

People Dig Deeper



We're committed to being the best employer

We recognise that with over 43,000 employees, we play a significant role in the lives of a diverse range of people. Our focus on leadership, culture and capability helps us to build a better workplace and an organisation with which our customers want to do business and where people really want to work.

This is our third year producing an integrated Annual Review on our business – combining our previously separate Shareholder Review with our Corporate Responsibility Review.

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

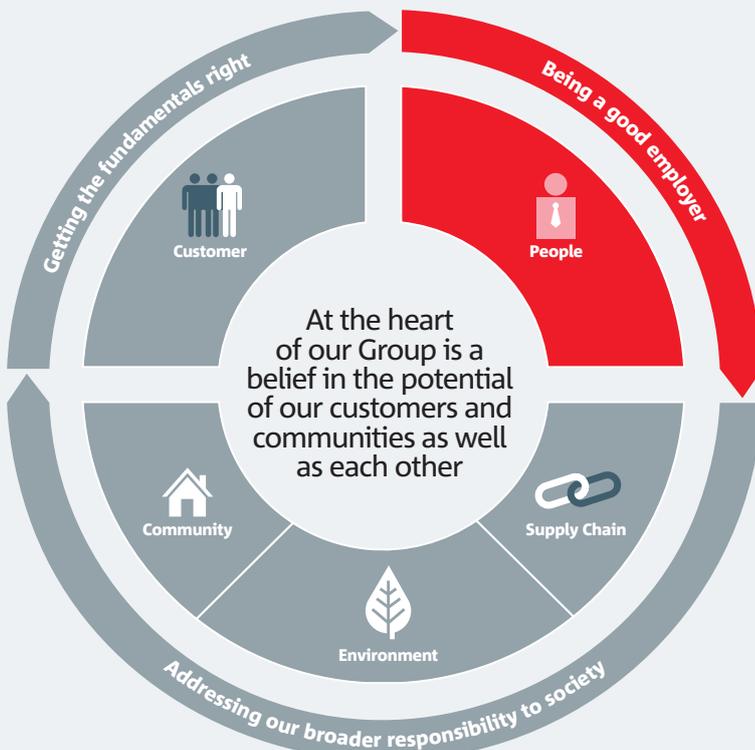
consumer advocacy groups, non-government organisations and business leaders on the most material issues to NAB. We then focus on including details on these issues in our Annual Review.

We understand, though, that we have a diverse range of stakeholders, with a wide range of interests in our business. Our *Dig Deeper* papers aim to give extra performance commentary and data around our CR segments – allowing our Annual Review to be a succinct overview of performance against NAB's material issues.

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

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

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



People issues

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

Access and retention of skilled staff

Diversity and inclusion

OHS & Wellbeing

Responsiveness to changing internal needs

Values-aligned culture

Workplace relations

References to 'we', 'our', 'us', 'nab', 'NAB', the 'National', 'National Australia Bank' or the 'Company' are to National Australia Bank Limited ABN 12 004 044 937. The 'Group' refers to the National Australia Bank Limited and its controlled entities. All references are as at 30 September 2012, except where otherwise stated. Any references to changes (including an increase or decrease) relate to the previous year, unless otherwise stated. Forward-looking statements, including targets, are not guarantees of future performance.

People dig deeper

Our Corporate Responsibility commitments

In our 2011 Annual Review we set out a series of commitments for the coming year. The 'People' CR commitments for 2012 and performance against these commitments is summarised below:

Commitment	Performance
Continue to create a more diverse workforce through initiatives that help achieve our disclosed diversity targets with a focus on gender, age and flexibility.	We've achieved this and we remain focused on promoting diversity and inclusion across the organisation. See the ' <i>Diversity and Inclusion</i> ' section for more information.
Identify, develop and retain talent, particularly in leadership positions and key workforces, by fully embedding the new talent framework across all regions.	We've achieved this and we remain committed to retaining the best talent in our business. See the ' <i>Building Capability</i> ' section for more information.
Undertake our Group-wide employee survey that measures change in engagement, and enablement and develop plans for ongoing improvement.	We've achieved this. The response rate to our annual survey is consistently high and our engagement and enablement scores have increased year on year. This year, our Group engagement score was 70% (compared to 69% in 2011 and 68% in 2010) and the enablement score was 71% (compared to 69% in 2011 and 68% in 2010). See the ' <i>Employee engagement</i> ' section for more information.
Increase accessibility and the percentage of eligible Australian employees attending leadership capability training through the digital channels of The Academy, NAB's learning and development centre.	We've achieved this with 1,807 employees across the Group attending our leadership and development programs this year. We have also improved accessibility to our training Academy by opening five virtual learning studios to make learning more accessible for employees in rural and regional areas. See the ' <i>Building Capability</i> ' section for more information.

