MODERN SLAVERY STATEMENT

National Australia Bank Modern Slavery and Human Trafficking Statement

This Modern Slavery and Human Trafficking Statement (Statement) is made pursuant to the Modern Slavery Act 2015 (UK) (MSA) by National Australia Bank Limited (ABN 12 004 044 937) (NAB) in respect of NAB and its related bodies corporate (NAB Group) and relates to the financial year 1 October 2017 to 30 September 2018 (2018 financial year).

About our business

NAB Group is a financial services organisation providing a range of financial products and services. The majority of the NAB Group’s financial services businesses operate in Australia and New Zealand, with branches located in Asia, the UK and the US. Key businesses include Business and Private Banking, Consumer Banking and Wealth, Corporate and Institutional Banking, and New Zealand Banking. Major brands currently include nab, UBank and MLC in Australia, and BNZ in New Zealand.

NAB has a global supply chain made up of around 1,820 contracted suppliers[1]. Our supply chain relationships include suppliers from the following sectors: Information, Communications, and Technology; Property Services (including Facilities Management, Utilities, Cleaning, Waste Management and Security); Business Process Offshoring; Logistics and Correspondence; Consulting Services; Marketing; Print and Promotional Goods and Services; Fleet Management; Office Supplies; and Corporate Clothing.

NAB seeks to do business with suppliers that have similar values, ethics and sustainable business practices, including those related to human rights. NAB recognises that as a large purchaser of goods and services, the business conduct and performance of its suppliers can have a significant impact on its performance and reputation within the communities in which it operates.

NAB understands that the environmental, social and governance (ESG) risks relating to suppliers will vary depending on their industry, geographic location and company size and, therefore, the scope of NAB’s suppliers’ policies, processes and systems are expected to reflect their specific ESG risks.

NAB’s policies and principles

One of NAB’s key values is ‘respect for people’. As stated in its Human Rights Policy, NAB does not tolerate slavery, human trafficking, forced or child labour or child exploitation. In addition to the Human Rights Policy, NAB has various other policies which assist in managing human rights, including the following:

- Code of Conduct
- ESG Risk Principles
- Group Procurement Policy
- Group Outsourcing and Offshoring Policy
- ESG Risk Credit Policy
- Group Whistleblower Policy
NAB Group’s Human Rights Policy was updated during the 2018 financial year.

**NAB’s risk management and due diligence processes**

As a financial services organisation with a professional workforce, NAB considers the risk of modern slavery within its direct business operations to be low. However, NAB recognises that through its supply chain and customers, it can be indirectly exposed to the risk of modern slavery and human trafficking.

NAB has implemented risk management processes to identify, assess, mitigate and monitor potential risk areas where it could be exposed to human rights concerns, including modern slavery and human trafficking. This includes use of a ‘High Risk ESG sectors and sensitive areas list’, which is used to determine customers and suppliers that may have a higher risk of ESG issues. NAB has a Group Whistleblower Protection Policy and associated Group Whistleblower Program that allows employees and contractors to NAB to raise concerns in a confidential manner. This channel is available for reporting modern slavery concerns.

NAB has a Supplier Sustainability Program in place to manage ESG risks within its material supply chain relationships. At the Supplier Sustainability Program’s core are a set of NAB Group’s Supplier Sustainability Principles (GSSPs) which outline the requirements suppliers are expected to meet to do business with NAB, including requirements in relation to labour practices and human rights. The GSSPs form part of the requirements of the Group’s Procurement and Outsourcing & Offshoring Policies. Further details about NAB’s Supplier Sustainability Program (including the GSSPs) can be accessed at nab.com.au

In 2016, we undertook an ESG risk assessment on NAB’s supply chain which indicated potential for exposure to modern slavery and human trafficking through: (i) purchase of office consumables such as tea, coffee, sugar, cocoa and biscuits for our kitchens; (ii) cleaning services employed by building owners or facilities managers for buildings occupied by NAB; (iii) purchase of corporate clothing; and (iv) print and promotional goods and services. Ongoing review of our supply chain confirms these sectors continue to have the highest potential to expose NAB to modern slavery and human trafficking risks. Actions undertaken within the 2018 financial year to minimise these risks include:

- Continuing to purchase Fairtrade certified tea, coffee, sugar and cocoa (the NAB Group is one of the largest Fairtrade endorsed workplaces in Australia and New Zealand);
- Continuing to focus our supply chain ESG Risk Assessment on material suppliers and suppliers in NAB’s ‘High Risk ESG sectors and sensitive areas list’;
- Continuing to support responsible contracting of cleaning services and drive recognition of best-practice labour and cleaning standards through our role in the Cleaning Accountability Framework’s Advisory Group; and
- Integrating a new adverse media monitoring tool into our ESG risk assessment process for material suppliers and suppliers in designated high risk sensitive sectors.

In the 2018 financial year, NAB did not identify any instances of modern slavery or human trafficking associated directly with its operations. In risk assessments undertaken to date in relation to NAB’s supply chain, no cases of modern slavery or human trafficking were identified.

As a financial institution, NAB also recognises that modern slavery and human trafficking is a potential risk in relation to financing activities. NAB’s ESG Credit Risk policies and processes incorporate a risk-based approach to assess human rights risk (incorporating modern slavery and human trafficking) as part of credit risk assessment and due diligence (which includes use of the ‘High Risk ESG sectors and sensitive areas list’ to determine customers that may have a higher risk of ESG issues).

In the 2018 financial year, NAB investigated modern slavery and/or human trafficking concerns raised through our feedback channels in relation to customers. NAB conducted these investigations in accordance with regulatory requirements, policy and procedures.
Training and communications

In the 2018 financial year, NAB included a modern slavery case study as part of the ESG risk module in its annual risk awareness training. This was rolled-out to employees in Australia, New Zealand and offshore branches (Asia, London and New York).

Signed

Andrew Thorburn
Managing Director and Group Chief Executive Officer

31 October 2018

Important information

1. In addition to contracted suppliers, NAB procures goods and services through purchase orders and corporate purchasing cards. These typically cover one-off purchasing and items like travel expenses, catering, office supplies and miscellaneous goods and services.

2. The Cleaning Accountability Framework is an organisation working to develop an industry wide standard for the commercial cleaning and property services sector, relating to the fair payment and treatment of workers.