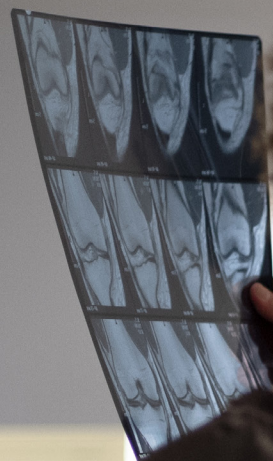


CORPORATE GOVERNANCE AT NAB

NAB 2018 Corporate
Governance Statement



National
Australia
Bank



**North Parramatta Physiotherapy
& Sports Injuries**
NAB customer

Mary Knapman

"NAB has come with us the whole way –
it's been a very long relationship."

GOOD GOVERNANCE

We are pleased to present our 2018 Corporate Governance Statement (Statement). This Statement describes our approach to corporate governance and the governance practices in place at NAB.

NAB's purpose is to 'Back the bold who move Australia forward'.

NAB's vision, refreshed in 2018, is 'To be Australia's leading bank, trusted by customers for exceptional service'.

NAB's values continue to guide and motivate our Board, our leaders and our people. Our values support our people to deliver industry leading, sustainable outcomes for our customers, shareholders and the broader community.

NAB's purpose, vision and values are supported by good corporate governance.

OUR VISION

To be Australia's leading bank, trusted by customers for exceptional service

Good governance matters. Our governance practices empower and enable our operations. They provide clarity on the scope of authorities, encourage transparency, and support compliance. Good governance allows the timely flow of information to the Board to support it in fulfilling its roles and responsibilities.

Significant governance activities undertaken in 2018 included:

- a comprehensive program of work to embed the requirements of the *Banking Executive Accountability Regime* by the 1 July 2018 start date; and
- a detailed self-assessment of governance, accountability and culture frameworks and practices.

NAB VALUES

PASSION FOR CUSTOMERS

WIN TOGETHER

BE BOLD

RESPECT FOR PEOPLE

DO THE RIGHT THING

SHAREHOLDERS



BOARD

NAB Board

Board Audit Committee

Board Risk Committee

Board Remuneration Committee

Board Nomination & Governance Committee

MANAGEMENT

Chief Executive Officer

Executive Leadership and Management Committees

The Board reserves certain powers for itself and delegates certain authority and responsibility for day-to-day management of the bank to the Group CEO (and other people responsible for the day-to-day management of our business). The Group CEO in turn delegates certain authorities and responsibilities to senior executives. These delegations are regularly reviewed and confirmed and are consistent with the requirements of the *Banking Executive Accountability Regime*.

FOCUS ON CUSTOMERS, CULTURE AND ACCOUNTABILITY

In 2018, we have continued our long-term, proactive approach to creating a governance culture that values our customers, promotes ethical and responsible behaviour, and contributes to sustainable value creation for our shareholders. This section details some core activities during 2018.

ACCOUNTABILITY

In readiness for the *Banking Executive Accountability Regime* start date of 1 July 2018, NAB registered its directors and identified senior executives as 'Accountable Persons' with the Australian Prudential Regulation Authority (APRA).

Implementing the *Banking Executive Accountability Regime* has strengthened existing accountability structures and practices. The implementation has provided greater clarity on accountabilities, resulted in clearer delegation and decision-making processes, and prompted an internal review of existing risk management practices and procedures across NAB.

All NAB Accountable Persons have a letter of appointment (in the case of directors) or a written employment agreement (in the case of Executive Leadership Team members and other senior executives) setting out their role, responsibilities and accountabilities.

Work to further embed the *Banking Executive Accountability Regime* will continue in FY19.

GOVERNANCE & CULTURE

Following the release of APRA's report on its Prudential Inquiry into the CBA in April 2018, NAB promptly mobilised a comprehensive self-assessment of its own governance, accountability and culture frameworks and practices. NAB's Risk function led the project, supported by an Advisory Committee comprised of senior leaders from across the bank, ensuring a diversity of views.

Directors have worked closely with the Risk function to support the delivery of this critical work.

The assessment has involved detailed interviews, including with directors, the Group Company Secretary, the Executive Leadership Team, Internal Audit and the Independent Customer Advocate. In addition, focus groups and interviews with a diverse cohort of NAB employees were held, as were discussions with regulators.

We have engaged with APRA throughout on the scope and methodology for the self-assessment and are confident the self-assessment will respond to the regulator's request, and produce insights that enable us to deliver on our vision to be Australia's leading bank, trusted by customers for exceptional service.

NAB's self-assessment findings will be reported to APRA in November 2018.

RESPONSIBLE REMUNERATION

In 2018 NAB made significant changes to remuneration – to encourage performance that represents the interests of all NAB stakeholders. As a result, the Board introduced a new executive remuneration framework

for the Group Chief Executive Officer (CEO) and Executive Leadership Team. The new framework makes more transparent the means by which the Board holds leaders accountable when NAB falls short of customer, shareholder and community expectations.

At NAB we value open, timely and transparent communication with all our stakeholders

The new framework removes complexity and encourages performance that represents the interests of all NAB stakeholders. Its development involved engagement with investors, proxy advisors, regulators and executives. It is designed to ensure that NAB delivers exceptional customer service. We will monitor its effectiveness over time.

The new framework is compliant with the *Banking Executive Accountability Regime*. It applies with effect from 1 October 2017. The Board used the new framework to assess the 2018 performance outcomes for the Group CEO and Executive Leadership Team. Those outcomes are set out in NAB's **2018 Remuneration Report**.

In addition, in 2018 NAB closed a number of legacy sales based incentive plans. This was the right thing to do. From 1 October 2018, NAB is fully compliant with the retail banking remuneration related recommendations of the Sedgwick Report, in advance of the 2020 deadline.

ROYAL COMMISSION

The Royal Commission into *Misconduct in the Banking, Superannuation and Financial Services Industry* has highlighted industry-wide areas for improvement. The Royal Commission reminds us of the importance of banking in society, of having a customer mindset, being forward-looking and learning from our mistakes.

At NAB, we acknowledge that mistakes have been made and that we've not always delivered for customers. We're working on significant improvements to speed up how we address customer issues, including remediation, improved risk management practices and tightened controls.

