fit-outs to be as efficient as possible – and ensuring we have the right controls in place so that energy is only used when it really needs to be – is critical to ongoing improvements in our environmental footprint.

This year in New Zealand, we have continued to optimise air conditioning and lighting controls across the branch network to deliver energy savings, and in Australia we have been trialling a new controls system. LED lighting will be used in all new external signage across New Zealand – with the branch lighting design in Australia revised to make LED lighting standard across our new fit-outs. An LED lighting trial in one of our New Zealand branches has resulted in a 39% reduction in energy used for lighting and cooling – with the feedback from our employees working in the branch suggesting that lighting comfort has been improved as well.

Deforestation

Deforestation is a significant global contributor to climate change and ecosystem degradation, particularly in developing countries. With that in mind, and to implement our understanding of natural capital risk and dependences from our work under

the **Natural Capital Declaration** we have continued to identify and eliminate potential drivers of deforestation in our supply chain. This most recently includes ensuring that biscuits provided to our employees in our buildings are Roundtable on Sustainable Palm Oil (RSPO) certified. We also continue to be the largest Fair Trade certified workplace globally – this certification covers the tea, coffee, sugar and cocoa used in our offices and branches in Australia and New Zealand.

Additionally, we recognise that we have a dependency on forest resources as a consequence of our paper use, both in our offices, for publications and customer statements. Therefore, we focused on decreasing our consumption of paper where possible. Where we need to use it, we are increasingly closing the loop and using paper from recycled sources. In 2015 we've continued to reduce our paper use through simplifying and digitising our processes in order to improve our customers' experience. We have also reduced our resource use and delivered cost savings by reducing physical print and postage and other logistics requirements.



Future focused nation

Future-proofing our business

Where we are not able to avoid using paper, our Sustainable Paper Guidelines in Australia stipulate that paper we procure should come from certified responsible sources, recycled stock and, where possible, manufacturers should be ISO14001 certified. Additionally, uncoated paper (office paper) should be National Carbon Offset Standard (NCOS) certified carbon neutral.

This year Fuji Xerox, our customer statement supplier, further improved the sustainability of paper used for our customer statements and envelopes by switching to NCOS certified paper, made with pulp that comes from sustainably managed forests.

Carbon offsets

Offsets from renewable energy projects made up over 70% of our 2015 carbon offset allocation. This year, we purchased offsets for 2016 and beyond from projects with co-benefits that align with our organisational vision – to be Australia and New Zealand’s most respected bank. This means that we have sourced offsets from projects located in Australia and New Zealand, and supported domestic abatement in the NAB Group’s priority geographies. The New Zealand offset project supplier, New Zealand Carbon Farming Group, is also a key customer of BNZ.

To support the Natural Value element of our Environmental Agenda, we also purchased offsets from a UN REDD project in Papua New Guinea – which has significant biodiversity protection co-benefits. With this, all our offsets for 2016 come from renewable energy and forestry projects. We have also maintained our NCOS and Carbon Trust Standard certification in Australia and the UK, respectively. As part of our commitment to carbon neutrality, we have continued to maintain an internal carbon price that has driven investment in energy efficiency initiatives.

Additional solar panels have been installed on a number of our retail branches, and we are participating in two renewable energy buyers groups to support the transition to a low carbon economy through our operations and purchasing decisions. These initiatives will contribute towards achieving our commitment to source 10% of NAB’s Australian electricity demand from new and additional renewable energy sources in Australia by 2018.

Recycling

Improving our recycling rates is also a priority – from the recycling of e-waste with our technology partners, through to the recycling of organic waste by our employees. We now recycle organic waste

at six of our office buildings in Australia, and during the year introduced commingled recycling to an additional 32 branches and business centres, increasing the total number of branches and business centres with commingled recycling to 46 sites.

Future-proofing our supply chain

Our supply chain is an extension of our operations – and sourcing is one of NAB’s most significant operating expenses. To future-proof our business, we need to facilitate improvement in the efficiency and resilience of our supply chain as well. We have been working with two of our largest technology partners to improve our operational efficiency.

We have optimised AccessNAB, our core banking, integration and virtual desktop system. It’s maintained and operated by TechM – and currently delivers services to over 24,000 registered users across multiple geographies including New Zealand, India and the UK. This year, TechM introduced a new storage solution that has achieved a 75% physical footprint reduction, and 70% power saving compared to the current platform – as well as significant performance and cost benefits.

We also implemented the first year of a targeted Energy Efficiency Plan (EEP) with our telecommunications partner, Telstra. The EEP provides a framework for driving energy efficiencies, and an opportunity for deeper collaboration with one of our largest supply partners. Through the EEP we have set clear targets for service delivery, equipment efficiency and e-waste disposal – with representatives from both Telstra and NAB meeting each month at an energy efficiency working group to discuss performance against our targets, and raise any opportunities or issues.

For more on our Group Supplier Sustainability Program, visit nab.com.au/suppliersustainability.



Future focused nation

Leading the conversations about operating in a resource constrained world

Climate change

On 5 November 2015, we committed to five climate change actions to contribute to the transition to a low-carbon economy. These actions build on the progress we have already made including being the first major Australian bank to achieve carbon neutrality (which means we have been using an internal carbon price), our leadership in financing renewable energy, and our commitment to improve disclosure of carbon risk. Our new commitments are to:

- Source 10% of NAB's Australian electricity demand from new and additional renewable energy projects by 2018;
- Undertake financing activities of \$18 billion over seven years to 30 September 2022, to help address climate change and support the transition to a low carbon economy;
- Report climate change information in mainstream reports and align our reporting with internationally recognised climate change reporting frameworks¹;
- Responsible corporate engagement on climate policy; and
- Maintain a price on carbon and align to the United Nations Global Compact's Business leadership criteria on carbon pricing.

These commitments will underpin our role in supporting the transition to a low carbon economy that limits global warming to less than 2 °C. For further information, see the **Climate Change Commitments** page on our website.

In October of this year, BNZ CEO Anthony Healy delivered a speech to the 2015 Australia New Zealand Climate Change and Business Conference. The speech called for greater collaboration between small and large businesses, not-for-profits and central and local government to tackle the issue of climate change in New Zealand. To prepare for this, BNZ conducted a survey to look into customer and employee views on climate change. 928 customers and 209 staff completed the survey – which revealed some interesting insights about customers' views in particular, including:

- Scepticism about climate change is relatively low – with only 18% of customers saying they don't believe in climate change. Most cited personal experience with weather changes and scientific evidence as being reasons to believe in climate change;
- About 40% of customers think there's not enough accessible information about climate change, and what is available is not easily understood; and
- Customers think it's the big emitters – USA and China – who are most

responsible for tackling climate change, followed by the government.

Anthony Healy spoke about the role BNZ can play in helping build the economic, social and environmental sustainability needed for a high achieving New Zealand. We can support business innovation, develop affordable housing solutions, facilitate investment in green-tech, fund infrastructure investment, help address deeper social issues like financial literacy and social inequality, and leverage the diversity that gives New Zealand such a competitive advantage.

Natural Value

Over the last year we continued our **Natural Capital Declaration** commitments, by actively looking for ways to make it easier for our customers to make investments that mitigate their natural capital risks – and strengthen their business models.

We continue to focus on the agribusiness sector given the clear dependencies on natural capital and the opportunities for improved resilience, productivity and profitability.

Customer experiences and insights are at the heart of our Natural Value Strategy. For two years running, we surveyed (over 4,900) agribusiness customers in Australia – and the results this year showed an even deeper consideration of natural capital issues. In that

time, the highest rated sustainability business issue continues to be soil degradation, with 85% of customers rating it as important or very important, closely followed by water scarcity (up from 82% to 83%) and energy costs (down from 83% to 81%).

We have also developed a number of customer best practice case studies – including those featured in the 2015 NAB Agribusiness calendar with Natural Value as the theme. These insights are essential in making sure we continue helping our customers to address the issues that matter most to them. For example, in 2015 we launched a \$120 million fund with the support of the CEFC to offer our business customers a 0.7% discount on asset finance for energy efficiency and renewable energy assets.

¹ Such as the Climate Disclosure Standards Board's Climate Change Reporting Framework.

Future focused nation

Leading the conversations about operating in a resource constrained world

We have continued to build the capability of our bankers so that they can better understand our customers' natural capital needs, through strengthening the Agribusiness Natural Value Champions network, and offering specialised training and professional development opportunities for our bankers.

