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5 May 2006

Ms Kelly Paxman
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

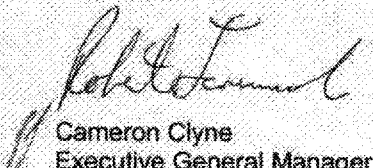
Dear Ms Paxman

Inquiry into Corporate Responsibility – Questions on Notice

Further to Stephen Palethorpe's request of 13 April, please find enclosed answers to questions taken on notice at the Committee's public hearing of 5 April 2006.

If you require any further information, please feel free to contact Robert Jeremenko on 03 8641 3166.

Yours sincerely



Cameron Clyne
Executive General Manager
Group Development

enc.



Joint Parliamentary Committee on Corporations and Financial Services

Inquiry into Corporate Responsibility

Public Hearing Melbourne - 5 April 2006

Questions taken on notice

National Australia Bank

Question 1

Hansard p. 10

Senator WONG—I am more interested in the principles.

Ms Bissett—Off the top of my head, I cannot remember all of the principles, but I am quite happy to provide a copy of those.

Senator WONG—I would be interested in that.

Answer:

Our principles and objectives are stated below and can also be found on our Group website: <http://www.nabgroup.com/0,,76811,00.html>

CCI Objectives and Principles for Engagement

NAB has adopted five overarching CCI objectives for Corporate Community Investment (CCI):

- Build Reputation - a coordinated CCI strategy to improve the public (including stakeholders) view of NAB.
- Improve Employee Engagement - a meaningful CCI strategy to increase employee engagement/loyalty, thereby also increasing employee retention.
- Increase Market Share - a coherent strategy to highlight the attractiveness of doing business with NAB. This objective will be measured through client surveys and "share of wallet" research.
- Leverage Resources - a focused strategy to allow National to use limited resources most effectively to meet targeted community and business needs.
- Provide Private Resources for Public Good - a genuine desire to make a meaningful societal contribution.

Our 10 Principles for CCI Engagement

1. Provide leadership in CCI by example at all levels of management.
2. Manage charitable programs, sponsorship activities and volunteer efforts locally in the regions and in a manner that supports business objectives and strategies.
3. Choose areas of focus (2-3) and implement initiatives for no less than 3 years to ensure that programs are sustainable. Select program investments that add value and make a difference to the communities in which we operate. This includes goal setting

and then measurement of program results.

4. Think critically about how best to utilise our unique business expertise, market position and resources (including but not limited to monetary assets, employees, locations, networks, buying power), as well as the input of employees.
5. Collaborate with like-minded organisations (both for profit and non-profit) to leverage resources in support of our areas of focus whenever possible.
6. Publish and promote the results of CCI efforts both internally and externally.
7. Develop criteria and methodologies for non-profit sponsorships that can be used to evaluate opportunities.
8. Engage all regions in dialogue to exchange best practices and programs.
9. Invest in systems and other resources to ensure consistent reporting of all expenditures (monetary or otherwise) and to evaluate effectiveness of community investments/projects undertaken.
10. Move CCI strategy toward global best practices.

Question 2

Hansard p. 15

Mr BAKER—As a financial institution, when did NAB first develop product specific CSR as an investment—so, if I came to you as an investor and said I wanted to invest in CSR instead of a balanced fund, a couple of stable funds or a share based fund? The other part of the question is: where are they at in the cycle as far as investment returns go? Has there been any study of the correlation between CSR and returns?

Ms Bissett—I am not in a position to answer some of those questions; I do not have the information. But can I clarify: you are talking about socially responsible investment funds?

Mr BAKER—Yes.

Ms Bissett—We do offer a small portfolio of socially responsible investment funds and they tend to be more the ‘green’ sorts of funds. They have grown over time. When they first started is a question I do not have an answer to because that was before my time at the bank.

Mr Clyne—We could take that on notice and come back to you about when those funds started. We will also happily provide data on the comparative returns. Bearing in mind that that could be distorted by the fact that they may be mid-cycle of whatever longer term investment is going on, we would be happy to provide some returns data for you.

Answer:

We offer a number of SRI investment options through our MasterKey investment platform. MasterKey has a range of different offerings including superannuation, retirement products and investment products. Through MasterKey we offer Perpetuals Wholesale Ethical SRI Fund. This fund was added across the range of MasterKey products in October 2003.

In addition we have Masterkey Custom. MasterKey Customer is a discretionary Master Trust for high net worth clients that also includes superannuation and investment services. Through MasterKey Custom we offer the following funds;

AMP Capital Investors Sustainable Future Australian Share Fund Class A	Added Prior to 2002
AMP Capital Investors Sustainable Future International Share Fund Class A	Added Prior to 2002
Australian Ethical Large Companies Trust	Added Prior to 2002
Hunter Hall Australian Value Trust	Added Prior to 2002
Hunter Hall Global Ethical Trust	Added Prior to 2002
Hunter Hall Value Growth Trust	Added Prior to 2002
Perpetuals Wholesale Ethical SRI Fund	Added August 2003

Returns Data

Fund Name	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	7 Years
Australian Funds								
AMP Capital Investors Sustainable Future Australian Share Fund - Class A Units	5.45%	12.36%	15.85%	33.15%	29.34%	29.16%		
Australian Ethical Large Companies Share Fund	5.16%	5.70%	9.61%	21.25%	24.84%	23.91%	12.92%	13.97%
Perpetual's Wholesale Ethical SRI Fund	5.31%	10.66%	12.10%	30.32%	26.33%	26.81%		
Hunter Hall Australian Value Trust - Class B Units	5.65%	14.75%	15.51%	15.42%	15.18%	19.75%		
Global Funds								
AMP Capital Investors Sustainable Future International Share Fund - Class A Units	6.52%	12.90%	19.61%	28.77%	16.92%	15.90%		
Hunter Hall Global Ethical Trust - Class B Units	6.78%	12.79%	24.03%	34.92%	24.75%	28.90%		
Hunter Hall Value Growth - Retail	6.03%	15.25%	22.56%	32.37%	21.22%	29.99%	17.53%	19.15%