We view the Royal Commission as an important and necessary process and throughout this year we have co-operated fully, respecting the process put in place by the Commissioner, the Honourable Kenneth Hayne AC QC. As the Commission moves towards its final report for the Government, due on 1 February 2019, NAB continues to co-operate in the process, proactively address matters raised and consider any regulatory changes that may be instituted as a result of the Royal Commission's findings.

FOCUS ON SHAREHOLDERS

At NAB we value open, timely and transparent communication with all our stakeholders. We know this is important for trust. We engage with our shareholders and investors in a number of ways, including:

- written and electronic communications, including open letters and publications from the Chairman and the Group CEO on key developments and matters of interest;
- providing information about NAB on our website, including in relation to our policies and governance practices;
- periodic trading updates, financial results and reports, ASX announcements and media

releases, investor presentations and briefings (all of which are available on our website at nab.com.au/shareholder, as well as the NAB Investor Relations mobile app); and

- webcasting of significant market briefings and meetings, including the Annual General Meeting (AGM).

As in prior years, we will again be inviting shareholders to submit questions in advance of the AGM, to help us understand and address areas of interest or concern.

Shareholders can contact NAB or its share registrar at any time, by mail, telephone, email or via the Computershare Investor Centre. More than half of NAB's shareholders have elected to communicate with NAB and Computershare electronically.

BOARD OF DIRECTORS



GERALDINE MCBRIDE

Non-executive director since March 2014. Geraldine is a member of the Board's Audit Committee.

ANN SHERRY

Non-executive director since November 2017. Ann is a member of the Board's Remuneration Committee.

ANTHONY YUEN

Non-executive director since March 2010. Anthony is a member of the Board's Audit Committee and Risk Committee.

ANDREW THORBURN

Managing Director and Group Chief Executive Officer since August 2014. Andrew attends the Board's Risk Committee and Remuneration Committee.

DOUG MCKAY

Non-executive director since February 2016. Doug is a member of the Board's Audit Committee and Nomination & Governance Committee.

KEN HENRY

Chairman since December 2015 and a non-executive director since November 2011. Ken is also Chairman of the Board's Nomination & Governance Committee.

DAVID ARMSTRONG

Non-executive director since August 2014. David is Chairman of the Board's Audit Committee and a member of the Risk Committee.

PHILIP CHRONICAN

Non-executive director since May 2016. Philip is Chairman of the Board's Risk Committee and a member of the Remuneration Committee.

ANNE LOVERIDGE

Non-executive director since December 2015. Anne is Chairman of the Board's Remuneration Committee and a member of the Nomination & Governance Committee.

PEEYUSH GUPTA

Non-executive director since November 2014. Peeyush is a member of the Board's Risk Committee, Remuneration Committee and Nomination & Governance Committee.

33%

In 2018 NAB had 33% female non-executive director representation on the NAB Board

NAB's Board consists of nine independent non-executive directors, including the Chairman, and one executive director, the Group CEO.

The Board provides strategic direction for our business and represents the interests of our shareholders through the creation of sustainable value. The Board continues to focus on our customers, our people and the communities in which we operate and in doing so enhances long-term shareholder returns.

Our Chairman, Dr Ken Henry, is responsible for leading the Board and ensuring that it operates to a high standard of corporate governance, and fulfils its duties under the Board's Charter. The Charter is available in the [Corporate Governance section of our website](#).

BOARD FUNCTIONS AND RESPONSIBILITIES

The roles and responsibilities of the Board, including the matters that are specifically reserved to the Board, are set out in our Board Charter which is available in the [Corporate Governance section of our website](#). Key elements of the Board's roles and responsibilities are described in the table below.

Culture and Conduct	<ul style="list-style-type: none"> Overseeing and guiding the culture, reputation and standards of conduct of the NAB Group Evaluating the effectiveness of policies and processes established to promote the maintenance of high ethical standards 	<ul style="list-style-type: none"> Monitoring and influencing the NAB Group's culture, including by overseeing the implementation of strategies, policies and controls that motivate desired behaviours and promote sustainable outcomes for customers, shareholders and other stakeholders
Stakeholder Interests	<ul style="list-style-type: none"> Representing shareholders and enhancing long-term shareholder returns, having regard to the interests of other stakeholders including our customers, our people and the communities in which we operate 	<ul style="list-style-type: none"> Maintaining a focus on consistent business performance, behaviour, transparency and accountability Reviewing and approving corporate governance principles and policies
Strategy	<ul style="list-style-type: none"> Considering and approving corporate strategy and plans Making decisions concerning dividend policy 	<ul style="list-style-type: none"> Reviewing and approving major investment and strategic commitments Reviewing and approving capital management initiatives
Performance	<ul style="list-style-type: none"> Overseeing performance against the Group's operating budgets, financial plan, strategic plan, risk appetite statement, financial operating plan, capital management and funding strategy 	<ul style="list-style-type: none"> Reviewing and approving the Group's audited financial statements
Integrity of External Reporting	<ul style="list-style-type: none"> Reviewing with the guidance of the Audit Committee, the processes, controls and procedures in place to maintain the integrity of accounting and financial records and statements 	<ul style="list-style-type: none"> Reviewing and monitoring our reporting to shareholders and regulators, including the provision of objective, comprehensive, factual and timely information to the markets in which NAB's securities are regulated
Risk Management and Compliance	<ul style="list-style-type: none"> With the guidance of the Risk Committee, review, oversight and challenge the risk management framework, and its implementation by management 	<ul style="list-style-type: none"> Overseeing processes for the maintenance of adequate credit quality Maintaining appropriate ongoing dialogue with principal regulators Overseeing and approving the Group's Risk Appetite Statement Overseeing our approach to climate change and climate change risk
Executive Review and Succession Planning	<ul style="list-style-type: none"> Approving key executive appointments and remuneration, and monitoring and reviewing executive succession planning and diversity 	<ul style="list-style-type: none"> Evaluating the performance of the Group CEO, Executive Leadership Team and other senior executives

SUBSIDIARY BOARDS

NAB has a number of subsidiary companies. The activities of each subsidiary company in the NAB Group are overseen by that company's own board of directors. The Board's confidence in the activities of its controlled entities stems from the quality of the directors on those subsidiary boards, and their commitment to NAB's objectives. NAB directors have a standing invitation to attend, through consultation with the relevant subsidiary Chairman, board meetings of significant subsidiaries in order to develop a broader understanding of NAB's operations. Several NAB directors are also directors of significant subsidiaries in the NAB Group.

