

National Australia Bank Limited

GROUP CORPORATE RESPONSIBILITY POLICY

Administration Information Schedule

Approval date	December 2016
Next review date	December 2017
Document Owner	General Manager, Corporate Responsibility
Issuing Division / Performance Unit	Corporate Affairs
Highest approval authority	Group Risk Return Management Committee (GRRMC)

1. Background and Context

- 1.1 This policy outlines the minimum requirements relating to overall management of Corporate Responsibility (CR) related performance and stakeholder engagement across the National Australia Bank Limited (NAB) and its controlled entities (the Group). This includes how we will set out governance for management of our CR performance, and in particular, for our public CR reporting and disclosures, and our approach to stakeholder engagement and its impact on our strategic direction.
- 1.2 This policy is supported by the Stakeholder Advocacy and Action Standard Operating Procedure.
- 1.3 Detail on the Group's approach to CR is disclosed in the public domain on www.nab.com.au and in our annual reporting suite (including our Annual Review and Dig Deeper paper) to inform external stakeholders. For internal stakeholders, details are made available on the intranet.

2. Policy Principles

- 2.1 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 to meet our objectives of delivering superior shareholder returns, and becoming Australia and New Zealand's most respected bank.
- 2.2 The Group's approach to CR aims to make a positive and lasting impact in the lives of our customers, people, shareholders, 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 customers and stakeholders.
- 2.3 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;
 - Addressing our broader responsibility to society – supporting communities, managing our environmental impact and dependencies, and having a positive impact through our supply chain.
- 2.4 We will deliver on our responsibility and embed CR across the Group by:
 - engaging with our stakeholders to inform us of current and emerging material issues, challenging us to develop mutually beneficial solutions and helping us to define our strategic direction;
 - executing a CR strategy that sets clear objectives, establishes appropriate policies, procedures and activities and includes measuring and reporting on our progress;
 - integrating CR management and reporting into the Group's governance structures and internal communication to ensure that CR is understood by the NAB Board, Executive Leadership Team and our people; and
 - focusing on three key areas where we are well placed to create a positive impact: financial inclusion and resilience, social cohesion and environmental wellbeing.
- 2.5 Engagement with our stakeholders is key to the Group's success. We are committed to maintaining dialogue with our stakeholders to help understand their expectations, identify emerging issues and opportunities, assist with risk management, and improve Group performance.
- 2.6 We will be respectful, responsive, open and authentic when we engage with stakeholders on issues of mutual importance.