About our people

Across the Group we have more than 43,000¹ employees. Our people are predominantly Australian based (66.9%), with a majority in permanent full-time positions (84%).

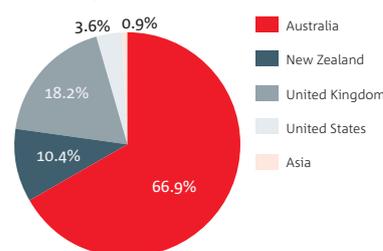
We believe that the investment we make in our people, culture and reputation sets us apart from our competitors. Our people want to feel proud of our company, and this is an essential factor in lifting employee engagement, unlocking creativity and innovation, and driving a better outcome for our customers and shareholders.

At a time when the industry is frequently criticised, employee engagement and confidence are critical to performance. Our people are an important asset and a key driver of company performance. As such it is pleasing to see steady gains in employee engagement and enablement, with the results of our most recent 'Speak Up, Step Up' survey placing us above the financial services average for employee engagement.

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

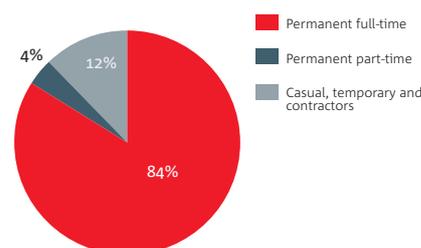
¹ Full-time equivalent employees as at 30 September 2012.

Employee distribution
% by region



Based on number of full-time equivalent employees for each region, as at 30 September 2012

Workforce composition
% by employment type



Based on number of full-time equivalent employees for the NAB Group, as at 30 September 2012.
GRI Reference: LA1 - Breakdown of employment type.

People dig deeper

Employee engagement

Each year since 2010, Hay Group have conducted the Group-wide ‘Speak Up, Step Up’ survey on our behalf to measure how we are tracking on key aspects of our culture, including:

- Engagement - how our employees feel about working at NAB, and how connected they feel to the enterprise, our strategy and culture
- Enablement - how our processes, technologies, policies, tools and systems help or hinder our employees in doing their job
- Beliefs and behaviours – how well employees feel we’re demonstrating the organisation’s purpose and behaviours
- Diversity – we track the feelings of our employees on our efforts to create and sustain a diverse and inclusive our workforce (i.e. do we understand and value our employees’ differences)
- Risk culture - the extent to which employees feel we’re demonstrating behaviours supportive of a positive risk culture.

The response rate to our annual survey is consistently high and our engagement and enablement scores have increased year on year. This year, our Group engagement score was 70% (compared to 69% in 2011 and 68% in 2010) and the enablement score was 71% (compared to 69% in 2011 and 68% in 2010). This year we also outperformed Hay Group’s financial services norm in 89% of areas with external benchmarks, including engagement and enablement. Having achieved this, in 2013 we’ll be looking to close the gap on the high performing norm (across all industry types).

We’re particularly successful in key areas including career opportunities, recognising and celebrating each other’s successes, and collaboration.

This year we have also focused on the Employee Effectiveness Framework, which categorises employees into one of four effectiveness clusters based on how their engagement and enablement compares to that of an external norm. This year’s results showed that 42% (39% for 2011) of our people are “effective”, that is above the global average for engagement and enablement and is used as an indicator of the likelihood of increased organisational performance. The global average for a high performing organisation is 51%, showing that we’re certainly heading in the right direction.

We have developed three actions across our Enterprise which will be our focus in the coming year:

1. realising the potential in employees, with a focus on people leaders
2. enablement through work processes, and
3. focus on how we manage change.