BOARD PERFORMANCE

Directors prepare comprehensively for, attend and participate in Board and Committee meetings and attend branch, employee and customer experience opportunities. In 2018, the Board undertook both an offsite and a study tour focused on technology and transformation, both critical focus areas for NAB's future.

The number of Board and Committee meetings held in 2018 is set out on pages 9 and 10 of this Statement, and in the Report of the Directors in our [2018 Annual Financial Report](#), where each director's meeting attendance is also set out.

The Board also met with key regulators throughout the year (including APRA, ASIC and AUSTRAC).

The Board conducts an annual assessment of its performance and effectiveness, as well as of its Committees. Each director also participates in individual interviews with the Chairman. The performance of each Committee is initially discussed and reviewed within each Committee and is then subsequently reviewed as part of the Board's annual assessment.

The 2018 annual performance evaluation for the Board, its Committees and individual directors took place in accordance with this process.

External experts are engaged periodically to review the performance and effectiveness of the Board and its Committees, to bring an 'outside-in' perspective and challenge, and to assist in continuous improvement opportunities.

COMPANY SECRETARIES

The Group Company Secretary provides advice and support to the Board, and is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board and its Committees. The Group Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee Charters and procedures.

The Group Company Secretary (and assistant Company Secretaries) are appointed and removed by the Board. Further detail on each Company Secretary is provided in the Report of the Directors within our [2018 Annual Financial Report](#).

BOARD COMPOSITION, DIVERSITY AND PERFORMANCE

The Board actively reviews its composition to ensure it maintains the appropriate mix of skills, experience, expertise and diversity required to discharge its responsibilities. Board succession planning is a core function of the Board's Nomination & Governance Committee.

Our Board composition is driven by certain principles:

- The Board will be of an appropriate size to allow efficient decision making.
- The Board must comprise a majority of independent non-executive directors.
- The Board should consist of directors with a broad range of skills, experience, expertise, and be from a diverse range of backgrounds.
- The Chairman must be an independent non-executive director, and must not have been a NAB executive or the Group CEO in the previous three years.

NAB has a Group Fit and Proper and *Banking Executive Accountability Regime* Suitability Policy that addresses the requirements of APRA Prudential Standard CPS 520 *Fit and Proper* and supports compliance with the obligations of the *Banking Executive Accountability Regime*. This Policy requires an annual assessment of our directors, certain senior management and responsible auditors, including a determination of whether they have the appropriate competence, character, diligence, honesty, integrity and judgment to perform their role.

The Board, with the assistance of the Nomination & Governance Committee, has reviewed and taken into consideration the existing workload of directors and concluded that each director has sufficient capacity to undertake the duties expected of a director of NAB.

Newly appointed directors must stand for election by shareholders at the next AGM. In addition, the NAB Constitution requires that at each AGM, non-executive directors who have held office for at least three years without re-election, or beyond the third AGM following their appointment or last election (whichever is longer) must retire from office and are eligible to stand for re-election.

Before each AGM, the Board assesses the performance of each director due to stand for election and re-election, and decides whether to recommend to shareholders that they vote in favour of the re-election or election of each relevant director.

In 2018, Ms Anne Loveridge is standing for re-election, as recommended by the Board. NAB's 2018 Notice of AGM includes all material information in our possession relevant to a decision on whether or not to re-elect Ms Loveridge.

Further information on NAB's directors is provided in our [2018 Annual Financial Report](#).

BOARD SKILLS MATRIX

The Board's Nomination & Governance Committee undertakes an annual assessment of Board composition using a Board skills matrix, to assess the skills and experience of each director and the combined capabilities of the Board.

The insights from the annual assessment are:

- considered in the context of NAB's business and its strategic needs;
- incorporated into Board succession planning, and the selection of new directors; and
- an important factor in NAB's commitment to diversity.

When a Board vacancy is anticipated, the Nomination & Governance Committee assesses the skills and experience required, which informs the identification of suitable candidates. The most suitable candidate is appointed by the Board after appropriate checks are undertaken, including assessment in accordance with the Group Fit and Proper and *Banking Executive Accountability Regime* Suitability Policy, and is subject to election by shareholders at the next AGM. The key terms and conditions of a director's appointment are formally documented in a letter of appointment.

Further information about NAB's remuneration framework, including NAB's policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives, is set out in our Remuneration Report within our [2018 Annual Financial Report](#).

The skills matrix on the next page demonstrates alignment of the Board's responsibilities with the current mix of skills on the Board. The Board believes this mix results in an appropriate set of skills, experience and expertise, and ensures a diverse range of views and perspectives for the effective governance, oversight and strategic leadership of NAB.



Elissa Renouf

When four of her five children were diagnosed with Type 1 diabetes, the challenges associated with their care inspired Elissa to start Diabete-ezy.

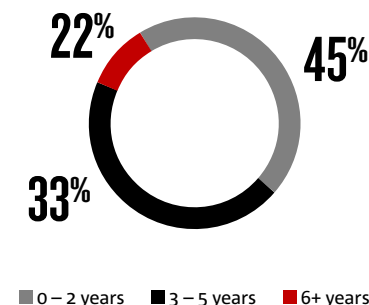
Diabete-ezy
NAB customer

SKILLS MATRIX

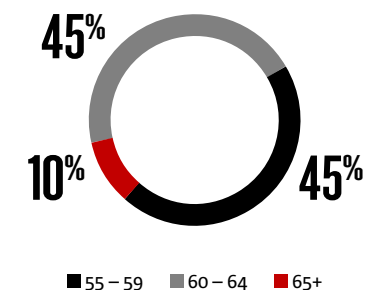
The Board is challenging, yet supportive. The Board operates with a collegiate spirit, yet independence of thought, taking into account the interests of NAB's customers, shareholders and other stakeholders.