We have also continued to raise awareness and encourage discussions on the importance of natural capital, speaking at numerous agribusiness conferences and workshops throughout the year – including the 2015 national ABARES conference, regional ABARES conferences in Devonport and Strathalbyn, the GRDC Innovation Generation grains conference, and the Dairy Industry Sustainability Forum.

In New Zealand, we surveyed 396 agribusiness customers about environmental issues, resilience and succession planning. The survey found that 91% of farmers were concerned about the environment, and 80% were doing something to improve water quality and management of nutrient leaching on their farms. They also stated that the top three issues they're facing at the moment are weather, environmental issues and dairy prices.

Agri workshops: At BNZ, our Sustainability and Agribusiness teams have been working together to develop a program of work that will upskill agribusiness bankers on issues relating to sustainable farming. Part of this program included a workshop being held at our Waikato Partners Centre – with presentations from Fonterra, Dairy NZ, and BNZ customers doing great things in the sustainable farming space. Agribusiness bankers have also attended a session with the Waikato River Authority to learn more about their efforts to clean up New Zealand's largest river.

Measuring our impact

It is important that the investments we are making are generating real, positive change. Which is why we're conducting ongoing research to better understand the challenges and issues we are addressing through our community investments this year, including:

- Publishing 'Eight Years on the Fringe' in partnership with The Centre for Social Impact. This report provides a snapshot of our research into financial exclusion over the years – and also explores the relationship between financial exclusion and other economic and social trends;

- Partnering with CSIRO to explore the links between natural capital management and long-term profitability in the agricultural sector, focusing on long term data sets in the grains industry; and
- Commencing the development of a holistic impact measurement framework for our corporate responsibility programs, building on several individual published reports, social return on investment evaluations and longitudinal studies of our programs.

With more insight into the impact we're creating, we can target our investments and improve the management of our programs.

Additionally, we seek to build the capability and capacity of Australia's impact investment market, for which the ability to measure and report on impacts is a critical requirement. Our work is detailed in the 'building the impact investment sector' section on **page 49**.



Future focused nation

Addressing the big issues that matter to communities

Creating Shared Value

During 2015, we have continued to champion the concept of Shared Value in Australia – and strongly believe in creating products, services and structuring businesses in a way that creates financial returns as well as societal value.

Considering the scale of many of the social and environmental challenges we face as a society, it's important that we're able to harness the core capabilities of business to address them. So to contribute to broader understanding of this idea, this year we sponsored the launch of Shared Value Project's State of Shared Value in Australia report, and Social Outcomes' Shared Value Australia report – which together provide more of an idea of how businesses, not-for-profits and government organisations in Australia are working together to deliver positive impact in innovative ways.

Together with the Shared Value Project, we also hosted Mark Kramer (senior fellow at Harvard's Kennedy School of Government) in a Creating Shared Value Forum, Australia's main event for debating the concept, exchanging experiences and driving innovation. Mark also had conversations with institutional investors on why Shared Value is important for the investment community.

We hosted two Corporate Social Responsibility (CSR) Master Classes with Harvard Professor Kash Rangan for corporate and institutional bank customers. These classes explored the evolution of corporate responsibility – and how corporate philanthropy and traditional corporate responsibility programs can work alongside Shared Value for a more significant impact.

We are transforming our own business to create positive financial and societal value as well – through initiatives like Natural Value, Impact Investing and NAB Assist. Illustrative highlights include:

- Raising funds for investment in renewable energy, including:
- The December launch of NAB's \$300 million Climate Bond – the first by an Australian issuer into the local market, and the first Climate Bond Standards certified bond issued by a bank globally; and
- Acting as the joint lead arranger for the Hallett Hill 2 USPP Green Bond, the first Australian wind farm that's been financed in the United States Private Placement (USPP) market.

- Stimulating the development of new markets by launching our Impact Investment Readiness Fund – to create 'investment-ready' social enterprises;
- Making it easy for our customers to invest in energy efficiency and renewable energy by launching a \$120 million fund for asset finance with the support of the CEFC;
- Changing the incentive structures for landlords and tenants to invest in building improvements by funding seven of the nine privately funded Environmental Upgrade Agreements to date – with a total investment of \$13.7 million, and collective operational savings of \$0.94 million per annum for the buildings involved due to energy and maintenance efficiencies; and
- Evolving our financial hardship function, to introduce a method of assisting customers – one that makes sure our most vulnerable customers receive a tailored assistance package at the initial point of contact, reducing the average approval timeframe from approximately 21 days in 2013 to about 15 minutes in 2015.



Future focused nation

Addressing the big issues that matter to communities

Building the Impact Investment sector

We have developed an approach to Impact Investment across the enterprise – so that we can enable our customers to either become investment ready, or to undertake investments which have a social, environmental and financial return.

Working in partnership with business incubators, our approach is to identify appropriate social enterprises – and provide grants to help them reach a stage where they can attract additional capital.

Since launching our Impact Investment Readiness Fund (IIRF), we have approved five grant recipients, with committed funds of \$364,900 leading to forecast growth capital of \$6.8 million. Other key highlights of our year include:

- Completing debt financing for the social enterprise **STREAT**, to construct a training facility and retail outlet in Melbourne (\$2.5 million in debt);
- National consultation tour with **The Difference Incubator (TDi)** to explore the impact investment market nationally and build pipeline; and
- National media campaign to help promote the impact investment market and new **NAB impact investment website** launched.

Maths Pathway

Impact Investment Readiness Fund Recipient

Maths Pathway is a social enterprise that is revolutionising the way maths is taught in Australian classrooms with impressive results. Students using this new learning model are learning maths at a rate that is double the national average. The system customises the curriculum based on the students' individual learning requirements, allowing the teacher to provide targeted assistance rather than teaching to all abilities.

Currently offered in over 80 schools, with the help of an Impact Investment Readiness Fund Grant, Maths Pathway has attracted additional investment that will allow them to expand into schools across Australia.



Future focused nation

Embracing the changing digital and technological landscape

Innovating for our customers

The rapidly changing digital landscape provides us with an opportunity to increase access to finance, build financial capability and improve the way customers experience our business.

This year in Australia we:

- Announced the launch of NAB Prosper, which provides customers with an affordable online option for simple wealth advice – and was the first major announcement of a bank providing the functionality of ‘robo-advice’;
- Established NAB Labs, a dedicated capability to drive innovation and customer-led design; and
- Started **NAB Ventures**, a \$50 million innovation fund. NAB Ventures will make it possible for us to access leading ideas and capabilities through investments in innovative companies globally.

This year we have also enhanced the way we communicate with customers, by optimising our legacy physical correspondence services. By combining customer statements for multiple accounts, reducing statement cycle frequency and switching our default correspondence method for certain

customers to online statements, we have eliminated the need for approximately 800,000 mail packs each year. Adopting digital correspondence and records will help us to significantly shorten transit and processing times for our customers, eliminate risk, and reduce our paper and transport related carbon footprint.

For all the opportunities that come with this changing landscape though, there are also increasing challenges. In 2015, many of our customers experienced ongoing issues – including login difficulties, time-outs and slow performance – with our e-commerce service, NAB Transact.

We experienced around 14 hours of total outage from April to September, with instability issues with NAB Transact creating significant flow-on affects for our business customers. During this period, NAB implemented changes to improve the performance and stability of NAB Transact – and communicated honestly and openly with all affected parties.

In New Zealand, our dedicated Digital team is embracing the changing landscape and investing in innovative solutions to deliver a great customer experience. Our new internet banking platform, co-created with our customers, is designed to provide a more personalised and engaging banking experience – with a focus on helping people achieve important financial goals. This platform was launched in 2013, and has delivered an increase in activation, retention and sales. Over 160,000 customers were migrated onto the platform in 2015.

This year, we also supported the launch of “Semble”, New Zealand’s first digital wallet. This offering is a partnership between the three main telecommunication companies in New Zealand (2degrees, Spark and Vodafone), and two banks (BNZ and ASB) – and had been launched on Android phones using near-field communications (NFC) technology.

We have also created functionality allowing customers who use internet banking on suitable smart phones to access the app using only their fingerprint (or a pin number). Over 65% of logins to internet banking are now done via mobile – and over 25,000 customers have adopted the TouchID technology.