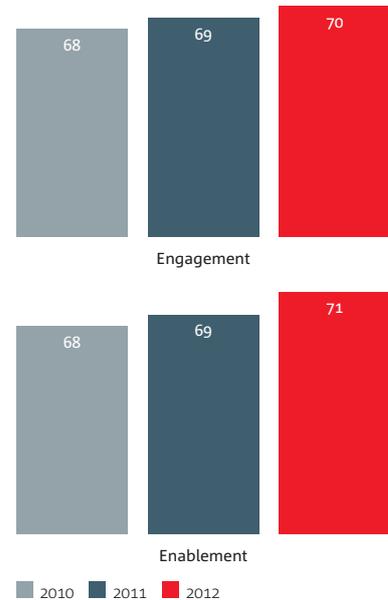
Retention

In order to set our business up for success over the long term, we recognise the importance of attracting and retaining the best talent.

Retention is addressed in a number of ways. One important way is to ensure our employees feel prepared for the return following primary carer’s leave. In this regard we’re making good progress, and more detail can be found in the ‘*Diversity and Inclusion*’ section.

We’re also pleased that our efforts in developing talent have not gone unrewarded. In addition to ongoing development, in Australia we checked in on our talent twelve months after they had been officially inducted into NAB’s Talent program and found that 93% of these employees remained with NAB. The ‘*Building Capability*’ section provides further details on our talent management strategies.

Employee engagement & enablement
Group figures (%)



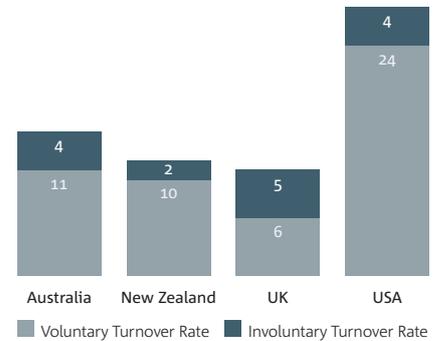
Refers to the results of our annual ‘Speak Up, Step Up’ survey conducted by Hay Group, March 2012, with an 85% response rate.

People dig deeper

Turnover

In any workforce of more than 43,000 people (FTE) worldwide, staffing numbers will fluctuate in various parts of the business at times due to the completion of programs, outsourcing of some projects and continuing focus on efficiency but we always work to try and redeploy people within the business wherever it is possible.

Employee turnover by region
Voluntary % and involuntary % breakdown



Turnover is calculated as a percentage of average permanent headcount from 1 October 2011 - 30 September 2012.

Total employee turnover rate by region
% by region



Turnover is calculated as a percentage of average permanent headcount from 1 October 2011 - 30 September 2012.

Rate of Employee Turnover¹

Gender	Age	Australia	NZ	UK	US
Female	<25	27%	17%	17%	44%
	25-34	16%	16%	13%	29%
	35-44	13%	11%	8%	21%
	45-54	11%	7%	7%	19%
	55+	13%	13%	14%	21%
Male	<25	24%	12%	19%	55%
	25-34	15%	17%	18%	33%
	35-44	13%	10%	13%	16%
	45-54	14%	10%	13%	14%
	55+	20%	10%	30%	20%
Total all		15%	12%	11%	28%

Total Number of Employee Turnover¹

Gender	Age	Australia	NZ	UK	US
Female	<25	368	30	83	83
	25-34	828	119	185	93
	35-44	598	88	128	38
	45-54	310	46	112	43
	55+	141	54	65	47
Total Female	All ages	2,243	337	573	304
Male	<25	234	11	44	35
	25-34	725	96	146	49
	35-44	548	66	138	15
	45-54	302	44	125	13
	55+	141	18	64	1
Total Male	All ages	1,950	235	517	130
Total all		4,193	572	1,090	434

GRI Reference: LA2 - Employee Turnover

¹ Turnover is calculated as a percentage of average permanent headcount from 1 October 2011 - 30 September 2012.

People dig deeper

Diversity and Inclusion

We're committed to sustaining an inclusive culture that supports every employee to reach their full potential throughout the various stages of their lives and careers. This is achieved by recognising "diversity of thought" and valuing differences among our people.