SKILLS & EXPERIENCE	EXPLANATION	COLLECTIVE ¹
Banking and financial services experience	Experience outside NAB in significant components of the financial services industry, including banking and equity and debt capital markets. Strong knowledge of the regulatory environment. Includes advisory roles to the industry.	Strong
Leadership and commercial acumen	Skills gained whilst performing at a senior executive level for a considerable length of time. Includes delivering superior results, running complex businesses, leading complex projects and issues, and leading workplace culture.	Strong
Financial acumen	Good understanding of financial statements and drivers of financial performance for a business of significant size, including ability to assess the effectiveness of financial controls.	Strong
Risk management	Experience in anticipating and evaluating risks that could impact business. Recognising and managing these risks by developing sound risk management frameworks and providing oversight. Includes experience in managing compliance risks and regulatory relationships.	Strong
Strategy	Experience in developing, setting and executing strategic direction. Experience in driving growth and transformation, executing against a clear strategy.	Strong
Governance	Publicly listed company experience, extensive experience in and commitment to the highest standards of governance, experience in the establishment and oversight of governance frameworks, policies and processes.	Strong
Technology and digital	Experience in businesses of a significant size with major technology focus, including adaptation to digital change and innovation.	Moderate
People and remuneration	Experience in building workforce capability, setting a remuneration framework that attracts and retains a high calibre of executives, and promotion of diversity and inclusion.	Strong

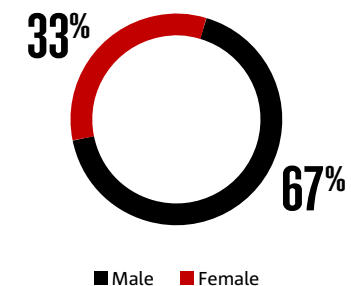
BOARD TENURE



BOARD AGE PROFILE



BOARD GENDER DIVERSITY



¹ Includes CEO as Managing Director

Tenure, age and gender statistics are for non-executive directors only, as at 30 September 2018.

Campbells Wines
NAB customer

Colin Campbell

"It's been an extraordinary relationship and if it wasn't for NAB, we wouldn't be where we are now."

Jane Campbell & Colin Campbell

DIRECTOR INDEPENDENCE

All NAB directors are expected to bring independent and unfettered judgement to Board deliberations.

To qualify as 'independent', a director must be independent of management and free of any business or other association that could materially interfere with (or reasonably be perceived to materially interfere with) the director's exercise of unfettered and independent judgement with respect to issues before the Board, and to act in the best interests of NAB and its shareholders.

A register of directors' material interests is maintained and regularly reviewed by each director and the Group Company Secretary.

If a director is involved with another company or firm that may have dealings with NAB, those dealings must be at arm's length and on normal commercial terms.

The Board conducts regular (at least annual) reviews of the independence of each of the directors. Directors are expected to volunteer information as and when changes occur, and each non-executive director is required to make an annual disclosure to the Board of all relevant information.

In considering the independence of each director, the Board takes into account the factors outlined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (ASX Corporate Governance Recommendations). The Board has determined for 2018 that all non-executive directors are independent and that the Board consisted of a majority of independent directors. To further assist in ensuring that the Board operates independently of management, non-executive directors meet in the absence of management at each scheduled Board and Committee meeting.

Director tenure is a factor taken into account by the Board in assessing the independence of a director, but is not determinative. As a guide, most directors would not stand for re-election after serving 10 years on the Board; however, the Board may determine that a director continues to bring valuable expertise, independent judgement and the ability to act in the best interests of NAB beyond the term of 10 years. The overall tenure profile of the Board is also a relevant factor.

CONFLICTS OF INTEREST

Under Australian law, directors have a duty to avoid conflicts of interest.

The NAB Conflicts of Interest Policy and the NAB Constitution establish clear rules, controls and guidance regarding the management of actual, potential or perceived conflicts of interest.

Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of NAB. This is a matter

for ongoing and active consideration by all directors, and any director who has a material personal interest in a matter relating to NAB's affairs must notify the Board of that interest.

If a potential conflict of interest arises, NAB's corporate governance standards dictate that the director concerned does not receive copies of the relevant Board papers and is not present at meetings while such matters are considered. In this way the director takes no part in discussions and exercises no influence over the other members of the Board. If a significant conflict of interest with a director exists and cannot be resolved, the director is expected to tender his or her resignation.

DIRECTOR INDUCTION AND CONTINUING EDUCATION

Each new director is provided with an orientation program which includes discussions with executives and management, and briefings and workshops on NAB's: strategic plans; risk management strategy and framework; significant financial, accounting and risk management matters; compliance programs; performance management structure; internal and external audit programs; Codes of Conduct; purpose, vision and values; and, directors' rights, duties and responsibilities.

Continuing education is provided for the Board through a combination of internal and external presentations, workshops with management, site visits and study tours. Directors are also encouraged to personally keep up-to-date on topical issues.

ACCESS TO MANAGEMENT AND INDEPENDENT PROFESSIONAL ADVICE

Directors have complete and open access to management through the Chairman, Group CEO or Group Company Secretary.

The Board and Committee Charters clearly state that the Board or its Committees may engage external consultants and experts as required, and written guidelines entitle each director to seek independent professional advice at NAB's expense, with the prior approval of the Chairman. The Board can conduct or direct any investigation to fulfil its responsibilities and can retain, at NAB's expense, any legal, accounting or other services that it considers necessary from time to time to fulfil its duties.

DIRECTOR AND EXECUTIVE SHAREHOLDING REQUIREMENTS

NAB's Constitution requires that, within six months of appointment, a director must hold at least 2,000 fully paid NAB shares. The Board has adopted an additional policy that, within five years of appointment, a non-executive director's shareholdings should equal the value of the director's annual base fee. Details of directors' NAB shareholdings are set out in the Report of the Directors within our [2018 Annual Financial Report](#).

There are also minimum shareholding requirements for the Group CEO (two times fixed remuneration) and members of the Executive Leadership Team (an amount equal to each individual's fixed remuneration) which must be maintained during the term of their appointment. Newly appointed Executive Leadership Team members are required to accumulate the minimum shareholding requirement over a five-year period from commencement.

