National Australia Bank

Group Diversity & Inclusion Policy

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1 Overview

The ASX Corporate Governance Council (Council) has issued the amendments to its Corporate Governance Principles which includes recommendations on gender diversity. The Council expects listed entities with a balance date of 30 June 2010 to establish a diversity policy and report against the new recommendations in respect of the year commencing 1 July 2010.

NAB has taken an active role in contributing to the debate about how greater gender diversity can be addressed in the Australian private sector. Our commentary formed part of the Government's review of the effectiveness of Equal Opportunity for Women legislation, the findings of which have yet to be published.

In summary, the Board's of ASX-listed entities are required to:

- Establish a diversity policy that sets measurable objectives aimed at increasing gender diversity. The policy or a summary of the policy is to be disclosed in the Annual Report.
- Annually assess and disclose in the Annual Report both the effectiveness of the measurable objectives and the progress towards achieving them.
- Include in the corporate governance statement in the Annual Report, a statement as to the mix of skills and diversity which the board of directors is looking to achieve in membership of the Board.
- Annually disclose in the Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

NAB's stated position is supportive of sustainable increases in female representation at senior leadership levels. Although NAB advocates greater transparency and measurability of progress, it does not endorse female participation quotas. NAB's strategic direction aligns well with the Council's best practice recommendations on gender diversity.

2 Policy Statements

2.1 Diversity = Strong Business Performance

- To continue to be a relevant, adaptive and innovative organisation we must leverage the full potential of all our people. A culture that embraces individual difference in all its forms will enable us to do this - through diversity of thought.
- Our intent is to develop and maintain a workforce at all levels, including senior management, which reflects the diversity of the customers we serve, and the communities in which we operate. To do otherwise does not make commercial sense.
- Diversity must be simply a part of who we are – there is no full stop and no end to this pursuit.

2.2 How We Will Respond

- We emphasise the accountability of our leaders to create a work environment and foster a company culture where individual difference is understood, respected, and fully valued. We measure and reward this.

- We are committed to addressing existing imbalances to achieve greater gender diversity – particularly in the senior levels of our organisation – through the development of measurable objectives by the Board that will provide the framework for achieving their progressive realisation. We are committed to the Board evaluating these objectives annually and critically assessing our progress in their attainment.

- Flexible working will be taken to the next level of maturity. This means that each and every member of our organisation will be able to work flexibly – in a way that supports, their duties and responsibilities and the way they live.

- We will lay foundations that are sustainable. These include:

    - Developing recruiting protocols, both external and internal, that eliminate bias – whether it is real or perceived.
    - Building our talent pipeline to promote and develop a diverse workforce of qualified people from diverse backgrounds and across the age spectrum.

- We will continually measure and evaluate our diversity and inclusion position, both internally against our targets and against appropriate external benchmarks.

2.3 Our Commitment

We will strive to:

- be a diversity leader and advocate in our industry, and fully integrate diversity best practice into the way we work, and how we do business;

- invest in building capability among our people leaders to support and foster diversity and flexibility;

- consistently meet or exceed our legal and regulatory obligations in relation to equal opportunity, diversity and inclusion, wherever our business operates; and

- be recognised externally as being an organisation that exemplifies diversity in action.