Future focused nation

Embracing the changing digital and technological landscape

Customer security

Keeping our customers safe is one of our main priorities – with our Materiality Review identifying that all stakeholders (internal and external to NAB) believed that the management of customer security would have the most material impact on NAB’s business success. NAB Financial Crime Services works with relevant law enforcement authorities to shut down fraud, with NAB’s fraud detection system alerting suspicious activity on customer accounts within seconds, 24 hours a day, seven days a week. NAB educates customers about the possibility of online fraud and ways to protect themselves against these threats in a number of ways including direct interactions, publishing information on our website and sponsoring and supporting broader initiatives designed to raise awareness and reduce financial crime. Other key highlights of the year include:

- We have continued to provide a free six-month licence for security software for our customers, along with regular security alerts regarding current cyber security threats;
- We have continued our support of the Australian Government’s ‘Stay Smart Online’ initiative and National Fraud Awareness Week, to raise public awareness of online fraud;

- We have continued to publish information on our website to help reduce financial crime, identity fraud and identity theft;
- Through various media appearances, we have been able to advise customers of the practical steps they can take to protect their personal and financial information; and
- Along with employee training, we also published regular intranet articles for our own people to become more aware of the tools and techniques we have to protect them and our customers.

To protect the bank and our customers, we make sure we’re always meeting our legal and regulatory requirements in the areas of financial crime. This includes Anti-money-laundering and Counter-terrorism financing (AML/CTF); Anti-fraud, Anti-bribery and corruption; and Sanctions and Embargoes. We publish information on our policies and processes designed to lessen opportunities for financial crime on our **website**.



Key information

Reporting period

The 2015 Dig Deeper has been prepared based on NAB's financial reporting year (1 October to 30 September), unless otherwise stated. Of note, environmental operational performance data is prepared based on NAB Group's environmental reporting year from 1 July to 30 June. The environmental reporting year aligns with regulatory reporting requirements in Australia geography, where the majority of NAB's GHG emissions currently occur.

Organisational boundary

Performance data and metrics are reported at a NAB Group level, unless otherwise stated. Information is presented on a continuing operations basis, with the exception of environmental operational performance data prepared based on NAB Group's environmental reporting year from 1 July to 30 June. Prior periods have not been restated to exclude discontinued operations. Refer to Glossary on **page 71** for definition of continuing operations and discontinued operations.

NAB has used an operational control-based approach to establishing its organisational reporting boundary for environmental performance data. In Australia, with respect to the boundary for reporting of relevant Scope 1 and 2 GHG emissions, our organisational boundary meets the requirements of the National Greenhouse and Energy Reporting Act 2007 (Cth). In the UK, the organisational boundary for NAB's relevant Scope 1 and 2 GHG emissions meets the requirements of the Carbon Reduction Commitment Energy Efficiency Scheme (UK).

Geographic scope

Corporate Responsibility (CR) performance data has been reported for NAB Group's operations in Australia, New Zealand, the UK, Asia and the US, where data of a reasonable quality is available, or a reasonable estimate can be made, unless otherwise stated. CR performance data, including environmental performance data, currently excludes a small office in Canada, from which GHG emissions are considered to be immaterial.

Prior year statements

Where relevant, prior period figures have been restated when more accurate data becomes available or when there have been material changes to the methodologies for data calculation and estimation.

Baseline for 2014–2016 environmental performance targets

The baseline data for the NAB Group's environmental performance targets is the performance data from the 2013 environmental reporting year except for energy and GHG emissions which have been adjusted to reflect normal operating conditions in 2013.

Forward-looking statements

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NAB, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Estimation

Where complete information is not available, estimates have been made by extrapolation from known activity data or by applying an uplift based on reconciliation between systems that collect activity data and NAB's financial reporting systems. Estimates are noted where relevant within this Dig Deeper. Across the NAB Group, where there is evidence that a proportion of activity data relevant to the calculation of a GHG emissions source is generated outside corporate systems, an uplift factor is applied to account for this additional business activity. This is to ensure that we do not underestimate our GHG emissions. The uplift factor is calculated based on a reconciliation of activity data in corporate systems compared to another data source e.g. expenditure data. Uplift factors have been applied to data from Australia, New Zealand and the UK¹.

Reporting of GHG emissions

All GHG emissions figures reported as part of the NAB Group's environmental performance are in tonnes of carbon dioxide equivalents (tCO₂-e) and include the main GHGs covered in the Kyoto Protocol

– carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs), as relevant. The NAB Group does not have emissions of sulphur hexafluoride (SF₆). Our **Environmental Reporting and Offset Management Standard** sets out the decision framework we have used to establish which Scope 3 GHG emissions are included in our carbon inventory.

Further information on the methodologies and approaches used by NAB Group to prepare its environmental performance data, particularly energy and greenhouse gas data, is available on our **website**.

¹ Refer to the 2015 Group Environmental Performance Summary on our **website** for further information on the uplift factors we have applied to data calculated for the 2015 environmental reporting year.

NAB numbers

Customers

Customer information

Customer information	2015	2014	2013
Number of customers	12.6	12.7	12.4
Number of branches and business banking centres ¹	1,590	1,771	1,819
Number of ATMs	4,412	4,578	4,613

Business footings ² (%)	2015	2014	2013
Australia			
Accommodation, cafés, pubs and restaurants	2.5	2.6	2.8
Agriculture, hunting, forestry and fishing	6.2	6.3	6.7
Construction	3.3	3.3	3.6
Education	1.5	1.5	1.5
Electricity and gas and water supply	1.3	1.5	1.3
Finance and insurance	26.8	26.6	21.9
Government administration and defence	3.6	3.6	3.6
Health and community services, social work	3.5	3.6	3.6
Manufacturing	4.6	4.6	4.8
Mining	2.1	2.6	3.2
Property, renting and business services	31.7	30.4	32.7
Transport, storage and communications	3.4	3.6	3.9
Wholesale and retail trade, repairs	7.1	7.2	7.9
Recreational, personal and community service activity	2.3	2.5	2.7

Business footings (%)	2015	2014	2013
Group³			
Accommodation, cafés, pubs and restaurants	2.5	2.6	3.0
Agriculture, hunting, forestry and fishing	8.8	8.8	9.2
Construction	3.2	3.1	3.4
Education	1.7	1.7	1.8
Electricity and gas and water supply	1.3	1.4	1.3
Finance and insurance	26.1	26.0	19.8
Government administration and defence	3.2	3.3	3.4
Health and community services, social work	3.5	3.6	3.8
Manufacturing	5.1	5.0	5.2
Mining	1.8	2.1	2.8
Property, renting and business services	30.0	29.2	31.9
Transport, storage and communications	3.4	3.5	3.9
Wholesale and retail trade, repairs	7.1	7.2	8.0
Recreational, personal and community service activity	2.4	2.6	2.6

Online usage (Australia)	2015	2014	2013
Australia			
% of customers that are active users of internet banking	49.8	49.6	51.8

¹ Includes retail agencies, agribusiness branches, and private banking suites.

² Business footings refers to the combined total of deposit and lending volumes. Customers are classified by their respective Australian and New Zealand Industrial Classification codes.

Note that due to rounding, totals may not appear to equal 100%.

³ Data excludes information from the USA and Asia.

NAB numbers

Customers

Customer satisfaction and advocacy

Customer satisfaction and advocacy	2015	2014	2013
Australia			
Net promoter score – Mortgage customers ¹	-18	-24	-27
Net promoter score – Micro business ¹	-18	-19	-21
Net promoter score – Small business ¹	-19	-19	-15
Net promoter score – Medium business ¹	-7	-10	-13
Net promoter score – Priority segments ¹	-16	-18	-19
New Zealand			
Net promoter score – Retail customers ²	+17	+11	+18
Net promoter score – BNZ Partners customers ²	+9	+9	+6
Net promoter score – BNZ Micro business customers ²	-4	+7	0
United Kingdom			
Net promoter score – Personal customers	+58	+42	+31

Customer complaints	2015	2014	2013
Total number of customer complaints	250,525	209,829	192,342
Total number of complaints referred by customers to ombudsmen/external dispute resolution bodies	7,813	6,897	10,891
Total number of complaints referred to Privacy Commissioner ³ <small>G4-PR8</small>	15	14	43
Australia			
Total number of customer complaints	180,481	153,765	122,941
New Zealand			
Total number of customer complaints	17,250	20,154	29,459
United Kingdom			
Total number of customer complaints	52,794	35,849	39,879

¹ Source: Roy Morgan Research 6 month moving AFI advocacy, DBM (BFSM) 6 month moving AFI advocacy. Priority Segments Net Promoter Score (NPS) is a simple average of the NPS scores of four priority segments: Mortgage Customers, Micro (<\$1m) business, Small (\$1m-<\$5m) business and Medium (\$5m-<\$50m) business. Net Promoter, Net Promoter Score and NPS are registered trademarks of Bain & Company Inc., Satmetrix Systems Inc. and Fred Reichheld.