The Group Diversity and Inclusion Strategy maintains its focus on gender and mature age, underpinned by our flexibility agenda. Acknowledging demographic changes, the opportunity to refresh NAB's Accessibility Action Plan has commenced and work will continue to embed this plan across the business (see page 6 for further information).

Our Group Diversity Forum is the primary governance body for overseeing the execution of the diversity and inclusion agenda. The forum is co-chaired by the Group Chief Executive Officer and the Executive Director, Finance and has senior business representatives as members.

Gender diversity

We've set measurable objectives for the number of women in executive management positions, the proportion of women on Group subsidiary boards, the number of female non-executive directors on the Board of directors of the Company, targeting a 50/50 gender balance in the Australian graduate program intake and an even representation of both women and men for NAB's core talent development programs. These targets, along with our performance against these targets, can be found within the *Diversity* section of our 2012 Annual Financial Report.

In Australia, we're proud to be an Equal Opportunity for Women in the Workplace Agency "Employer of Choice for Women" for the sixth consecutive year. Another achievement this year was the completion of our second gender pay equity audit in partnership with the Finance Sector Union. We're the only major bank to have conducted an audit of this nature, with a focus on identifying any gender-based pay inequities, while investigating possible causes or barriers to equal pay.

Detailed pay analysis was conducted across selected roles within Business Banking and Financial Planning, and also examined the experiences of employees returning from primary carer's leave. It revealed that where both sexes were performing 'like for like' work in the selected Business Banking and Financial Planning roles, they are being paid equitably. However, the fact that there are fewer women in these roles – and their generally shorter tenure – is creating a gap in the incentives paid to men and women. Work will continue to address these findings.

In January, we introduced our Diversity Supplier Principles to all recruitment service providers. This requires all recruitment service providers to provide written evidence of their own diversity policies and initiatives and how they are tracking as well as how they will support NAB's diversity requirements. We continued our focus on best-practice recruitment procedures that require a mix of males and females to be short-listed for senior roles and that men and women make hiring decisions together where possible.

In Australia, programs such as Realise and the award-winning¹ Board Ready program are helping prepare women for the transition to senior management, subsidiary board positions and community partner directorships.

- Realise is a program that prepares female employees for the transition into more senior roles, and covers topics such as building a career path, building business relationships, effective communication and maintaining life balance.
- Board Ready has been established to educate our senior women about NAB subsidiary board operations. The program covers the legal, financial, governance and behavioural elements of being a director. The program aims to empower women by providing them with the tools necessary become a confident and successful board member.

Other initiatives include career building networks, such as Connecting Women in Australia, as well as the UK employee network Group for Women, launched in November 2011, participation in the International Women's Day celebrations in March 2012 and continued support of global initiatives that drive the gender equity agenda, with BNZ becoming a signatory to the UN Principles for the Empowerment of Women.

GRI reference: LA13 - Gender, age group, work role and other indicators of diversity.

LA14 - Ratio of basic salary of men to women by employment category.

¹ Source: Outstanding EEO Practice for the Advancement of Women in a Non-Traditional Area or Role awarded in November 2011 by the Equal Opportunity for Women in the Workplace Agency.

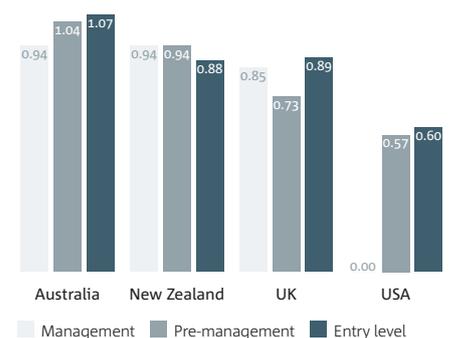
² All gender diversity metrics have been calculated using headcount as at 30 September 2012.

