



NATIONAL AUSTRALIA BANK LIMITED

Group Human Rights Policy

Policy Governance Schedule

| | |
|--------------------|-----------------------------|
| Approval date | August/ 2020 |
| Next approval date | September / 2021 |
| Policy Owner | Executive – Resilience Risk |
| Division | Resilience Risk |
| Approval Authority | Board |

1. PURPOSE AND SCOPE

- 1.1 This Policy provides the human rights requirements that must be met and which are incorporated into related policies, processes, frameworks and action plans that apply across National Australia Bank Limited (NAB) and its controlled entities (Group). These requirements include legal and regulatory obligations and voluntary commitments which require protection of, or respect for, human rights. This includes those relating to modern slavery and land rights. This Policy is informed by the United Nation's (UN) Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights and other related conventions.
- 1.2 This Policy applies to all Group employees (also known as colleagues), including contingent (contract) labour within NAB, its divisions, its wholly owned subsidiaries and extends to joint ventures where the Group has operational control.
- 1.3 The United Nations (UN) defines human rights as rights inherent to all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status.
- 1.4 While governments have the primary responsibility for protecting human rights, businesses have a role to play by respecting them. As a corporate leader, the Group commits to upholding strong corporate values and behaviours. In living 'How We Work', the Group is committed to respecting human rights in its interactions with its employees, customers, communities and suppliers.
- 1.5 As a financial institution, the Group contributes to the economic and social development that is necessary to underpin the protection of human rights – through both the financial products and services it provides, and the wages and taxes that it pays. In doing so, the Group provides access to finance for disadvantaged groups, supports businesses which provide jobs and economic growth and provides financing for infrastructure.
- 1.6 The Group recognises that human rights concerns can arise not only in its own operations, but also via interactions with external parties – in particular, business relationships, customer interactions, financing and investments, supply chain management and the communities served.
- 1.7 The Group's human rights commitment is demonstrated by it being a signatory to, or otherwise committing to uphold, a number of international commitments which incorporate human rights requirements. These include:
 - the UN's *Universal Declaration of Human Rights*¹; *UN Guiding Principles on Business and Human Rights*; *UN Global Compact*²; *UN Environment Program – Finance Initiative (UNEP FI)*²
 - *UNEP FI Principles for Responsible Banking*²

¹ The *Universal Declaration of Human Rights*, adopted by the UN in 1948, is widely regarded as the international community's fundamental human rights framework.

² Denotes a commitment to which one or more Group entities is a signatory/industry member.

- the *International Bill of Human Rights*³ and the International Labour Organisation's (ILO) eight core conventions as set out in the Declaration on Fundamental Principles and Rights at Work⁴
- the *Equator Principles*²
- the *Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises*
- the *Women's Empowerment Principles*²

2. ROLES AND RESPONSIBILITIES

- 2.1 This Policy is approved by the Board.
- 2.2 Human rights risks and issues could arise as a result of any of the Group's business operations; therefore, the day-to-day responsibility for management of human rights resides within each individual business unit. This includes implementing processes and controls to ensure compliance with the requirements of this Policy relevant to their operations.
- 2.3 The Group Non-Financial Risk Committee is responsible for review and oversight of Environmental, Social and Governance (ESG) related non-financial risks⁵ and opportunities (including human rights) and performance.
- 2.4 The Group Credit and Market Risk Committee is responsible for review and oversight of ESG-related risk and opportunities (including human rights) associated with credit and market risks and performance.
- 2.5 Material risk owners, People & Culture and policy owners are responsible for incorporating human rights considerations into relevant policies, procedures, frameworks and action plans and associated training programs.

3. POLICY REQUIREMENTS

- 3.1 The Group will conduct business in a way that respects the rights, dignity and equality of people, and avoids complicity in human rights abuses, while complying with legal and regulatory requirements which incorporate the protection of human rights. These include:
 - employment laws, covering areas such as discrimination, harassment – including sexual harassment, workplace bullying, victimisation, domestic violence and occupational health and safety; and

³The *International Bill of Human Rights* incorporates:

- *Universal Declaration of Human Rights (1948)*;
- *International Covenant on Civil and Political Rights (1966)*: Civil and political rights include the right to freedom of conscience and religion, the right to be free from torture, and the right to a fair trial; and
- *International Covenant on Economic, Social and Cultural Rights (1966)*: These include the right to an adequate standard of living, the right to education, the right to fair wages and the right to safe working conditions.