² Source: Camorra Research - Retail Market Monitor; TNS Business Finance Monitor. Retail data is on a 6 month roll. Partners and Micro business data on a 12 month roll. Partners (annual turnover of NZ\$1m - \$150m) Micro Business (annual turnover of <NZ\$1m).

³ 2014 figures have been re-stated to ensure consistent methodology is used across time periods.

NAB numbers

Customers

Financial inclusion and hardship

Microfinance (Financial inclusion)¹ <small>G4-F57</small>	2015	2014	2013
Number of low-income Australians assisted with products/services (Mission 1 million)	58,343	66,714	61,609
Number of microfinance loans written	23,475	25,526	23,785
\$ value of microfinance loans written (\$m)	28.3	33.6	31.7
Number of microfinance loans written since inception (cumulative)	127,173	103,698	78,172
\$ value of microfinance loans written since inception (cumulative) (\$m)	166.4	138.1	104.5
Total number of clients assisted through Indigenous Money Mentor program	942	1,007	1,158
Total \$ value of AddsUp accounts matched (cumulative) (\$)	871,789	619,329	440,529
Total \$ value of NILS loans provided (cumulative) (\$m)	93.7	75.2	55.7
Total \$ value of StepUP loans provided (cumulative) (\$m)	38.3	33.5	25.5
Total \$ value of Microenterprise loans provided (cumulative) (\$m)	27.5	25.6	21.5
Total clients assisted by Good Money stores	7,012	6,404	4,503
Total number of AddsUP accounts matched (cumulative)	1,750	1,244	886
Total number of AddsUP accounts opened (cumulative)	4,235	2,882	1,996
Total number of NILS loans provided (cumulative)	108,821	88,265	66,633
Total number of StepUP loans provided (cumulative)	13,294	11,556	8,840
Total number of Microenterprise loans provided (cumulative)	1,818	1,697	1,413
New Zealand			
Total number of NILS loans provided (cumulative)	43	N/A	N/A
Total number of StepUP loans provided (cumulative)	84	3	N/A
Total number of all microfinance loans provided (cumulative)	127	3	N/A
Total value of microfinance loans provided (cumulative) (\$NZ)	352,949	8,500	N/A

Financial hardship assistance	2015	2014	2013
Number of customers who received hardship assistance	20,174	15,033	13,029
Number of customers who proactively sought hardship assistance	12,172	N/A	N/A

Socially responsible investment

	2015	2014	2013
Australia			
Total value of socially responsible investment (SRI) funds under management (\$m)	436	419	382
Socially responsible investment (% of total funds under management) (%)	0.31	0.31	0.30
Total funds under management (FUM) (\$m)	139,812	136,616	122,776

Project finance portfolio

	2015	2014	2013
Energy (Renewable) (%)	12.0	10.4	12.5

¹ Historical microfinance figures prior to 2015 have been re-stated to reflect the number of StepUP loans drawn down, prior methodology included number of StepUP loans approved.

NAB numbers

People

Workforce composition

Employment type ¹	2015	2014	2013
Permanent full-time	65%	66%	65%
Permanent part-time	15%	15%	15%
Casuals/temp/contractors	20%	19%	19%

Employment level ²	2015				2014			
	Female	%	Male	%	Female	%	Male	%
Executive management ³	166	32%	348	68%	164	31	373	69
Senior management	710	37%	1,189	63%	720	36	1,264	64
Managers and senior consultants	2,095	33%	4,298	67%	1,777	30	4,074	70
Junior management	4,204	47%	4,658	53%	4,230	47	4,736	53
Customer support	6,678	60%	4,481	40%	6,913	61	4,439	39
Operational support	10,606	74%	3,798	26%	11,306	74	3,954	26
Total workforce (headcount)	24,459	57%	18,772	43%	25,110	57	18,840	43

Workforce tenure	2015				2014			
	Female	%	Male	%	Female	%	Male	%
<1 year	4,558	8%	5,686	11%	4,907	9	5,229	10
1 year	3,269	6%	3,424	6%	2,923	5	3,224	6
2 – 3 years	3,779	7%	4,056	8%	4,403	8	4,612	9
4 – 5 years	3,493	6%	3,302	6%	3,098	6	2,852	5
6 – 10 years	5,097	9%	4,225	8%	5,534	10	4,498	8
11 – 15 years	2,782	5%	1,833	3%	2,896	5	1,795	3
16 – 20 years	2,022	4%	936	2%	2,118	4	878	2
21+ years	3,326	6%	2,129	4%	3,162	6	2,133	4

¹ Due to rounding in calculations, totals may not equal 100%.

² Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

³ Executive management positions (also known as senior executive positions) are those held by Executive Leadership Team members, Executive Leadership Team members' direct reports, and their direct reports. Note: Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in the data. As at 30 September 2015, the proportion of females reporting directly to the Group CEO on the Group Executive Leadership Team was 33%. Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

NAB numbers

People

Workforce composition

Age profile ¹	2015				2014			
	Female	%	Male	%	Female	%	Male	%
<25	1,715	4	1,182	3	2,029	5	1,275	3
25 – 34	7,711	18	6,267	14	7,898	18	6,321	14
35 – 44	6,995	16	5,755	13	7,106	16	5,902	14
45 – 54	5,404	13	4,050	9	5,439	12	3,912	9
55+	2,634	6	1,518	4	2,638	6	1,429	3

Age profile ¹	2015	2014	2013
Average age of total workforce	39	39	39
% of total workforce over 50	19%	19%	18%

Employee engagement² (Speak Up, Step Up 2015 Survey)

	2015	2014	2013
Job engagement score	62%	55%	NR
Organisation engagement score	64%	52%	NR
Enterprise engagement score	52%	42%	NR
Response rate	85%	85%	79%
Alignment to our values' score (Australia)	87%	NR	NR
Alignment to our values' score (New Zealand)	84%	NR	NR

Employee conduct

	2015	2014	2013
Number of breaches of our Code of Conduct (Australia)	870	N/A	N/A

Employee turnover³

	2015	2014	2013
Employee voluntary turnover rate ¹	10%	10%	11%
Employee involuntary turnover rate ¹	2%	3%	4%
Employee turnover rate ¹	12%	13%	15%
Retention of 'Group Talent Pool' ⁴	95%	92%	NR
Australia			
Retention of high performing employees ⁵	95%	95%	95%
Voluntary attrition of high performing employees	5%	5%	5%

Return to work rate (parental leave) (2015)

	Female	Male
Australia		
Total number of employees who were entitled to parental leave	12,307	10,883
Total number of employees who took parental leave	835	5
Total number of employees who returned to work after parental leave ended	740	5
Total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work	687	1
Total number of employees who returned to work after parental leave ended who were still employed 2 years after their return to work	595	4
Return to work and retention rates of employees who took parental leave	89	100

^{NR} Not reported.

¹ Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

² 'Speak Up, Step Up' survey conducted by Right Management, May 2015. The Right Model (E8) measures engagement through our people's commitment, advocacy, satisfaction and pride in both their job (four questions) and in the organisation (four questions). The enterprise engagement score requires our people to answer favourably to all eight items to be considered engaged. Information on historical data can be found in our Dig Deeper. In 2015, a subset of questions in the survey has been used to create an 'Alignment to our values' index. It measures the level of favourable responses to the following statements: NAB has a clear set of values and behaviours, that everyday work is guided by these, and that the values and behaviours are demonstrated every day throughout the organisation.

³ Number of all employees who exited the bank each year (voluntarily, involuntarily, or total), as a percentage of the average permanent headcount for each respective year.

⁴ Talent pool based on employees within Australia and branches in London, New York, Wellington and Asia.

⁵ The percentage of employees recognised as high performing during their 2014 performance review (performance rating of 4A, 5B or 5A) that remain employed at 30 September 2015.