Female representation
% by employment level²



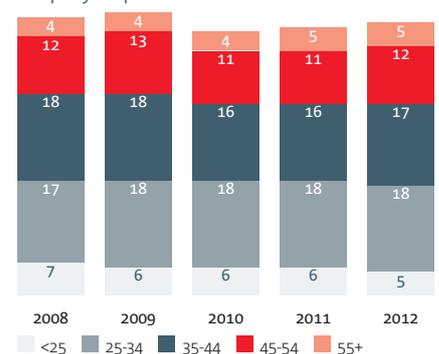
Group Subsidiary Boards refers to the proportion of female directors on Group subsidiary boards. Note: For details of female representation in Executive Management, refer to the *Diversity* section of NAB's 2012 Annual Financial Report

Female vs male ratio of average remuneration
% by employment level²

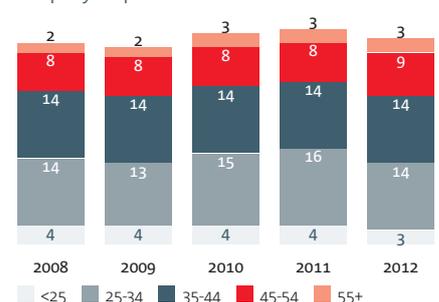


Average salary for management, pre-management and entry level per female/male as per headcount as at 30 September, 2012

Employee profile - Female %²



Employee profile - Male %²



People dig deeper

Supporting an ageing workforce

Mature age is a key priority within the Group Diversity Strategy. This helps NAB prepare for and proactively address issues surrounding a rapidly shifting workforce composition, which creates business risk through the loss of key talent.

Programs like the face-to-face workshop MyFuture, provide mature age employees with the capability to explore their preparedness for the future when it comes to career, flexibility, health, finances, relationships and transition to retirement.

In Australia, since MyFuture was introduced, 756 employees attended a Create MyFuture workshop, while 291 people leaders attended a MyFuture Leadership Forum. The MyFuture program has produced tangible outcomes, with actions taken by employees already including: setting plans for the future, implementing flexible working arrangements, financial planning consultations and undertaking health checks. In October 2011 NAB was nationally recognised for the MyFuture program, receiving the 2011 Diversity@Work - Employment & Inclusion of Mature Age Workers Award.

Embedding flexibility

Our flexibility agenda continues to evolve and supports the retention and development of diverse talent. The results from our Group employee survey 'Speak Up Step Up' indicate that 86% of employees that responded to the survey feel supported and able to work with a degree of flexibility. This is a critical enabler for all employees, particularly for mature age employees looking to extend their careers, as well as people with caring responsibilities, health and wellbeing requirements, study or volunteer commitments.

Additionally, as part of creating a flexible working culture, we have provided over 18,000 employees with the technology to work remotely (43% of headcount as at 30 September 2012 across Australia, New Zealand and the UK).

Promoting inclusion

We recognise that optimising differences and valuing diversity is critical to organisational performance and sustainability.

Throughout the year, in consultation with internal and external stakeholders, we have revised and updated our Disability Action Plan, now renamed our Accessibility Action Plan. This new-look plan has been developed by a cross-functional working group and is focused on driving change across five core areas:

- Premises and financial services
- Products and marketing
- Information, education and communication
- Employment and support
- Community engagement

Our Accessibility Plan will be launched by the end of 2012. We will be reporting in detail on the implementation of our Accessibility Action Plan in our 2013 *Dig Deeper* papers.

In-depth research into the ethnic and cultural make-up of the New Zealand workforce, the launch of Pride@NAB in Australia, and the award-winning² employee network, Vibrant for our LGBT community in the United Kingdom, are initiatives that strengthen our broader strategy to create an inclusive work place where diversity of thought is valued.

To reduce the possibility that ideas and decisions are being constrained by biases and preconceptions, our top-level leaders in Australia, New Zealand, Asia and the United Kingdom are participating in the 'Consciously Addressing Unconscious Bias' program. Raising unconscious interpretation into conscious awareness is an important step in creating an inclusive culture, and this year 235 employees participated in Unconscious Bias training³. In 2013 we plan to introduce this training to our next level of managers.

¹ Number of all employees aged 50 and over, as a percentage of total headcount as at 30 September, 2012.

² Clydesdale Bank was awarded the Scottish Network Group of the Year at the Stonewall Scotland Workplace Equality Index Awards 2012.

³ Number of employees who have fully completed all modules of the Unconscious Bias Training program.

17%
of employees
across the Group
are **50 or over**.¹

Number of employees with access to remote working



Total number of employees who have remote access to corporate systems as at 30 September 2012 across Australia, New Zealand and the UK.

Australia Region includes Wholesale employees, though some of these employees may be based in other regions.