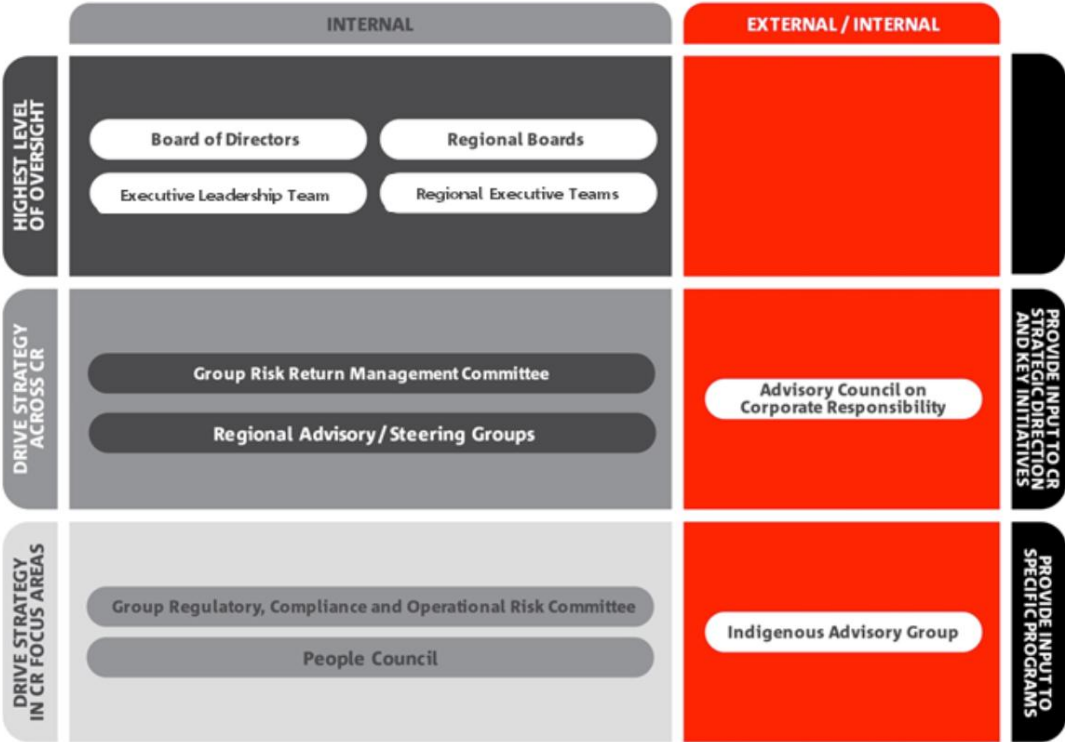
3. Roles and Responsibilities

- 3.1 The NAB Board of Directors is responsible for reviewing and monitoring CR across the Group. Among other things, this means that the Board must ensure management have established an overall CR policy for NAB and its controlled entities.

4. Policy Requirements

4.1 Governance

4.1.1 CR governance will cascade down from the NAB Board to management as illustrated in the below diagram:



- 4.1.2 The NAB Board will receive at least annual updates on Group CR strategies, and performance, and may receive papers on other CR-related issues as required.
- 4.1.3 Group policies approved by the Group Risk Return Management Committee (GRRMC), relating to CR, should be adopted by all businesses within the Group.
- 4.1.4 The Group Executive Leadership Team will receive regular CR updates, including reports on stakeholder engagement activity, and review relevant strategies, frameworks and policies as required.
- 4.1.5 The GRRMC considers CR matters escalated to it from Risk Committees. They will also receive Group CR updates and review relevant frameworks and policies as required.
- 4.1.6 Regional CR teams, or an individual with appointed responsibility, must provide at least annual updates on CR strategies and performance to the Australian CR function.
- 4.1.7 Each region must establish an appropriate group, or individual at senior management level, to provide oversight and accountability for regional CR strategies, activities and performance, and provide necessary input and approval as part of Group-wide CR policy and program development. This group will review CR performance on at least an annual basis.
- 4.1.8 The NAB Advisory Council on Corporate Responsibility (ACCR) meets twice a year and comprises of a range of experienced internal and external advisors who help guide the Group with strategic advice and feedback in relation to the Group’s CR strategy, activities and stakeholder engagement.
- 4.1.9 The Indigenous Advisory Group (IAG) meets twice a year and comprises of a range of experienced internal and external advisors who help guide the Group with strategic advice and feedback in relation to our approach to supporting Indigenous Australians.

4.2 Management

4.2.1 In each major region where the Group operates, the business must establish a CR function or assign CR responsibility to appropriate personnel and provide appropriate resources to provide

day to day oversight and facilitation of CR governance, strategy, reporting, stakeholder engagement and activities as well as monitoring of relevant risks and opportunities.

- 4.2.2 In each major region, the business must establish a framework and related procedures that are consistent with the Group CR strategy, and ensure that responsibilities and accountabilities are defined and understood.
- 4.2.3 Across the Group, CR performance will be benchmarked at a global level regularly (i.e. at least annually) to ensure continuous improvement in performance. In addition, regional businesses may undertake benchmarking of their own performance.