NAB numbers

People

Remuneration

Ratio of basic salary – female to male ¹	2015	2014
Australia		
Executive management ²	0.79	0.83
Senior management	0.87	0.86
Managers and specialist experts	0.93	0.93
Junior management	0.97	0.96
Customer support	1.01	1.00
Operational support	0.99	0.98
New Zealand³		
Executive management ²	0.94	0.98
Senior management	0.82	0.85
Managers and specialist experts	0.92	0.88
Junior management	0.96	0.94
Customer support	0.94	0.94
Operational support	0.99	0.99
United Kingdom		
Executive management ²	0.77	0.83
Senior management	0.83	0.82
Managers and specialist experts	0.84	0.85
Junior management	0.94	0.95
Customer support	0.89	0.93
Operational support	1.07	1.07
Asia		
Executive management ²	1.20	1.37
Senior management	0.89	0.72
Managers and specialist experts	0.75	0.77
Junior management	1.01	1.05
Customer support	1.09	1.18
Operational support	0.81	1.23

Performance-related compensation as a percentage of total compensation	2015
Executive management ²	28%
Senior management	25%
Managers and specialist experts	19%
Junior management	10%
Customer support	6%
Operational support	4%

Employment pathway and development programs

Indigenous employment	2015	2014	2013
Australia			
Number of Indigenous employees – School-based trainees	71	81	99
Number of Indigenous employees – Full-time trainees	23	20	15
Number of Indigenous employees – Trainees graduating to permanent	18	30	33
Number of Indigenous employees – Central recruitment	11	11	9
Number of Indigenous employees – Interns	12	10	5

African Australian Inclusion Program (AAIP)	2015	2014	2013
Australia			
Participants in African Australian Inclusion Program who have secured ongoing employment in their field (%)	95	87	95
Number of graduates – Male	20	13	23
Number of graduates – Female	20	11	15

Employee development programs	2015	2014	2013
Australia			
Number of participants in MyFuture workshops (People Leader and employee streams)	71	67	183
Number of participants in Realise program	284	219	250
Number of participants in Senior Realise program	143	81	28
Number of participants in the Board Ready program	234	257	293

¹ Source: Internal. Average remuneration calculated as: total of all remuneration (annualised for part time employees) divided by the actual number of employees within each employment level, by gender). Ratio is calculated as average female remuneration divided by average male remuneration per employment level. See the 'People' disclosures of the NAB Numbers section for further information. Data is based on our permanent population only (excludes external employees such as casual employees and contractors).

² Executive management positions (also known as senior executive positions) are those held by Executive Leadership Team members, Executive Leadership Team members' direct reports, and their direct reports. Note: Support roles reporting in to these roles (for example, Executive Manager and Executive Assistant) are not included in the data.

³ 2014 figures have been re-stated to ensure salary ratios are calculated using the the full-time equivalent salary for each employee.

NAB numbers

People

Health, safety and wellbeing

Lost time injury frequency rate (LTIFR) ¹	2015	2014	2013
Australia	0.83	1.18	1.33
New Zealand	1.48	1.72	1.17
United Kingdom	0.75	0.45	0.53

Absenteeism ²	2015	2014	2013
Australia	7.46	7.55	7.52
New Zealand ³	6.51	6.39	5.91
UK	7.9	7.55	8.84

Total lost days due to work-related stress	2015	2014	2013
Australia	4,530	5,147	4,880

Remote access services

	2015	2014	2013
Number of employees with remote access to NAB Group's corporate systems (through RAS Tokens, or other equivalent solutions)	30,102	26,647	16,153
Percentage of employees (headcount) with remote access to NAB Group's corporate systems (through RAS Tokens, or other equivalent solutions)	70%	61%	39%

Capability and training

Training hours and spend (2015)	Female	Male
Australia		
Number of training hours completed (by level)		
Group 4 (hrs)	60,633	131,306
Group 3 (hrs)	107,531	135,292
Group 2 (hrs)	169,708	119,530
Group 1 (hrs)	192,311	90,607
Total (hrs)	530,184	476,735
Average training hours per employee (by level)		
Group 4 (hrs)	27	31
Group 3 (hrs)	35	38
Group 2 (hrs)	38	39
Group 1 (hrs)	28	33
Total training spend (by level)		
Group 4 (\$m)	\$1.7	\$3.8
Group 3 (\$m)	\$3.1	\$3.9
Group 2 (\$m)	\$4.9	\$3.4
Group 1 (\$m)	\$5.5	\$2.6
Total (\$m)	\$15.2	\$13.6

¹ **Australia and New Zealand:** Lost time injuries are defined as a workplace injury resulting in an employee being absent from work for at least one full day, and for which the employee receives workers compensation. LTIFR = Lost time injuries × 1,000,000 hours worked ÷ (average annual full-time equivalent employees × 40-hour working week × 46 weeks per year). In Australia, past results have been revised upwards due to additional lost time injuries being recorded after the reporting period has ended. Current year results are also likely to be revised as additional lost time injuries are recorded in our system. Any updates will be reflected in future reporting. **United Kingdom:** Lost time injuries are defined as workplace injuries which result in an employee being absent from work for over seven days as per the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. LTIFR = Lost time injuries × 1,000,000 hours worked ÷ (month end full-time equivalent employees × working days in the month × 7 hours).

² Absenteeism represents the total number of unscheduled absence days during the period divided by the average number of full time equivalent employees (excluding casual employees). Past results have been revised upwards due to additional absences being recorded after the reporting period has ended. Current year results are also likely to be revised as additional absences are recorded in our system. Any updates will be reflected in future reporting.

³ Figures prior to 2015 have been re-stated to be calculated using all unscheduled leave absence types. Figures reported in previous years were based on sick leave only.

NAB numbers

People

Capability and training

Average amount spent per FTE on training and development	2015	2014	2013
Australia (\$)	1,070	859	1,235

Workplace relations

Employees covered by collective bargaining agreements	2015	2014	2013
Australia (%)	100	100	100
New Zealand (%)	10	11	12
United Kingdom (%)	96	96	96

Number of consultations/negotiations with trade unions over organisational changes (e.g. restructuring, outsourcing)	2015	2014	2013
Australia	225	107	NR
New Zealand	18	NR	NR
United Kingdom	27	47	NR

NAB numbers

Community

Community

Community investment	2015	2014	2013
Total community investment (\$m)	59.2	67.6	66.5
Community investment as a % of statutory net profit before tax (%)	0.65	0.87	0.87

Community investment cash spend – % by focus area	2015	2014	2013
Arts and culture	2%	2%	2%
Disadvantage/welfare	10%	14%	15%
Education and young people (including financial literacy)	25%	22%	23%
Emergency relief	4%	1%	3%
Enterprise and economic development	3%	10%	3%
Environment and bio-diversity	5%	2%	3%
Health and medical research	6%	5%	11%
Sport	28%	23%	21%
Issues that matter to us	17%	21%	19%

Community investment – % by category	2015	2014	2013
Charitable gifts and donations	6%	5%	10%
In-kind volunteering	18%	15%	13%
In-kind support	<1%	1%	<1%
Foregone revenues and interest paid	34%	38%	42%
Community investment	18%	19%	16%
Commercial initiatives (community sponsorships)	16%	15%	14%
Management costs	8%	7%	5%

Community investment – % by region	2015	2014	2013
Australia (including US)	78%	80%	83%
New Zealand	14%	13%	10%
UK	8%	7%	7%
Asia	<1%	<1%	<1%

Community investment (\$m) by category	2015	2014	2013
Charitable gifts and donations (\$m)	3.7	3.7	6.6
In-kind volunteering (\$m)	10.5	10.3	8.5
In-kind support (\$m)	0.2	0.3	0.1
Foregone revenues and interest paid (\$m)	19.8	25.9	28.0
Community investment (\$m)	10.7	12.5	10.6
Commercial initiatives (community sponsorships) (\$m)	9.3	10.1	9.3
Management costs (\$m)	5.0	4.8	3.4

Volunteering	2015	2014	2013
Number of days	28,022	27,750	22,679
% change on previous year	1.0%	22.4%	-13.6%
Value of contribution (\$m)	10.5	10.3	8.5

Australia	2015	2014	2013
% of employees who took volunteer leave ¹	43%	52%	45%
Number of skilled volunteering days	2,074	2,010	1,916

¹ Calculated as total number of volunteering days divided by total number of employees as at 30 September 2015. Prior to 2015, calculation was based on number of full-time equivalent employees as at 30 September.

