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) 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 2018 to 30 September 2019 (FY2019). NAB is now subject to the requirements of the Australian Modern Slavery Act 2018 (Cth) and will incorporate these requirements into its FY2020 Modern Slavery Statement.

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 USA. 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 1,830 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

¹ NAB maintains a minimum spend threshold of $10,000 per year for supporting local economies and ensuring the sustainability of the supply base.

- Group Outsourcing and Offshoring Policy
- ESG Risk Credit Policy
- Group Whistleblower Policy (PDF, 325KB)

NAB Group’s Human Rights Policy was updated during FY2019 to integrate a reference to Australian Modern Slavery Act requirements. The Group consulted with a number of relevant social NGOs during as part of this review process.

**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 and for which additional ESG risk assessment and due diligence maybe required. For modern slavery, these sectors include domestic and cleaning services, contract labour, adult services, hospitality, construction, textiles, agriculture, franchising, fishing, printing and supply chains extending into developing countries.

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. NAB’s standard supply contract templates contain modern slavery clauses which require service providers to not use forced labour, slavery or servitude and to have their own policies and procedures designed to ensure compliance with Anti-slavery laws. Clauses also include provisions to allow NAB to request evidence of implementation of suppliers’ modern slavery risk management policies and processes. Get further details about NAB’s Supplier Sustainability Program (including the GSSPs).

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 FY2019 to minimise the risk of modern slavery within the Group’s supply chain included:

- 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’;
- conducting an ESG Risk investigation into NAB’s corporate wardrobe suppliers and amending requirements for these suppliers to ensure they provide NAB with information on how they manage their supply chain-related ESG risks, particularly human rights risk such as modern slavery.

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).

Additionally, in FY2019, NAB has undertaken the following activities in preparation for meeting requirements of the Australian Modern Slavery Act in FY2020:

- developed a governance process, to be implemented in FY2020, to facilitate consultation and preparation of a joint Modern Slavery Statement covering all NAB Group subsidiary reporting entities which meets the requirements of both the UK and Australian Modern Slavery Acts.
- undertaken a gap analysis of the Group's current policies and practices against the requirements of the Australian Modern Slavery Act; and
- actively engaged in consultation processes that have run in the lead up to, and the development of, the Australian Modern Slavery Act and its guidance materials. This has occurred through both direct engagement with government and participation in industry group activities (such as BCSD Australia, the UNGC Australia Network Community of Practice, and the RIAA Human Rights Working Group).
- reviewed sourcing categories to ensure they are aligned to NAB’s ‘High Risk ESG sectors and sensitive areas list’ so that sourcing categories with a higher likelihood of ESG risk, including modern slavery, are clearly identified for risk assessment processes.
- implemented a new source-to-pay system which has streamlined our process for assessing ESG risk (including human rights and modern slavery) for suppliers in sectors designated as high risk sensitive sectors by NAB.

**Grievance and feedback mechanisms**

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. In addition, customers and third parties can raise human rights related concerns via our [feedback form](#) (NAB Resolve). Grievances may also be received via social media, direct correspondence or bodies such as the Human Rights Commission. Where grievances or concerns are raised, we investigate and address them as appropriate. This may include engagement with customers and other stakeholders. In these cases, we take steps to understand the issue(s) and take appropriate action. This may involve referring the matter to the appropriate authorities (in the case of allegations of modern slavery), or engaging with the customer about areas of the organisation that we finance.

In FY2019, NAB did not identify any instances of modern slavery or human trafficking associated directly with its own operations, or through sourcing-related risk assessments in relation to NAB’s supply chain.

In FY2019, no modern slavery and/or human trafficking concerns were raised with NAB about customers through our feedback channels. Should any such concerns be identified, NAB would conduct any required investigations in accordance with regulatory requirements, policy and procedures, which may include raising of suspicious matter reports (SMR) with AUSTRAC (this is an existing requirement where we suspect entities, individuals or transaction are linked to a crime). Should a SMR be raised, this may also trigger ‘tipping off’ provisions under section 123 of AML/CTF Act, which can limit the Group’s ability to publicly disclose details of reported matters.

**Training and communications**

In FY2019, NAB employees completed annual risk awareness training which includes an ESG risk module with information on modern slavery. This applied in Australia, New Zealand and offshore branches (Asia and New York). Separately, NAB Group UK employees are due to complete their Modern Slavery refresher training in the first quarter of FY2020.

Signed

Philip Chronican
Chairman

15 November 2019

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