4.3 Reporting

Our public CR reporting and disclosures will be provided across the Group by applying the following principles:

- 4.3.1 Integrity of external reporting – as per the NAB Board’s Corporate Governance Charter, processes, controls and procedures must be in place, in accordance with the CR Framework, to maintain the integrity of the Group’s non-financial reporting and to ensure the provision of objective, comprehensive, factual and timely information to stakeholders on our non-financial performance. All aspects of disclosure must align to the [Group Disclosure and External Communications Policy](#).
- 4.3.2 Ownership – all participants in the CR reporting process must ensure the quality (consistency, completeness and accuracy) of the data either generated by them or at their request.
- 4.3.3 Accountability – all businesses must ensure the accuracy, integrity, completeness and coverage of CR information and data.
- 4.3.4 Verification – information submitted for use in annual external reporting must be supported by an adequate audit trail and will be subject to an independent external audit process prior to publication.
- 4.3.5 All participants in the CR reporting process must attest to the veracity of the data which they are forwarding to the next level.
- 4.3.6 Certification – data owners and reviewers must certify that information, which is being passed to senior management, is fair and accurate and is accompanied by appropriate explanatory notes. They must respond to any requests by internal and/or external auditors.

4.4 Stakeholder Engagement

Our systematic approach to stakeholder engagement is informed by the AA1000 Stakeholder Engagement Standard and applies the following principles:

- 4.4.1 Accountability – individual relationship managers across various divisions are accountable for stakeholder identification and prioritisation, ongoing relationship management and proactive engagement to ensure authentic, collaborative dialogue on an ongoing basis.
- 4.4.2 Identification – we define stakeholders as individuals, groups of individuals, or organisations that affect and/or could be affected by our activities, products or services and associated performance with regards to the issues to be addressed by engagement. Relationship managers must maintain an internal process to manage stakeholder contact details, significance, engagement activity history, engagement frequency and interest areas. Any engagement with political parties or related organisations must be conducted in accordance with the [Political Contact and Communications Policy](#). All risks identified throughout this process are to be managed in line with the [Risk Management Strategy](#) and the [Environmental, Social and Governance Risk Principles](#).
- 4.4.3 Capacity to engage – all businesses must ensure the existence and maintenance of communication channels and mechanisms to provide a diverse range of stakeholders with the capacity to engage with us and also provide regular formal stakeholder feedback mechanisms.
- 4.4.4 Engagement process – for each stakeholder group, all businesses must ensure that appropriate methods of engagement are available and utilised, such as email communication, social media channels, surveys and direct meetings with senior management. At a Group level, this also includes an annual stakeholder engagement program (‘Materiality Review’) to formally seek and prioritise issues that are relevant to our business.

- 4.4.5 Measurement – all businesses must conduct regular reviews of their engagement activities to measure their effectiveness by assessing the clarity of objective and scope of activity, the time frames for response to high urgency issues, the activity’s ability to completely address stakeholder concerns/issues and clear communication of the Group’s position.
- 4.4.6 Disclosure - the Group must provide an annual update on formal processes relating to stakeholder groups identified, engagement activities conducted and the prioritisation of key themes stakeholders engage on. This is made available through our annual reporting suite.

5. Policy Variations and Exemptions

- 5.1 Any requests for exemptions are to be directed to the Chairman of the GRRMC.

6. Policy Breaches

- 6.1 Compliance Gateway defines and measures the minimum level of compliance expected of NAB Group employees. It is determined by obligations set by laws, regulators, contracts, industry standards, and internal Policies, Standards and codes.
- 6.2 Failure to comply with Group Policy and related Standard Operating Procedures may result in disciplinary action, dismissal and prosecution, or other external legal or regulatory action.
- 6.3 Any material and un-remedied breaches of Group Corporate Responsibility Policy must be reported to the Executive General Manager (EGM), Corporate Affairs. The EGM must provide the Executive Leadership Team with an annual report of any such breaches.

7. Related Documents

- Stakeholder Advocacy and Action Standard Operating Procedure National Australia Bank Limited Code of Conduct
- Environmental, Social, and Governance Risk Principles
- Risk Management Strategy (including environmental, outsourcing and anti-bribery and corruption requirements)
- Group Disclosure & External Communications Policy
- Group Political Contact and Communications Policy