NAB numbers

Supply chain

Supply chain

	2015	2014	2013
Spend on all suppliers ¹ (\$m)	5,836	5,269	4,919
Number of contracted suppliers	1,746	1,787	2,009
Number of material suppliers ²	94	90	186
Percentage of material suppliers that are signatories to GSSPs ²	47	32	44
Number of supply contracts entered into in the reporting period	482	555	592
Number of SustainAbility Action Plans – new or in progress	61	28	18
Number of SustainAbility Action Plans – completed	0	10	15
Number of diverse suppliers engaged ³	15	8	8

¹ Total spend across all suppliers is based on 11 months of data with one month estimated due to timing of reporting. All other data is as of 31 August 2015.

² In New Zealand, we conducted a review of the classifications in our supply chain in 2015 and a number of our Strategic suppliers were reclassified as a result.

The figures reported in total number of material suppliers and the percentage of material suppliers that are signatories to GSSPs have been impacted as a result.

³ See page 40 for details about our Supplier Diversity Program.

Definitions of 'material' supplier in each of our operating regions

For our reporting purposes, Category 1 suppliers in the UK and Strategic suppliers in New Zealand are considered equivalent to the definition of Material supplier in the other regions.

Category 1 supplier (UK) – A supplier that supports a critical process that has the potential, if disrupted, to have significant impact on the UK's business operations, or is reported to the Financial Conduct Authority as a material outsourced or service contract.

Material supplier (AUS) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB Group's business operations or its ability to manage risks effectively.

Material supplier (GWB) – A supplier with significant spend (over \$1,000,000 USD) whose activity, if interrupted, could impact on business operations.

Material supplier (NAB Hong Kong) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB Hong Kong's business operations or its ability to manage risks effectively. (This definition will not be used to determine whether an arrangement with a third party supplier is considered outsourcing as this has to be determined by the Hong Kong Monetary Authority rule which may change from time to time.)

Material supplier (NAB Singapore) – A supplier that performs an outsourcing activity which, in the event of a service failure or security breach, has the potential, to materially impact NAB Singapore's business operations, reputation, profitability or adversely affect NAB Singapore's ability to manage risks and comply with applicable laws and regulations or which involves customer information and, in the event of any unauthorised access or disclosure, loss or theft of customer information, may materially impact NAB Singapore's customers.

Material supplier (NAB Japan) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB Japan's business operations or its ability to manage risks effectively.

Material supplier (NAB India) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB India's business operations, reputation, profitability or its ability to manage risks effectively.

Material supplier (NAB China) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on NAB China's business operations or its ability to meet local regulatory requirements and the services supplied cannot be quickly replicated in house under business continuity arrangements.

Strategic supplier (BNZ) – A supplier that performs an outsourcing activity that has the potential, if disrupted, to have a significant impact on BNZ's business operations or ability to manage risks effectively or that their spend is so significant that they require careful monitoring.



NAB numbers

Environment

Environmental performance summary¹

Statement of position for the Group

Indicator	2015	2014	2013	2012	2011
Employee numbers (FTE) ²	43,205	42,480	42,993	44,054	45,153
Property space occupied (m ²)	1,031,640	1,075,345	1,079,403	1,101,213	1,133,042
Total operating expense ^{3,4} (\$m)	(9,899)	(9,987)	(8,410)	(7,828)	(7,974)
Underlying profit ^{3,4} (\$m)	9,399	8,534	10,153	10,396	9,620
Water consumption (estimate) ⁵ (kL)	612,222	656,838	686,234	679,287	722,590
Waste to landfill (estimate) ⁵ (tonnes)	2,850	3,548	3,388	3,528	3,786
A3 & A4 office paper purchased (tonnes)	1,156	1,306	1,440	1,538	1,687
Net energy consumption (GJ)	1,083,881	1,117,629	1,102,678	1,139,452	1,144,975
Gross GHG emissions (tCO ₂ -e) ⁶	276,584	297,691	311,024	305,558	319,090

Summary of performance trends

Energy – The NAB Group’s net energy consumption from buildings and vehicles in 2015 was 1,083,881 GJ. This represents a decrease of 3%, primarily due to a 2.4% (16,300 GJ) reduction in net energy consumption in Australia as a result of the full twelve months of operation at our new environmentally designed building at 700 Bourke Street Docklands – and the exclusion of energy use from the less energy efficient buildings we exited in transitioning to the new Bourke Street address. We are now realising the full environmental benefits from this major transformation project started in 2010. Energy efficiency measures and the ongoing transition to more efficient fleet vehicles has contributed to a 3% (4,000 GJ) decrease in NZ’s net energy use. Energy use in the US has decreased by 21% (25,800 GJ) this year due to milder winter weather and less demand for heating.

Emissions – The NAB Group’s gross GHG emissions in 2015 were 276,584 tCO₂-e. This represents a 7% decrease compared to the prior year. This was mainly due to the implementation of energy efficiency initiatives, a decrease in business travel-related emissions, and a greater proportion of renewable energy in the NZ grid supplied electricity mix. Emissions from the vehicle fleet have also increased – particularly in Australia, where this has been influenced by a stronger tilt to support growth trends in agri-business.

Waste – Waste to landfill (tonnage) has decreased by 20% compared to prior year. This decrease is driven by a general reduction in waste across the group. In Australia, improvements in data quality and enhanced data collection methodology – as well as a reduction in the number of general waste bins collected from commercial buildings – have contributed to the decrease in waste to landfill. In the UK, we now have a 100% diversion rate of general waste to other recyclable waste streams or incineration within the UK business.

Paper – Office paper consumption continues to decrease due to the continued impact of flexible working environments, and technology solutions such as Follow You Printing.

Water – NAB Group water consumption decreased by 7% compared to prior year. This decrease is mainly attributable to reductions realised in the commercial network portfolio, and water savings from our environmentally designed building at 700 Bourke Street. While we first started occupying this building back in 2013, this reporting period is the first full 12 months of operation at the new site – with no legacy sites included.

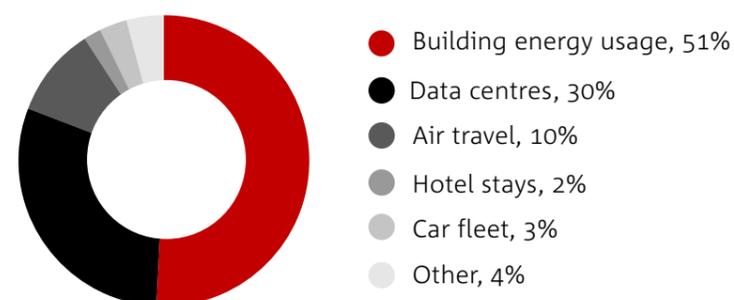
Please refer to our **Group Environmental Performance Summary** – which includes regional performance data, and details of the methodologies we have used to calculate our data.

Environmental compliance

NAB Group is subject to a range of environmental regulatory requirements in the countries where we operate. Please refer to page 28 of NAB’s 2015 Annual Financial Report for more information regarding our environmental regulatory obligations and compliance. During the 2015 environmental reporting period:

- NAB Group was not subject to any material environmental fines or penalties; and
- there were no significant spills from any NAB Group storage facility.

GHG emissions by source



¹ KPMG has provided assurance on current and historical specified GHG emissions and offset data presented in this Group Environmental Performance Summary.

² Employee numbers in this Statement of Position above, as well as those used for normalisation of activity and GHG emissions data in the subsequent Notes to the Environmental Performance Summary, are based on a monthly average number of employees across the period 1 July to 30 June each year.

³ These numbers correspond to the NAB Group’s financial year ending 30 September.

⁴ Use of Underlying Profit as a metric (rather than measures of profit or economic activity) for normalisation of our environmental performance data allows for meaningful comparison to prior years’ data and to financial intensity measures used in our CDP disclosures due to the nature of our underlying business activities.

Please refer to page [2] of NAB’s 2015 Full Year Results Announcement (available at www.nab.com.au) for a more detailed explanation of the elements comprising the Underlying Profit.

⁵ 2014, 2013, 2012 and 2011 water consumption and waste to landfill numbers include United States, Australia, United Kingdom and New Zealand.

⁶ Gross GHG emissions have been restated for the 2013 and 2014 reporting years due to a reclassification of some organic waste to waste to landfill in NZ.

