



# NATIONAL AUSTRALIA BANK LIMITED

## SOCIAL IMPACT POLICY

### Policy Governance Schedule

<b>Approval date</b>	September / 2020
<b>Next approval date</b>	September / 2021
<b>Policy Owner</b>	Executive, Social Impact
<b>Division</b>	Corporate Affairs
<b>Approval Authority</b>	Group Executive, Commercial Services

## 1 SCOPE AND PURPOSE

- 1.1 The National Australia Bank (NAB) Social Impact (SI) Policy supports employees in implementing the Group's Social Impact Strategy (Group SI Strategy). It also contributes to the delivery of NAB's Group Strategy. In addition, it supports employees in implementing the commitments and organisational values and behaviours set out in NAB's [Code of Conduct](#).
- 1.2 This policy outlines the minimum requirements relating to overall management of SI related performance across NAB and its controlled entities (the Group). This includes how we will govern and manage our SI performance, our public SI reporting and disclosures, our approach to customer and stakeholder engagement<sup>1</sup> and its impact on our strategic direction.
- 1.3 This policy applies to all employees across the Group, including directors, officers and employees (including part-time and fixed-term employees), contractors located on the premises of, and under the control of, NAB (contractors), interns, seconded employees and temporary workers engaged by NAB (temporary workers).

## 2 ROLES AND RESPONSIBILITIES

- 2.1 SI governance will cascade from the NAB Board to management. Oversight of SI rests with the NAB Board. This means that the Board must ensure management has established an overall SI policy for NAB and its controlled entities.
- 2.2 This policy must be adopted by all businesses within the Group.
- 2.3 The SI function must establish a framework and related procedures that are consistent with the Group SI Strategy and ensure that responsibilities and accountabilities are defined and understood.
- 2.4 The SI function must provide day to day oversight and facilitation of SI governance, strategy, reporting, stakeholder engagement and activities as well as monitoring relevant risks and opportunities.

## 3 POLICY REQUIREMENTS

### 3.1 Management

- 3.1.1 Across the Group, the SI function must benchmark SI performance at a global level at least annually to ensure continuous improvement in performance.

### 3.2 Reporting

- 3.2.1 Annual updates on SI performance and environmental, social and governance (ESG) risks, and other SI related matters must be provided to the NAB Board as appropriate. These updates will inform NAB's integrated reporting suite and engagement with stakeholders.

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<sup>1</sup> Our systematic approach to stakeholder engagement is informed by the [AA1000 Stakeholder Engagement Standard](#) and the principles of inclusivity, responsiveness, and materiality. We will engage with stakeholders in a respectful, responsive, open and authentic manner on issues of mutual importance, guided by the strategic priorities identified in the Group SI Strategy.

- 3.2.2 The Group Executive Leadership Team must receive annual SI updates, including reports on stakeholder engagement activity, and review relevant strategies, frameworks and policies as required. This is to ensure that SI is understood by the Executive Leadership Team and our people.

The below principles apply to all SI related external reporting across the Group:

- 3.2.3 Integrity – processes, controls and procedures must be in place to maintain the integrity of the Group’s SI related external reporting. This ensures the provision of objective, comprehensive, factual and timely information to stakeholders on performance. All disclosures must align to the [Group Disclosure and External Communications Policy](#).
- 3.2.4 Accountability – all participants in the SI reporting process must ensure the quality (consistency, completeness and accuracy) of the data either generated by them or at their request.
- 3.2.5 Verification and certification – information submitted for use in annual external reporting must be supported by an adequate audit trail, subject to an independent limited assurance process prior to publication.

### 3.3 Stakeholder Engagement

- 3.3.1 Individual relationship managers across various divisions in SI must be accountable for stakeholder identification and prioritisation, ongoing relationship management and proactive engagement to ensure authentic, collaborative dialogue as required.
- 3.3.2 Relationship managers in SI 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](#).
- 3.3.3 A ‘materiality review’ requiring stakeholder engagement must be conducted and managed by SI annually to formally seek and prioritise issues that are relevant to our business and customers.