BOARD COMMITTEES

To assist in carrying out its responsibilities, the Board has established standing board committees that cover each of Audit, Remuneration, Risk, and Nomination & Governance matters. Other committees are created, with specific remits, as and when required.

Each Committee has a Charter that sets out its scope, authority, duties and responsibilities. The Charters are published in the [Corporate Governance section of our website](#).

Committee Chairs meet regularly with the Chairman of the Board. At each Board meeting, the Committee Chairs provide an update of the matters considered by their respective Committees. All directors receive all Committee papers, and all directors receive the minutes of each Board and Committee meeting. The Board also receives an annual report on activities undertaken by each Committee during the year, and its areas of focus for the coming year.

The number of Board and Committee meetings held in 2018 is set out below for each Committee, as well as in the Report of the Directors in our [2018 Annual Financial Report](#), where each director's meeting attendance is also set out.

NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance Committee supports the Board with oversight of the size and composition of the Board and its Committees, including succession plans, to maintain the appropriate mix of skills, experience, expertise and diversity required by the Board to effectively discharge its responsibilities. In fulfilling this role, its principal activities include the following:

- Assessing the necessary and desirable competencies of the Board and Chairman, and of the Committees and Committee Chairs.
- Making recommendations on the selection, re-election and removal of directors.
- Evaluating the performance of the Board, its Committees and directors.
- Making recommendations regarding professional development for directors.
- Reviewing corporate governance principles and policies.
- Making recommendations to the Board on the continuing independence of directors.

The Nomination & Governance Committee must have a minimum of three independent non-executive directors and the Chairman of the Board as Committee Chair. In 2018, the members of the Nomination & Governance Committee are Ken Henry (Committee Chair), Peeyush Gupta, Anne Loveridge and Doug McKay.

The Nomination & Governance Committee met 6 times during 2018.

AUDIT COMMITTEE

The Audit Committee supports the Board with oversight of the integrity of the accounting and financial statements and the financial and statutory reporting processes of the Group. In fulfilling this role, its principal activities include the following:

- Oversight of compliance with applicable accounting standards to give a true and fair view of NAB's financial position and performance.
- Oversight of internal audit processes, including appointment and removal of the Executive General Manager of Internal Audit.
- Oversight of external audit processes, including the appointment, evaluation, management and removal of the external auditor.
- Review of the scope of the audit plans for the external auditor and internal audit, and oversight of the audit work performed throughout the year.
- Oversight of NAB's Group Whistleblower Protection Policy and Program.
- Oversight of tax risk and tax governance arrangements.

The Audit Committee must have a minimum of three independent non-executive directors and the Chairman of the Board may not be a member. It must have an overlapping member of the Risk Committee. In 2018, the members of the Audit Committee are David Armstrong (Committee Chair), Geraldine McBride, Doug McKay, and Anthony Yuen. Mr Armstrong and Mr Yuen are both members of the Risk Committee as well. All Audit Committee members have appropriate financial experience and understanding of the financial services industry. Mr Armstrong has accounting and financial expertise in accordance with the requirement in the Audit Committee Charter that at least one member must have such expertise.

The Audit Committee met 12 times during 2018 (including 1 joint meeting with the Risk Committee and 2 joint meetings with the Board). Senior representatives from Ernst & Young and the Executive General Manager, Internal Audit attended every scheduled meeting.

BOARD COMMITTEES

REMUNERATION COMMITTEE

The Remuneration Committee supports the Board in relation to NAB's remuneration policies and practices with the objective that these:

- are reasonable and fair, in line with legal and regulatory requirements and shareholder expectations;
- responsibly reward individuals for performance; and
- in respect of performance-based remuneration, encourage behaviour that supports NAB's long-term financial soundness and aligns with prudent risk-taking.

In fulfilling this role, its principal activities include the following:

- Recommending to the Board annually the fixed remuneration and variable reward outcomes for the Group CEO, Executive Leadership Team and certain other senior executives based on both NAB's performance (including a mix of customer, risk and financial metrics) and each executive's individual performance.
- Monitoring and making recommendations regarding deferred equity vesting outcomes.
- Oversight of NAB's consequence management framework and management of underperformance and impact on remuneration outcomes.
- Considering key people topics, to facilitate a deeper focus on NAB's People Strategy during a time of significant transformation.

The Remuneration Committee must have a minimum of three independent non-executive directors and the Chairman of the Board may not be the Remuneration Committee Chairman. It must have an overlapping member of the Risk Committee. In 2018, the members of the Remuneration Committee are Anne Loveridge (Committee Chair), Philip Chronican, Peeyush Gupta and Ann Sherry. Mr Chronican is also a member (and Chairman) of the Risk Committee. The Chief Risk Officer has a standing invitation to attend Remuneration Committee meetings, and has attended all Remuneration Committee meetings in 2018.

The Remuneration Committee met 13 times during 2018 (including 1 joint meeting with the Risk Committee and 2 joint meetings with the Board).

The Remuneration Report, within NAB's **2018 Annual Financial Report**, contains further information about remuneration matters at NAB.

In 2018, the Remuneration Committee completed a strategic review of NAB's executive remuneration framework, resulting in implementation of a simplified remuneration framework applicable to the Group CEO and the Executive Leadership Team. The new framework responds to shareholder, regulator and community expectations and complies with laws and regulations (including the *Banking Executive Accountability Regime*).

RISK COMMITTEE

The Risk Committee supports the Board with oversight of the NAB Group's risk profile and risk management within the context of the Board determined Risk Appetite Statement, and making recommendations to the Board concerning current and future risk appetite and particular risks or risk management practices. In fulfilling this role, its principal activities include the following:

- Reviewing and making recommendations to the Board regarding NAB's Risk Appetite Statement and risk management strategy.
- Reviewing management's plans to mitigate material risks faced by NAB.
- Oversight of the implementation and operation of the risk management framework and internal compliance and control systems, including ensuring that the ongoing soundness of the risk management framework is reviewed at least annually.
- Oversight of stress testing of the Group risk portfolio, including scenario and sensitivity analysis for internal capital and liquidity adequacy assessments.
- Oversight of management's promotion of a risk aware culture and management's establishment of a balance between risk and reward.
- Reviewing assurances that support the Board and Committees to make a declaration to APRA on risk management and overseeing APRA statutory risk reporting requirements.