NAB numbers

Environment

Group Reduction Targets (against a 2013 baseline by 30 June 2016)

	2013 Baseline	2015 Actuals	Change	Status
5% reduction building energy emissions ¹	204,079	193,781	-5.0%	✓
5% reduction in energy use ¹	967,127	898,044	-7.1%	✓
Increase waste diverted from landfill to 75% ²	62%	63%	63%*	~
10% reduction in office paper consumption	1,440	1,156	-19.7%	✓
5% reduction in water consumption	686,234	605,647	-11.7%	✓
Increase proportion of customers receiving online statements to 30% as at 30 June each year ³	28%	34%	34%*	✓

*As this target is a percentage outcome, the "Change" value is equal to the 2015 result.

Key

- ✓ Trending towards reduction target
- ~ Not expected to meet target

This year marks the second year of reporting on our 2014-16 Group-wide environmental performance targets. Five of the six Group targets are tracking ahead of forecast and are expected to be met, with the exception being the waste diversion from landfill target, which is not increasing at the rate forecast, and which we are unlikely to meet in 2016. While waste diversion rates have remained flat, we have seen significant decreases in both waste to landfill (20%) and recycled waste streams (33%). Please refer to our Group Environmental Performance Summary for a detailed analysis of our performance against our targets.

¹ Our targets for GHG emissions from stationary energy in buildings and energy use in buildings are from the following sources: Australia – energy use and GHG emissions from electricity, diesel and gas; New Zealand – energy use and emissions from electricity and gas; UK – energy use and GHG emissions from gas and electricity; US – electricity and emissions from the GWB operations. Asia – electricity usage and related emissions.

² Waste recycled and waste to landfill volumes have been decreasing at a similar rate (14% and 13% reduction from 2013 base year respectively).

³ Customer statements data is for our Australian, New Zealand and US businesses only.

GRI index

General Standard Disclosures

The following tables have been provided to help the reader in locating content within our annual reporting suite, and are organised and presented in accordance with the GRI G4 Framework, using the 'Core' option. Each indicator is followed by reference to the appropriate pages in the 2015 Annual Review, 2015 Dig Deeper, NAB's website, or other publicly available sources.

General Standard Disclosures

Section	Profile Disclosure	Description	Publication	Page	
Strategy and Analysis	G4-1	Statement from the Chairman and the CEO	AR	5-6	
Organisational Profile	G4-3	Name of the organisation	AR	7	
	G4-4	Primary brands, products, and/or services	AR	7	
	G4-5	Location of the organisation's headquarters	AR	32	
	G4-6	Countries where the organisation operates	AR	7	
	G4-7	Nature of ownership and legal form	AFR	76	
	G4-8	Markets served	AR	7	
	G4-9	Scale of the organisation	AR	7	
	G4-10	Workforce characteristic	DD	30	
	G4-11	Employees covered by collective bargaining agreements	DD	62	
	G4-12	Organisation's supply chain	DD	22	
	G4-13	Changes in the organisation's size, structure, ownership, or its supply chain	AR	12	
	G4-14	Precautionary approach to risk management	AR	25	
	G4-15	Externally developed charters, principles, or other initiatives to which the organisation subscribes	WEB		
	G4-16	Memberships in associations	WEB		
	Identified Material Aspects and Boundaries	G4-17	Entities included in the organisation's consolidated financial statements	AR	28, 30
		G4-18	Process for defining the report content and the Aspect Boundaries	DD	5-11
G4-19		Material Aspects identified in defining report content	DD	5, 69	
G4-20		Aspect Boundary for material Aspect within the organisation	DD	69	
G4-21		Aspect Boundary for material Aspect outside the organisation	DD	69	
G4-22		Restatements of information provided in previous reports	DD	54	
G4-23		Significant changes from previous reporting periods in the Scope and Aspect Boundaries	DD	54	



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General Standard Disclosures

Section	Profile Disclosure	Description	Publication	Page
Stakeholder Engagement	G4-24	Stakeholder groups engaged by the organisation	DD	10
	G4-25	Identification and selection of stakeholders to engage	DD	10
	G4-26	Organisation's approach to stakeholder engagement	DD	10
	G4-27	Key topics and concerns that have been raised through stakeholder engagement	DD	5-11
Report Profile	G4-28	Reporting period	DD	54
	G4-29	Date of most recent previous report	WEB	
	G4-30	Reporting cycle	DD	54
	G4-31	Contact point for questions regarding the report	AR	32
	G4-32	GRI Content Index	DD	67-68
	G4-33	External assurance	DD	70
Governance	G4-34	Governance structure of the organisation	AR	23
Ethics and Integrity	G4-56	Organisation's values, principles, standards and norms of behavior	AR	17

Specific Standard Disclosures

Aspect	Profile Disclosure	Description	Publication	Page	External Assurance
Customer service and satisfaction					
Product and Service Labelling	G4-PR5	Results of surveys measuring customer satisfaction	DD	13	●
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	DD	14	●
Customer security					
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	DD	56	
Responsible finance (lending)					
Product Portfolio	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	DD	20-21, 55	●
Product Portfolio	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	DD	57	●
Product Portfolio	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	DD	43	
Product Portfolio	FS1 (DMA)	Policies with specific environmental and social components applied to business lines	DD	18-22	

GRI index

Materiality matrix content table

Materiality Matrix Content Table

Material Aspects	Employees	Customers	Society & the world around us	Owners and investors
Improving the customer experience				
Product and Service Labelling		●	●	●
Grievance Mechanisms for Impacts on Society		●	●	●
Customer security				
Customer privacy	●	●	●	●
Responsible lending				
Product Portfolio	●	●	●	●
Ethics and business conduct				
This issue arose during the materiality process and is detailed in the Governance section of the Annual Review	●	●	●	●
Transparency and disclosure				
This issue arose during the materiality process and is detailed in throughout the Annual Review		●	●	●
Values aligned culture				
This issue arose during the materiality process but does not map directly to a GRI G4 material aspect. We provide additional content on this item throughout the report	●	●	●	●
Good governance processes				
This issue arose during the materiality process but does not map directly to a GRI G4 material aspect. We provide additional content on this item throughout the report Covered in G4-34	●	●	●	●



Assurance statement

To provide our stakeholders with a greater level of confidence in our reporting, we engage Ernst & Young to provide limited assurance over key metrics included in the 2015 Annual Review and the 2015 Dig Deeper and limited-level assurance that NAB has identified and reported on its material topics and that the associated disclosures are complete within the 2015 Annual Review.

Additionally, KPMG provide reasonable assurance over our Australian National Greenhouse and Energy Reporting (NGER) data (Scope 1 and 2 GHG emissions), along with limited assurance over the following:

- Specified GHG emissions and offset data relating to NAB Group;
- Renewable energy generation as a proportion (%) of the Group's exposure to the power generation sector, expressed as Exposure at Default (EAD), as at 30 September 2015; and
- Project Finance (PF) by sector as a proportion (%) of total PF portfolio value, expressed as total committed and uncommitted exposure, as at 30 September 2015.

The metrics (other than environmental metrics) covered by external assurance are listed below – and were compiled by taking into account NAB's business-wide reporting priorities and feedback we received through our annual Materiality Review. The assurance statements provided by Ernst & Young are available on our **2015 Dig Deeper microsite**. The assurance statements provided by KPMG are available **online here**.