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Providing pathways to employment

To help people experiencing disadvantage gain access to mainstream employment, our award-winning African Australian Inclusion Program (AAIP) – a partnership with Jesuit Social Services – provides skilled African Australians with a six-month paid work placement at NAB.

So far 78 people have graduated from the program, and among these, over 90% have secured ongoing employment either internally or externally in their chosen field. The AAIP won the 2012 Australian Human Resources Institute’s (AHRI) Cross Cultural Management Award. For more information, see our *Community Dig Deeper* paper.

In March this year we launched our fourth Reconciliation Action Plan (available on our website www.nab.com.au/indigenous). This includes a renewed commitment to financial inclusion, job access, cultural awareness, and building business partnerships with Indigenous Australians, and over the last year we’ve seen steady progress in each of these areas.

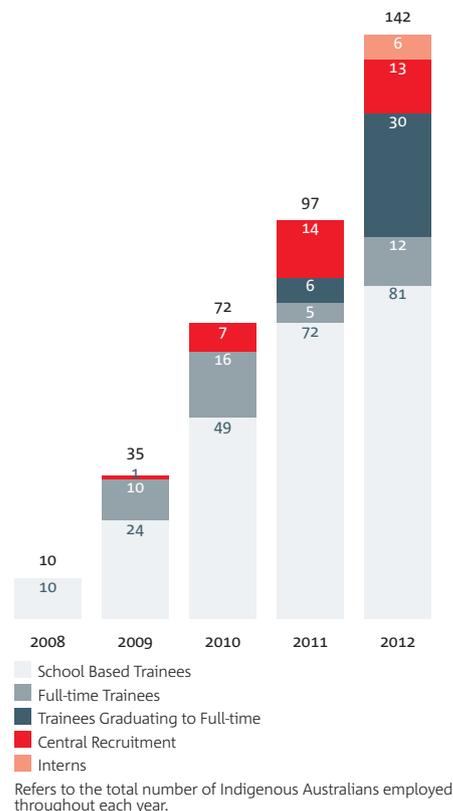
Our Indigenous employment program continues to grow and we track the success of our program through employment numbers and also through our annual engagement survey, ‘Speak Up, Step Up’.

This year, 142 Indigenous Australians have been involved in NAB’s Indigenous employment program. These positions include school-based trainees and full-time trainees, trainees awarded permanent roles, as well as general recruitment. Converting successfully completed traineeships into permanent jobs is challenging, particularly due to ongoing changes in our store network, in particular movement of personnel.

Nevertheless, we remain committed to helping our Indigenous employees build their career at NAB. Our most recent ‘Speak Up, Step Up’ survey results showed that our Indigenous employees have higher engagement and enablement scores than other locally based employees. This is particularly the case among young Indigenous employees. Our results also show that 81% of Indigenous employees believe that NAB values diversity in their workforce.¹

¹ Source: ‘Speak Up, Step Up’ survey conducted by Hay Group, March 2012.

Indigenous employment
by employment type



People dig deeper

Building capability

In 2012, we have continued to invest heavily in the capability of our people. This year we invested \$41.1 million in training and development programs, and 1,807 employees across the Group attended leadership and development programs¹. As well as maintaining a concerted focus on career management and individual development, we're embracing technology to deliver learning throughout the organisation. Online learning, virtual classrooms and podcasting are augmenting the more traditional face-to-face approach to learning, with the aim of providing distributed learning opportunities in a timely manner.

Virtual learning studios

In line with our commitment to enhance the capability training delivered through digital channels of our training Academy we've opened five virtual learning studios to make learning more accessible for employees in rural and regional areas. These will also continue to deliver cost and productivity efficiencies by reducing travel time and expenses associated with face-to-face learning.

Retaining talent

We're also focused on retaining the best talent in our business. We describe Talent as those employees we've identified as strong performers who have potential to move into 'enterprise leadership' positions in the future. Talent Management is the process by which talented employees are identified, assessed, developed and deployed in the organisation.

We seek enduring differentiation through leadership, reputation and culture. One of the critical ways we differentiate ourselves through leadership is to create a deep pool of enterprise leaders. This is critical to our business success, as we create a cohort of leaders who will shape strategy, inspire teams, deliver results and enable future performance. Enterprise leadership is the defining characteristic that underpins all stages of talent management, and has encouraged us to sharpen our focus in the Talent space.