The Risk Committee must have a minimum of three independent non-executive directors and the Chairman of the Board may not be the Risk Committee Chairman. It must have an overlapping member of the Audit Committee. In 2018, the members of the Risk Committee are Philip Chronican (Committee Chair), David Armstrong, Peeyush Gupta and Anthony Yuen. Mr Armstrong is also a member (and Chairman) of the Audit Committee.

The Risk Committee met 11 times during 2018 (including 1 joint meeting with the Audit Committee and 1 joint meeting with the Remuneration Committee).

The Chief Risk Officer and senior representatives of the Group's external auditor Ernst & Young (EY), and the Executive General Manager Internal Audit attended every scheduled Risk Committee meeting.

ASSURANCE AND CONTROL

In order for the NAB Board to determine that its financial statements and disclosures are complete and accurate, it relies on information provided by management. Independent and objective assurance is provided by NAB's external auditor, Ernst & Young.

EXTERNAL AUDITOR

Throughout 2018, NAB's external auditor was Ernst & Young (EY). The Audit Committee is responsible for the appointment, evaluation, management and replacement of the external auditor, and the approval of the external auditor's annual fees (subject to shareholder approval where required). The Audit Committee oversees the external audit relationship and regularly meets with EY to review the adequacy of the external audit arrangements with particular emphasis on effectiveness, performance and independence. This includes an annual review of the external audit plan.

To foster open communication and to facilitate appropriate matters coming to the attention of the Audit Committee, the Group CEO, Group Chief Financial officer (Group CFO), Deputy Group CFO (Group Finance), Chief Risk Officer, Chief Legal & Commercial Counsel, Executive General Manager – Internal Audit, and the external auditor, all have direct and unfettered access to the Audit Committee without having to proceed through normal reporting line protocols.

NAB does not employ or appoint to any subsidiary board or management body any current or former partner, principal, shareholder or professional employee of the external auditor or their family members, if to do so would impair or be perceived to impair the auditor's independence.

The Audit Committee has adopted a Group External Auditor Independence Policy which requires pre-approval of any non-audit services proposed to be provided by the external auditor. The Audit Committee delegates authority to certain senior management personnel to approve those services, within limits pertaining to the expected cost of the services and controls that ensure independence is maintained. The exercise of any such delegation is reported to the Audit Committee at least biannually. Unless the Audit Committee approves otherwise, fees paid for the provision of non-audit services must not exceed fees paid for audit services in any year. Certain non-audit services are entirely prohibited by the policy from being provided by the external auditor, to ensure the independence of the external auditor is maintained.

Details of the non-audit services provided by EY to NAB and the fees paid or payable for such services are set out in the Report of the Directors and Note 33 'Remuneration of external auditor' in our **2018 Annual Financial Report**.

In accordance with legislation requiring the rotation of EY personnel who are significantly involved in NAB's audit for five successive years, a rotation of EY personnel occurred following completion of the 2017 audit.

Caroline McCulloch

"With a vision to create shoes that didn't compromise style for comfort, I now run a business that sells products across the country."

FRANKiE4 Footwear
NAB customer

INTERNAL AUDIT

The role of Internal Audit is to undertake analysis and independent appraisal of the adequacy and effectiveness of, and compliance with, NAB's risk management framework and internal control environment. Internal Audit forms the 'third line of defence' in NAB's risk management framework. The Internal Audit function has full and unrestricted access to all people, records and systems as necessary to undertake its activities.

A recommendation on the appointment, performance and dismissal of the Executive General Manager – Internal Audit is made by the Audit Committee to the Board. The Audit Committee monitors the activities and performance of Internal Audit, and assesses whether it remains independent of management and is adequately resourced and funded. Internal Audit is also the custodian of the Group Whistleblower Protection Policy and processes described on page 12 of this Statement.

The external auditor and Internal Audit operate, perform and report as separate, independent functions. Internal Audit has a direct reporting line to the Audit Committee, and information reporting lines to the Group CEO and Group CFO.

RISK MANAGEMENT

NAB's risk management is based on the 'three lines of defence' model. These act as the foundation for effective risk management across the bank.

First line – each business owns and manages risks and controls (including the identification and assessment of risks and controls) within their business and across the value chain, in line with risk appetite.

Second line – the Risk function develops and maintains the risk management framework which enables the NAB Group to manage the risk and control environment within the Board approved risk appetite.

Third line – Internal Audit provides independent assurance over the risk management framework and its application by the First and Second lines.

The external auditor attends the AGM and is available to answer shareholder questions regarding the conduct of the audit and the content of the audit report.

The Board's Risk Committee supports the Board in relation to its risk governance responsibilities. This involves overseeing the management of NAB's risks against the Board approved Risk Appetite Statement.

The Board, through the Risk Committee and executives, promotes a risk aware culture within NAB and supports the establishment by management of an acceptable balance between risk and reward.

The Risk Management Strategy is reviewed annually (and more frequently as required) by NAB and approved by the Board. Once approved by the Board, the Risk Management Strategy is submitted to APRA. The Board makes an annual declaration to APRA on risk management, in accordance with the requirements of APRA Prudential Standard CPS 220 *Risk Management*. The 2018 review of NAB's risk management framework is currently being undertaken in accordance with the timeframe permitted by CPS 220.

More detail on NAB's material business risks is available in the **2018 Annual Financial Report** and in the **Corporate Governance section of our website**.

CODES OF CONDUCT

We maintain Codes of Conduct in Australia and overseas. Our people are required to abide by them.

The Code of Conduct (Code) captures not only our legal obligations, but also the reasonable expectations of our stakeholders, including our customers. It applies to all employees and directors of the NAB Group, and to everyone working on our behalf, including contractors and consultants.

The Code covers a range of areas including personal conduct, honesty, integrity and fairness and prevention of fraud and corruption. It emphasises our values, including the importance of making the right decisions and behaving in a way that builds respect and trust in the bank.

Our Code sets clear requirements for our people. Where conduct requirements are not met, there will be consequences. Regular reviews of conduct and performance trends across NAB are undertaken and areas of concern addressed.