Key metrics covered by Ernst & Young's limited assurance

1	Code of Conduct breaches (includes discrimination incidences) (Australia only)
2	Number of branches and business banking centres (Group)
3	Number of ATMs (by accessibility type) (Group)
4	Net Promoter Score (by segment: Mortgage, Micro, Small, Medium, Priority Segments) (Australia only)
5	Total customer complaints (by region and by category - showing percentage change) (Australia only)
6	Number of customers assisted experiencing financial hardship (Australia only)
7	Cumulative number of low income Australians assisted with products / services (Australia only)
8	Number and dollar value of microfinance loans written (by type) (Australia only)
9	Share of users for Retail Internet Banking usage (Australia only)
10	Business footings (by sector) (Australia only)
11	Total workforce (by FTE, Headcount, age group, gender, employment type) (Group)
12	Female representation in total workforce (Group)
13	Female representation in Executive management (Group)
14	Percentage of total workforce over 50 (Group)
15	Total number and rate of employee turnover (by region, voluntary/involuntary, age and gender) (Group)
16	Total retention rate of talent pool (Australia only)
17	Total Retention rate of high performers (4A, 5B, 5A) (Australia only)
18	Return to work rate (from primary carers leave, long service leave and parental leave) (Australia only)
19	Ratio of basic salary, female to male (by employment level) (Group)
20	SUSU: Organisation Engagement score (Right Management model) (Group)
21	SUSU: Overall Enterprise Engagement score (Right Management model) (Group)
22	SUSU: Job Engagement score (Right Management model) (Group)
23	SUSU: Response rate (Right Management model) (Group)
24	SUSU: Living our group subsidiary Values score (Right Management model) (Australia only)
25	Female representation on Group subsidiary boards (Group)
26	LTIFR (AUS and NZ) – including total days lost due to stress (Australia only)
27	Absenteeism (AUS and NZ)
28	Community investment (by dollar value, region, type, focus area) (Group)
29	Cumulative number of volunteer hours (Australia only)
30	Number and dollar value of volunteer days (skilled and general) (Group)
31	Percentage of critical / material / strategic suppliers that are signatories to Supplier Sustainability Principles (Group)

- Biodiversity**
The variety of flora and fauna – nature’s ‘living’ assets.
- BNZ**
Bank of New Zealand [Limited].
- Carbon footprint**
The measure of the impact that activities in a defined carbon inventory will have on the environment; measured in units of carbon dioxide equivalent.
- Carbon inventory**
A defined list of GHG emission sources that an organisation uses to calculate its carbon footprint.
- Carbon offset**
A credit that is purchased to negate an amount of carbon (one tonne) included in a defined carbon footprint.
- CEFC**
Clean Energy Finance Corporation.
- Clydesdale Bank**
Clydesdale Bank Plc.
- Continuing operations**
The components of the NAB Group which are not discontinued operations.
- CO₂-e (carbon dioxide equivalent)**
The common unit of measure for the expression of Greenhouse Gas (GHG) emissions. Each unit of GHG has a different global warming potential. Therefore all greenhouse gases are converted back to tonnes (tCO₂-e) of carbon dioxide equivalent to enable consistent comparison and measurement.
- Dollars or \$**
Australian dollars unless specified otherwise.
- Discontinued operations**
A component of the NAB Group that either has been disposed of, or is classified as held for sale, and represents a major line of business or geographical area of operations, which is part of a single co-ordinated plan for disposal.
- Ecosystem**
A natural habitat which includes a combination of soil, air, water, flora and fauna, and climate e.g. desert, forest, ocean, grassland.
- Ecosystem services**
Natural services derived from the earth’s natural assets, on which human beings are reliant. Ecosystem services are worth trillions of US dollars per year and provide food, fibre, water, health, energy, climate security and other essential services for everyone. The United Nations 2004 Millennium Ecosystem Assessment (MEA) grouped ecosystem services into four broad categories:
- Provisioning – such as the production of food and water;
 - Regulating – such as the control of climate and disease;
 - Supporting – such as nutrient cycles and crop pollination; and
 - Cultural – such as spiritual and recreational benefits.
- Environmental, Social and Governance (ESG)**
Describes the consideration of the environment, social and governance factors that impact on the risk and return profile of a company’s operations and investments. ESG risk incorporates the three main areas of concern that have developed as the central factors in measuring the sustainability and ethical impact of a company’s operations. They can arise directly through a company’s own operations, or indirectly through customers and suppliers. ESG issues include managing the company’s carbon footprint, addressing diversity, human rights and financial inclusion and ensuring there are policies and structures in place to provide robust management of the organisation.
- Equator Principles (EPs)**
A voluntary set of standards for determining, assessing and managing social and environmental risk in project finance transactions. Equator Principles Financial Institutions (EPFIs) commit to not providing loans to projects where the borrower will not or is unable to comply with their respective social and environmental policies and procedures that implement the EPs. Refer to **website**.
- Exposure at Default (EAD)**
An estimate of the total committed credit exposure expected to be drawn at the time of default for a customer or facility that the NAB Group would incur in the event of a default.
- FTE**
Full Time Equivalent. A measure for reporting employee numbers.
- Greenhouse gas (GHG) emissions**
Gaseous pollutants released into the atmosphere that amplify the greenhouse effect. Gases responsible include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.
- Group Supplier Sustainability Principles (GSSPs)**
Sets out the sustainability requirements of companies we procure goods and services from. See our **website** for more information.
- Headcount**
Represents the total number of employees within the workforce, regardless of full-time or part employment status.
- London Benchmarking Group (LBG)**
Global model to measure Corporate Community Investment.
- LBG – Charitable gifts and donations**
Includes intermittent support to wide range of good causes in response to the needs and appeals of charitable and community organisations.
- LBG – Commercial initiatives**
Refers to commercial activities or sponsorships, intended to directly promote the company’s brand whilst also providing some community benefit.
- LBG – Community investment**
Describes the long-term involvement in community partnerships to address a limited range of social issues.
- LBG – Forgone revenue**
The revenue a company chooses to forego to the benefit of the community. For example, the forgone interest on microfinance loans provided by NAB.
- LBG – In-kind support**
Describes the monetary value of goods or services provided by the company for community organisations.



LBG – In-kind volunteering

Refers to the total number and value of time provided by the company to allow employees to volunteer with organisations. This does not include volunteering provided outside of standard work hours, unless time in lieu is provided to the employee.

LBG – Management costs

The total value of the costs incurred in delivering programs, products and services designed to promote community benefit (for example, direct salaries and administration costs of payroll giving programs).

Materiality Review

Our formal assessment of ESG topics affecting the organisation and influencing the decisions of our stakeholders.

NAB

National Australia Bank Limited (ABN 12 004 004 937).

NAB Group

NAB and its controlled entities (including Clydesdale Bank and BNZ).

Natural Capital

Comprises Earth's natural assets (biodiversity and ecosystems) and the ecosystem services resulting from them.

Natural Value

Recognition of the contribution that biodiversity and ecosystem goods and services have on economic sustainability.

Natural Capital Declaration (NCD)

A statement by financial institutions that recognises that Natural Capital poses significant risks and opportunities. The Declaration has been endorsed by 28 global financial institutions to date and is

also supported by 38 various NGOs and Associations. Signatories have committed to implementing natural capital considerations into their businesses and to collaborate in developing shared tools and industry standards by 2020. The Declaration has been convened by United Nations Environment Program Finance Initiative's (UNEP FI) Global Canopy Programme and The Centre for Sustainability Studies, Guetulio Vargos Foundation. Refer to [website](#).

Net Promoter Score

Measures how likely a customer would be to recommend NAB to a friend or colleague on a scale of 0-10. The overall score is calculated by subtracting the percentage of customers that answer 6 or below ('detractors') from the percentage of customers that answer 9 or 10 ('promoters').

Scope 1 GHG emissions

This includes direct emissions from within an organisation's boundary. These emissions are from sources that the organisation owns or controls such as:

- combustion of fuel in boilers, furnace or generators that are owned or controlled by the reporting company;
- generation of electricity, steam or heat in equipment that is owned or controlled by the reporting company;
- business travel in vehicles such as company cars or corporate jets that are owned or controlled by the reporting company employee commuting in company-owned or controlled vehicles, such as company cars; and
- HFC emissions from company owned or controlled refrigeration or air-conditioning equipment.

Scope 2 GHG emissions

Indirect emissions from electricity that is used by the organisation but is generated outside the organisation's boundary by another company, such as an electricity provider. This is called 'purchased electricity'. This includes indirect emissions from consumption of purchased electricity, steam, or heat.

Scope 3 GHG emissions

All other indirect emissions that occur outside the boundary of the organisation as a result of the activities of the organisation including indirect emissions from:

- business travel in non-company owned or controlled vehicles, such as rental cars, employee cars, rail and commercial planes combustion of fuel in boilers or furnaces not owned or controlled by the reporting company;
- employee commuting in vehicles not owned or controlled by the reporting company, such as light rail, rail, buses and employees' cars;
- third-party production or manufacture of materials and resources used by the reporting company, such as furniture, paper and equipment; and
- indirect losses resulting from the transmission of electricity and other fuels.

Shared Value

The generation of measurable business returns by addressing social and environmental challenges.

We, Our or Us

Refers to NAB, BNZ, Clydesdale Bank or the NAB Group as the context requires.