⁴The ILO eight core conventions address the need to respect, promote and realise fundamental rights related to Non-Discrimination / Diversity (ILO convention No. 111), Equal Remuneration female/male (ILO convention No. 100), Freedom of Association, Right to Organise and Collective Bargaining (ILO convention No. 87,98), Forced Labour (ILO Convention No. 29, 105), Minimum Age/ Child Labour (ILO Convention No. 138, 182).

⁵ Non-financial risk categories include operational, compliance and regulatory risks.

- consumer, customer, community and supply chain related requirements, covering areas such as responsible products and services, accessibility requirements, modern slavery⁶ and land rights.

3.2 The Group will:

- Avoid causing⁷ or contributing⁷ to adverse human rights impacts through the Group's own business activities, and address such impacts if they occur.
- Seek to prevent or mitigate adverse human rights impacts associated with the Group's third party⁸ relationships that are directly linked⁷ to the Group's operations or products or services.
- Maintain grievance⁹ mechanisms to allow those adversely affected to raise concerns and seek remedy¹⁰ (as appropriate).

3.3 The Group will reflect its commitment to human rights in relevant policies and procedures, risk assessment processes and tools, due diligence and training programs as part of its overall approach to ESG risk.

3.4 The Group will take a risk-based approach¹¹ to decide when increased due diligence is required to understand, assess and address the potential human rights violations associated with countries, industry sectors, business relationships, customers and transactions.

3.5 Respecting the human rights of the Group's people

3.5.1 People-related policies and processes will reflect internationally recognised human rights¹², tailored appropriately to meet local legislation, regulations and working practices, including legislative standards and employee and union negotiated conditions, where applicable. At a minimum, this includes those rights expressed in the *International Bill of Human Rights* and the ILO's eight core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.

3.5.2 The Group will take actions to promote a culture of respect for human rights and embrace both inclusion and diversity in the Group's workforce – with equal opportunities for all.

3.5.3 The Group will seek to provide employment opportunities for disadvantaged and under-represented segments of the communities the Group operates within.

⁶ The Group is subject to the UK Modern Slavery Act 2015 and Australian Modern Slavery Act 2018 (Cth) and considers requirements of new legislation (such as the Modern Slavery Act 2018 (NSW) and any other relevant legislation yet to be proclaimed)

⁷ Refer to *UN Office of the High Commission for Human Rights – Frequently Asked Questions About the Guiding Principles on Business and Human Rights 2014* pp 31-32 and *NAB Human Rights Policy Guidance* for explanatory text in relation to 'cause', 'contribute' and 'directly linked'.

⁸ Third parties include customers, suppliers, and business partners.

⁹ Refer *UN Guiding Principles for Business and Human Rights*. A grievance is defined as a perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities.

¹⁰ Refer *UN Guiding Principles for Business and Human Rights*. Remedy may include apologies, restitution, rehabilitation, financial or non-financial compensation, as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.

¹¹ The Group is a large corporation, operating in a global economy, where its customers and suppliers have numerous interlinked and extended business relationships and supply chains in which negative human rights impacts could occur. It is not possible to consider, mitigate or remediate all human rights concerns that could arise in these extended relationships – as the Group may not (directly or indirectly) contribute to potential human rights impacts, or be able to leverage influence over parties in relation to potential human rights impacts, particularly where the Group's business relationship is only indirectly relevant to the potential human rights impacts in question.

¹² Refer *Human Rights – Policy Guidance Examples* for more details on internationally recognised human rights and examples of how business activities may intersect with human rights.

- 3.5.4 The Group will respect the right of its employees to choose to join or not join relevant industrial associations. Where its employees wish to be represented by trade unions or other employee representative groups, the Group will deal in good faith with the bodies that its employees collectively choose to represent them, in accordance with relevant legal frameworks.
- 3.5.5 The Group will take actions to facilitate the prevention of work-related risks and health hazards, including addressing occupational health and safety requirements.
- 3.5.6 The Group will take action to build an inclusive culture where differences are valued, including considering the rights of people with a disability and raising awareness of accessibility.
- 3.5.7 The Group will ensure mechanisms are in place to enable its employees to raise concerns in relation to human rights impacts in the workforce and allow grievances to be addressed.