## 4 POLICY EXEMPTIONS

- 4.1 An exemption is required where a business is unable to comply with the mandatory requirements of this Policy for a defined period of time no greater than 12 months and immediate action cannot be taken to achieve compliance.<sup>2</sup>
- 4.2 The Approval Authority delegates the approval of exemptions to the Policy Owner.
- 4.3 Exemption requests<sup>3</sup> must be submitted to the Policy Owner and will be granted at their discretion. Refer to the Exemptions Procedure Guide for further detail.

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<sup>2</sup> If there is an inconsistency between regional legislative requirements and the Group, the regional requirements will take precedence unless the Policy places a higher requirement. In this case, the Policy will apply unless it results in a breach of local legislation. Where local legislation results in non-compliance to Policy a breach, exemption or exception is not required.

<sup>3</sup> Exemptions must go through the Exemption database for endorsement by CRO and Policy Owner. It then goes to the Approval Authority for approval via the appropriate governance pathways listed in the NAB Ltd Policy Approval and Review Matrix. Regional exemptions (excluding Australia) will follow their own exemption procedures.

## 5 POLICY EXCEPTIONS

- 5.1 An exception is required where a business is unable to comply with the mandatory requirements of this Policy for a defined transaction and immediate action cannot be taken to achieve compliance.
- 5.2 Exception requests must be submitted to the Policy Owner and will be granted at their discretion.

## 6 POLICY BREACHES

- 6.1 Breaches of this Policy (ie. non-compliance that is not managed via the formal exemption or exception process) must be managed in accordance with the [Employee Conduct Management Policy](#) and recorded per the Events Management Standard Operating Procedures or regional equivalents.
- 6.2 All Policy breaches must be communicated immediately to divisional / regional Chief Risk Officer Teams. Any material or systemic breach of this Policy must be communicated to the Policy Owner and appropriate remediation measures agreed and implemented.

## 7 RELATED DOCUMENTS

Documents related to the Policy include:

1. [AA1000 Stakeholder Engagement Standard](#)
2. [Anti-Bribery and Corruption Policy](#)
3. [Conduct Risk Framework](#)
4. Donations and Fundraising Hub
5. [Environmental, Social, and Governance Risk Principles](#)
6. [Group Disclosure & External Communications Policy](#)
7. [Group Political Contact and Communications Policy](#)
8. Group Social Impact Policy Guidance Notes
9. Measurement and Reporting SOP
10. Financial Health and Resilience SOP
11. [National Australia Bank Limited Code of Conduct](#)
12. National Australia Bank Ltd Policy Approval and Review Matrix
13. Natural Disaster and Crisis Relief SOP
14. Not-for-Profit Engagement SOP
15. [Risk Management Strategy](#) (including environmental, outsourcing and anti-bribery and corruption requirements)
16. Stakeholder Advocacy and Action SOP

## 8 GLOSSARY

Term	Definition
Annual	Refers to the NAB financial year commencing 1 October.
Chief Risk Officer ('CRO')	The divisional CRO teams are the 2 <sup>nd</sup> line risk management function within the Group Risk Division organised to oversee all risk for each of the Group Divisions.
Control	Mechanisms to reduce the likelihood and/or impact of a risk occurring by anticipating something happening in advance, or detecting something that may have already happened.
Division	One of the organization units reporting to the Chief Executive Officer within which, all services of NAB are structured.
Divisional Control	The Divisional Controls Office ('DCO') function within the Group Enterprise Controls Division responsible for first-line risk management.
Employees	Permanent employees of NAB limited and contingent (contract) staff, including employees of subsidiaries, and international branches and representative offices.
Group	National Australia Bank Limited (NAB) and its controlled entities, including all subsidiaries, international branches and representative offices.
Group Policy Approval and Review Matrix	The primary and authoritative source for the definition of the Policy Owner, Approval Authority and review frequency for the Policy at any point in time.
Must	An action is an absolute requirement and any deviation from this will require a formal policy exemption.