In 2019, as well as the regular review of our Code, our ongoing focus on conduct matters will be extended to include an end-to-end review of NAB's Consequence Management Framework.

Our Code is available in the [Corporate Governance section of our website](#).

CONDUCT POLICIES

NAB has a comprehensive suite of policies and practices in place to promote a culture of compliance, honesty and ethical behaviour, including in relation to anti-bribery and corruption, human rights, anti-money laundering and counter-terrorist financing, whistleblower protection and conflicts of interest. Policy compliance is monitored and consequence management procedures exist for policy breaches. Senior leaders are accountable for performance against risk and conduct measures.

ESCALATION AND WHISTLEBLOWER PROTECTION

NAB does not tolerate fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance, or questionable accounting or auditing by our employees, contractors, directors or officers (NAB People).

NAB People are supported through clear and established procedures to escalate concerns to their people leaders or divisional support teams.

The NAB Group Whistleblower Program encourages the reporting of wrongdoing in a way that protects and supports whistleblowers. Our Board and Executive Leadership Team strongly believe that 'Every Concern Matters' and require the Whistleblower Program to support and protect people who speak up. This 'tone from the top' promotes a culture of 'speaking up'.

The Whistleblower Program provides confidential and anonymous communication channels for NAB People (and former employees, contractors and/or outsourced service providers) to raise wrongdoing concerns. This includes a confidential internal mailbox supported by trained Whistleblower Program Officers as well as through 'Faircall', an independently monitored external hotline and reporting service operated by KPMG. In 2018 NAB has continued to enhance its Whistleblowing Program in line with the ABA Guiding Principles – Improving Protections for Whistleblowers (with which NAB is fully compliant).

These measures instil a culture that encourages the escalation of complaints and notification of incidents to senior management and, where appropriate, the Board. Our people are encouraged to raise any issue involving illegal, unacceptable or inappropriate behaviour or any issue they believe could have a material impact on our customers, profitability, reputation, governance or regulatory compliance.

NAB has zero tolerance for any actual or threatened act of reprisal and takes all reasonable steps to protect a person who discloses unacceptable or undesirable conduct, including disciplinary action, potentially resulting in dismissal for any person taking reprisals against them.

CONTINUOUS DISCLOSURE

The Corporations Act and the ASX Listing Rules require that once NAB becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of NAB securities ("market sensitive information"), NAB will immediately disclose that information to the ASX and to other relevant stock exchanges.

We manage compliance with continuous disclosure obligations through our Group Disclosure and External Communication Policy and associated guidelines, and through our Disclosure Committee comprised of senior executives. NAB operates a strict decision making regime with respect to its disclosure obligations and established processes ensure that potentially disclosable matters are promptly referred to the Disclosure Committee for assessment and determination.

Where appropriate the Board is consulted on significant or material disclosures. All members of the Executive Leadership Team are responsible for liaising directly with the Chief Legal & Commercial Counsel or the General Counsel Corporate Legal on any potentially disclosable matters. Routine administrative ASX announcements are made by the Group Company Secretary without requiring approval from the Disclosure Committee.

RESTRICTIONS ON TRADING IN NAB SECURITIES

NAB's Group Securities Trading Policy supports NAB People to comply with the law when trading in NAB securities.

NAB has 'black-out periods' prior to the release of the Group's financial results during which NAB People must not trade in NAB securities. The duration of black-out periods is extended for the most senior NAB People as well as those most likely to come into contact with market sensitive information.

All NAB People are prohibited from using derivatives in relation to elements of their remuneration that are unvested.

In addition, members of key management personnel and their closely related parties are prohibited from using derivatives or otherwise entering into hedging arrangements in relation to elements of their remuneration that are unvested or which have vested but remain subject to forfeiture conditions.

For more detail, refer to the Remuneration Report within our [2018 Annual Financial Report](#).

The Group Securities Trading Policy is available in the [Corporate Governance section of our website](#).

POLITICAL DONATIONS

NAB does not make donations or contribute funds to any political party, politician, elected official or candidate for political office. This policy is designed to provide a realistic management model, which fosters trusted relationships with all political stakeholders.

The NAB Group Political Donations Policy is available in the [Corporate Governance section of our website](#).

CORPORATE RESPONSIBILITY

NAB views corporate responsibility (CR) as a critical component of executing our strategy, backing our communities to succeed, and achieving our new vision to become Australia's leading bank, trusted by customers for exceptional service. This means we assess and balance risks and opportunities to drive long-term value for our customers, employees, shareholders and the communities in which we operate.

We do this by applying a range of tools and approaches including philanthropy, corporate responsibility and, increasingly, shared value – leveraging our core assets and expertise as a bank to address social and environmental challenges at scale.

We conduct an annual materiality assessment to identify and prioritise the environmental, social and governance (ESG) themes that matter most to our stakeholders and to establish where NAB can drive the greatest impact. This assessment process is detailed in our [2018 Sustainability Report](#), which is available on our [website](#).

CR is embedded across the Group by:

- Engaging with stakeholders to identify current and emerging material issues, challenging NAB to develop mutually beneficial solutions and helping to define strategic direction.
- Implementing a CR program that sets clear objectives, establishes appropriate policies, procedures and activities and includes measuring and reporting on progress.
- Integrating CR management and reporting into governance structures and internal communications to ensure that CR is understood by the Board, executives and employees.

- Focusing on three key social impact areas – financial health, stronger communities and environmental wellbeing – in which the Group is well placed to create a positive impact.

The Board has oversight of CR and ESG risks, including climate change. The Board is provided with updates on CR and ESG risks, and other CR-related matters as appropriate.

NAB continues to engage stakeholders to generate dialogue and gain feedback on our CR strategy, activities and material issues facing NAB. Our engagement includes a combination of informal engagement with leaders from a range of social and environmental backgrounds, and our formal Indigenous Advisory Group (IAG) provides strategic guidance on NAB's engagement with Aboriginal and Torres Strait Islander people and on NAB's Reconciliation Action Plan. NAB's Chairman Dr Ken Henry is the Co-Chair of the IAG.