3.6 Respecting human rights in the Group's business relationships

- 3.6.1 The Group expects its customers, suppliers and other persons with whom it has business relationships to respect human rights.
- 3.6.2 The Group will seek to avoid knowingly engaging in business activities where it could be complicit in human rights abuses. This includes appropriate consideration of the Group's human rights commitments, land rights of communities that are, or may be impacted by our customers and suppliers and modern slavery requirements¹³. The Group does not tolerate slavery, human trafficking, forced labour, or child exploitation (including the Worst Forms of Child Labour).
- 3.6.3 The Group will seek to avoid knowingly providing financial products and services to companies where the Group considers there is credible evidence of material violations of land rights or improper land acquisition.
- 3.6.4 The Group will engage with relevant customers, suppliers and other stakeholders to encourage best practice in respecting and protecting the land rights and other human rights of relevant local communities.
- 3.6.5 Should the Group discover that – through the actions of third parties– it is (or may be) associated with human rights violations, appropriate action will be taken in a timely manner. Actions may include notification to regulators and/or law enforcement agencies, engaging with the relevant parties to promote good practice and/or avoiding or exiting the business relationship.
- 3.6.6 Human rights requirements will be incorporated within the Group's Supplier Sustainability Principles (GSSPs), supplier due diligence processes and supplier contractual arrangements as appropriate.

3.7 Respecting human rights of customers and the community

- 3.7.1 The Group will seek to contribute positively to human rights in the communities and countries in which it operates. This includes taking steps to:
 - Treat all customers, existing and potential, fairly;
 - Provide access to responsible banking and financial services;
 - Adhere to confidentiality and privacy requirements;

¹³ This includes consideration of value chains that extend beyond the direct relationship for suppliers, banking relationships and investment portfolios

- Manage conflicts of interest;
- Support customers and communities in times of hardship; and
- Understand potential human rights risks facing vulnerable and/or marginalised groups.

Additionally, in Australia and New Zealand, we will take steps to:

- Contribute to closing the Indigenous disadvantage gap; and
- Support individuals who are marginalised from mainstream finance and banking to access fair and affordable financial services.

3.7.2 Processes will be in place to comply with economic and trade sanctions, including those arising from alleged breaches of human rights, consistent with finance industry practice.

3.7.3 The Group will consider, and mitigate as appropriate, the potential risk of its systems and operations being inappropriately used in connection with financial crime and other criminal activities (e.g. bribery, corruption, fraud, child sexual exploitation, terrorist financing and money laundering). Such illegal activity could be for the purposes of concealing human rights violations and/or have adverse human rights impacts.

3.8 Due diligence, monitoring and review

3.8.1 Human rights related risks will be considered as part of due diligence, risk assessment and monitoring processes where appropriate.

3.8.2 As part of due diligence and risk assessment processes, the Group may consider relevant best practice industry standards and guidelines, certifications and verification systems in assessing whether third parties are giving due consideration to human rights related risk (including improper land acquisition).

3.8.3 Human rights issues that arise must be responded to, and escalated, as appropriate, including the use of independent assessments and undertaking remedial action where appropriate. This is in addition to the requirements of the Event Management Standard Operating Procedures.

3.8.4 Relevant monitoring, oversight and review processes will be undertaken to review the effectiveness of the Group's human rights commitments and modern slavery requirements as specified in related policies, processes, frameworks and/or action plans¹⁴.

3.8.5 This Policy and all Group policies and processes must be reviewed and updated on a regular basis, including where necessary to reflect changes in human rights

¹⁴ This Human Rights Policy is an overarching policy that outlines high-level requirements. These requirements are intended to be implemented through other policies, procedures, frameworks and action plans, which incorporate reference to context-specific monitoring, oversight and review processes.

requirements and global good practice and to address human rights risks affecting the Group, its people, customers, suppliers and third parties.

3.9 Training and communications

3.9.1 The Group's commitment to human rights will be disseminated to employees through employee communication channels and be included within relevant training programs.

3.10 Stakeholder engagement, grievances and remedy

3.10.1 The Group will maintain dispute resolution and issue reporting processes¹⁵ for parties who feel aggrieved by the Group, or who wish to report human rights-related concerns. These grievance and reporting mechanisms¹⁶ are available to parties wanting to raise human rights (including improper land acquisition and modern slavery concerns) and, where appropriate, seek remedy. Concerns will be investigated and actioned by relevant complaint and dispute management functions, including consideration of any remedy. Affected parties raising concerns will be kept updated at appropriate times in such investigations, taking into account relevant confidentiality and privacy requirements.

3.10.2 The Group will engage with relevant stakeholders, as appropriate, to understand their expectations and consider their concerns in relation to human rights related ESG risks and issues.

3.11 Reporting and Disclosure

3.11.1 External and public reporting will be undertaken to meet legal, regulatory and voluntary commitments relating to human rights.

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.

4.2 Exemption requests¹⁷ must be submitted to the Approval Authority and will be granted at their discretion. Refer to the Exemptions Procedure Guide for further detail.