The retention rate of our Talent program participants has been pleasing. In Australia, in addition to ongoing development we checked in on our Talent twelve months after they had been officially inducted into NAB's Talent program and discovered that 93% of these employees remained with NAB.

In the UK, we have put significant effort into retaining skilled staff by driving learning and development for our people via the Academy model. We delivered face to face training to over 2,500 employees. This included 45 staff who experienced an intensive talent development program which spans nine months and a further 84 staff who experienced development that is a combination of both experiential learning and practical skills based learning designed to enhance people leadership capability.

Find out more about The Academy, and NAB's learning and development initiatives at <http://www.nab.com.au/wps/wcm/connect/nab/careers/home>.

The Academy was created to deliver value across the business by building a workforce with world leading capability to drive sustainable, enhanced performance and strengthen our reputation. The Academy provides employees with experiences and tools to develop the skills they require to be successful in their current role and to prepare our people for career opportunities of tomorrow.

Over **750,000** hours of training were completed in 2012 across the Group.

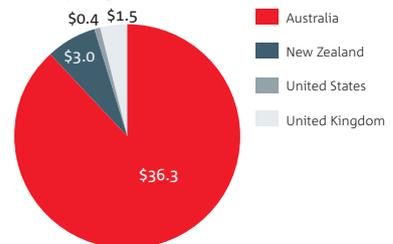
Average training hours – Australia
Breakdown by gender and employment level



From 2013 we aim to report training hours broken down by gender and employment level for all regions.
GRI Reference: LA10 - workforce training.

\$41.1m invested in training and development programs in 2012

Total learning investment
\$m by region



¹ Refers to programs specifically related to leadership or talent development, only includes employees who completed entire programs.

People dig deeper

Performance and reward

We continue to invest in and improve the support structures and frameworks supporting formalised skill mapping and development processes.

Our expectation is that 100% of our employees have scorecards – including individual development plans (IDP) – and are assessed via the same Performance Management Framework.

Ensuring that all employees have Performance Scorecards and IDPs is the responsibility of all people leaders, and the Scorecard and IDP is developed through agreement between a people leader and employee. Employees are expected to have them in place in order to receive their individual performance related compensation.

We have embedded an enterprise-wide set of behaviours into our core processes and programs. These support the overall objectives of the organisation, including the culture and reputation we're aspiring to. These behaviours ask us to always be authentic and respectful, work together and create value through excellence (Enterprise Behaviours).

The Enterprise Behaviours are integrated into core processes and programs (e.g. performance management framework and organisational capability framework). All employees are assessed on these behaviours as part of the mid-year and end-of-year performance cycle.

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

Information on our remuneration framework can be found on 29 page of our 2012 Annual Review.

Health & Wellbeing

We remain proactive in implementing strategies and systems to help prevent injury or harm to employees whilst at work, while also providing them with opportunities to improve their general health and wellbeing.

Mental health

Research indicates a significant number of Australians will experience a mental illness at some stage in their lives, and this has encouraged us to address employee mental health across the business. Our strategy provides employees with easy access to a range of tools, resources, services and programs to increase understanding of mental health conditions and build personal resilience.

Our Employee Assistance Program (EAP), Manager Assist and a new online service called EAP Direct, provide a range of free counselling support services to our people and their families in Australia. These services offer confidential support when dealing with personal or work related issues such as stress, anxiety, depression and grief. There is just over a 5% of employee population usage rate for EAP per year, with 70% presenting for counselling regarding personal issues and 30% for work related issues.

Education workshops and learning programs are also available to build employees' capability to manage their mental health, and to create awareness of mental health issues and how to identify and understand them. Courses are available through the Academy in areas of Personal Resilience (dealing with adversity at work) and Emotional Intelligence. This year, we will be working with people leaders to increase their awareness and capabilities to support employees suffering mental health issues.

Recognising that mental health is also an issue that affects many of our customers, our MLC Foundation is committed to improving mental health outcomes for all Australians and has invest \$4.5 million in grants over the last five years. See our *Community Dig Deeper* paper for more information.