4.3 Group policies are designed to comply primarily with Australian law. If a policy is inconsistent with local law in a region in which the Group operates, then the relevant BU must comply with local law but should, to the extent possible, do so in a way consistent with the intent of the policy. The relevant BU should apply for an Exemption if mandatory requirements of the Policy cannot be met.

5. POLICY BREACHES

5.1 Breaches of this Policy (i.e. non-compliance that is not managed via the formal exemption or exception process) must be managed in accordance with the Employee Conduct

¹⁵ Resolve teams and Customer Advocate for customers, complaints and dispute resolution procedures, the Group Whistleblower Program for employees and suppliers and Resolve teams for public and other stakeholders.

¹⁶ Refer to Principle 31 of the *UN Guiding Principles for Business and Human Rights* for guidance on effectiveness criteria to be considered in developing grievance processes (i.e. legitimate, accessible, predictable, equitable, transparent, rights-compatible, and subject to continuous improvement).

¹⁷ 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.

Management Policy and recorded per the Events Management Standard Operating Procedures or regional equivalents.

- 5.2 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.

6. POLICY CHANGE

- 6.1 Administrative changes¹⁸ to this policy must be submitted to the Policy Owner and will be approved at their discretion¹⁹.
- 6.2 All other changes to this policy must be submitted to the Approval Authority and will be approved at their discretion¹⁸.

7. RELATED DOCUMENTS

- 8.1 Human Rights matters are addressed in a range of NAB Group policies. A list of Related Policies that address the various elements of human rights are provided in a reference document.

8. GLOSSARY

| Term | Definition |
|-----------------|--|
| Business Leader | All references to Business Leaders correspond to first line Division/BU/PU management accountabilities. The role of Management Assurance is to support the Business Leaders to execute their risk management accountabilities. The Business Leaders remain accountable. |
| BU | For the purposes of this Policy, Performance Unit/Business Unit ("PU/BU") incorporates all of the various naming conventions in place across the Group. |
| GCRO | Group Chief Risk Officer |
| Divisions | All references to Division relate to Divisions, Divisional Areas, Functional Business Line, Region or Legal Entity (NAB Ltd, BNZ, NAB Wealth) unless otherwise stated. |
| Group | National Australia Bank Limited (NAB) and its controlled entities |
| Land Rights | Land rights broadly refer to rights to use, control, and/or transfer a parcel of land (and associated natural resources). Land rights are not always well defined, particularly in developing countries or in relation to indigenous communities. This can result in land right disputes caused by (i) large-scale commercial land acquisitions that may not have been conducted legally or (ii) adverse impact on local communities, livelihoods, human rights and food security. Such disputes can be exacerbated by the inadequate recognition of customary rights to land and natural resources. <i>NAB considers that to be effective,</i> |

¹⁸ As defined in the Group Policy Governance Framework.

¹⁹ For publishing of Policies on Group Policy Central a Policy Change Request must be submitted with evidence of approval.

| Term | Definition |
|-----------------------------|--|
| | <i>land rights should be legally and socially recognised, well-defined, enforceable and transferable.</i> |
| Improper Land Acquisition | This refers to land acquisition processes (i) which may not have not been conducted legally or (ii) where compensation provided may not be adequate or appropriate or (iii) which have not involved appropriate consultation with affected communities or vulnerable and marginalised groups or individuals or (iv) where native title rights (or similar/equivalent regulatory process as applicable for the jurisdiction) are not respected. In the case of indigenous peoples best practice is embodied as Free, Prior and Informed Consent (FPIC). |
| Modern Slavery | The term modern slavery is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery includes eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. |
| Worst Forms of Child Labour | The International Labour Organisation (ILO) Worst Forms of Child Labour Convention, 1999 (No. 182) defines the worst forms of child labour as slavery, debt bondage, prostitution, pornography, forced recruitment of children for use in armed conflict, use of children in drug trafficking and other illicit activities, and all other work harmful or hazardous to the health, safety or morals of girls and boys under 18 years of age. |
| May | The action is discretionary. |
| Must | An action is an absolute requirement and any deviation from this will require a formal policy exemption. |
| Must not | An action is explicitly prohibited and any deviation from this will require a formal policy exemption. |
| Should | In particular circumstances, valid reasons may exist to deviate from a requirement, but the full implications need to be understood and carefully weighed before choosing such a course of action. |
| Should not | In particular circumstances, valid reasons may exist where the discouraged action is acceptable or even useful, but the full implications should be understood and the case carefully weighed before choosing such a course of action. |
| Will | For the purposes of interpretation of this policy, use of the term “will” should be read as having the same meaning as “must”. |
| Will not | For the purposes of interpretation of this policy, use of the term “will not” should be read as having the same meaning as “must not”. |