Our dedicated NAB Care team also provides assistance and support to customers in Australia when they need it most. More information can be found in our *Customer Dig Deeper* paper.

1,457
employees accessed
our Employee
Assistance Program
in 2012

People dig deeper

Reducing health and safety incidents in the workplace

The lost time injury frequency rate (LTIFR) continues to remain at a low level. The focus on injury prevention activities, specific to our injury risk profile, identifies the cause and nature of our prevalent workplace injuries. Updated risk mitigation programs are rolled out to our business operations annually and are required to be implemented in our workplaces quarterly. Our aim is to eliminate or mitigate the number of lost time claims that contribute to the LTIFR.

Lost time injury frequency rate					
Number of work related lost-time injuries per million hours worked					
	2008	2009	2010	2011	2012
Australia	1.65	1.41	1.91	1.39	1.27
New Zealand	1.32	1.11	1.23	1.43	0.95
United Kingdom	0.73	0.83	0.81	0.63	0.60

Calculations

Australia and New Zealand

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

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

Note: Australia –Past results have been revised upwards due to additional lost time injuries from past reporting periods. Current year results are also likely to be revised upwards after year end.

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.

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

Note: In previous years lost time injuries were classified as injuries resulting in an employee being absent for over three days. From 2012 onwards lost time injuries refers to employees being absent from work for over seven days which may contribute to the decrease in LTIFY. This is a legislative change mandated in the *Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995*.

Supporting injured employees

In support of employees who are injured at work we are active in providing early intervention and return to work programs. These are designed to immediately address circumstances surrounding the nature of injury and care for the employee. Early intervention and return to work programs assist employees to make a recovery from an injury quicker in a well-supported workplace environment.

Reducing absenteeism

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

Over the past 12 months in Australia, we have increased our focus on employees taking annual leave. This has helped us identify the link between annual leave and well-being, and has assisted in reducing the average sick leave per employee by 5.7%. This shows the strong impact increased annual leave can have to reduce sick leave. This ongoing initiative has resulted in a healthier, more engaged workforce that's more rested and aware of the importance of recharging.

People dig deeper

Absenteeism

Average sick days per FTE

	2008	2009	2010	2011	2012
Australia	6.66	6.23	6.91	7.33	6.87
New Zealand	5.14	5.23	4.81	4.26	4.49
United Kingdom	6.84	6.52	7.34	7.75	7.46

Note: Refers to total number of sick days, divided by the average full-time equivalent employee number for the year. Excludes casual and temporary employees and contractors.

Australia – 2011 results have been revised upwards due to retrospective updates made post 30 September 2012.

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

Workplace relations

Collective bargaining agreements

Our people can join and be represented by a union without suffering from 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 the three largest regions in which we operate, our people are represented by the following unions:

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

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

As the result of our strategic review and restructuring of our UK business, extensive consultations were undertaken with Unite throughout this year. This was in addition to the approximate 50 days of consultation annually undertaken with Unite.

Employees covered by collective bargaining agreements

% of employees covered by collective bargaining agreements

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

GRI Reference: LA4 - Percentage of employees covered by collective bargaining agreements.

Discrimination incidents

This is the first year in which we have publicly disclosed the number of discrimination incidents, however it's an issue that we take very seriously. As such, we've had processes in place to track cases for a number of years.

Over the past year, 20 cases of discrimination were lodged. 19 of these cases have been resolved and one remains under investigation.

For those cases resolved the outcome was as follows:

- 2 cases were resolved through direct resolution
- 2 cases resulted in employee resignation
- 7 cases a censure was issued against the employee
- 7 cases were unsubstantiated and in turn closed
- 1 case resulted in the employee reapplying for a role

People dig deeper

Raising Concerns / NAB's Whistleblower Policy

Our core behaviours encourage our people to speak up and have open, honest conversations. Our Code of Conduct, Compliance Standards, and policies guide our day-to-day decisions, actions and behaviours and govern our business. We do not tolerate known or suspected incidents of illegal, unacceptable or undesirable conduct by our employees.

Our Group Whistleblower Policy is applicable to all of our employees and complements the normal communication channels that exist for raising concerns between people leaders and employees without fear of reprisal.

For further information, all of our relevant policies are available on our website.