SLAVERY AND HUMAN TRAFFICKING

NAB has a Modern Slavery and Human Trafficking Statement pursuant to the Modern Slavery Act 2015 (UK) and in accordance with our Human Rights Policy. NAB has a Supplier Sustainability Program in place to manage risks within our material supply chain relationships.

Unita Group
NAB customer

Robert Rowe

"I love the process of building experiences that people want to share, talk about and return to."

DIVERSITY AND INCLUSION

NAB is committed to a culture of inclusion and a diverse workforce representative of our customers and the communities in which we operate. At NAB, individual differences are valued and respected. The Board has approved an enterprise **Diversity & Inclusion Strategy** (the Strategy) for 2017-2020.

The Strategy is explicitly aligned to our business strategy and leverages key pillars of NAB's People Strategy to drive an integrated approach. The overarching priority of the Strategy is inclusion. **The three imperatives of the Strategy are:**

- gender equality,
- life stage inclusion, and
- lesbian, gay, bisexual, transgender and intersex (LGBTI+) inclusion.

We are also focused on cultural inclusion and improving accessibility for our people and our customers. **The three imperatives are underpinned by three key enablers:**

- leadership,
- flexibility, and
- employee resource groups.

Our employee resource groups enable NAB People to connect with others who are passionate about diversity and inclusion, and to champion and advocate for this across our business.

NAB's Executive Leadership Team has direct accountability for the execution of the Strategy, and for actively promoting a culture that encourages inclusivity and diversity of thought, in order to build productivity and support an engaged and high performing workforce.

The Board receives an annual update on diversity and inclusion and regular updates on performance against the Strategy's measurable objectives for achieving gender diversity. In July 2018, the Board approved an updated Group Diversity & Inclusion Policy, which is published in the **Corporate Governance section of our website**.

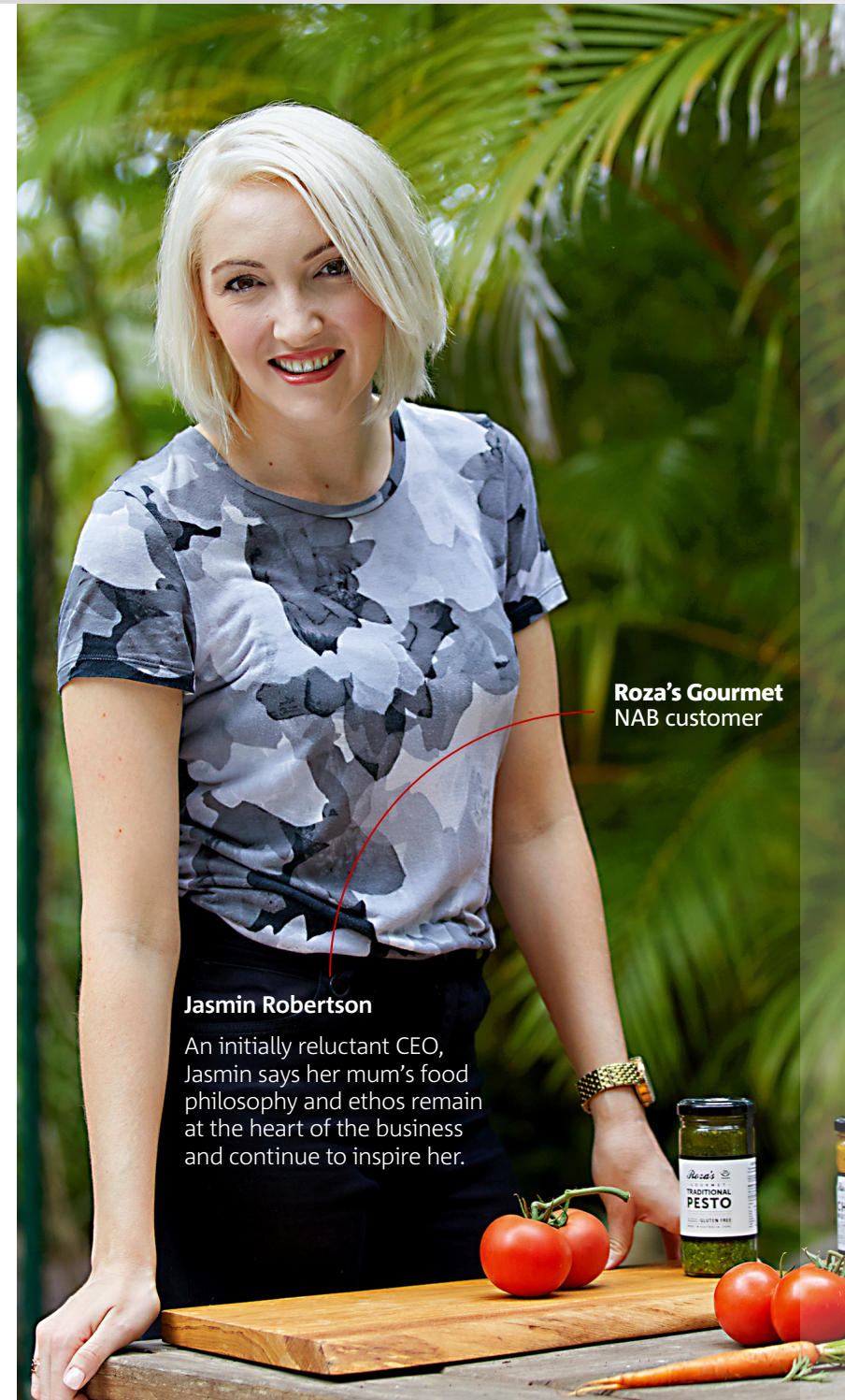
The Group Diversity & Inclusion Policy includes a requirement for the Board to set measurable objectives for achieving gender diversity and

to assess, at least annually, the objectives and the progress towards them. These measures satisfy Recommendation 1.5 of the ASX Corporate Governance Recommendations.

Our Enterprise Diversity & Inclusion Steering Committee's role is to champion and enable the Strategy at a Group and divisional level, by being a voice for inclusion at NAB and by removing barriers in order to drive equality. The Committee is led by our Chief Legal & Commercial Counsel and our Group CFO, and includes senior representation from each business area and the employee resource groups.

In 2018 72% of employees told us through the inclusion measure in our annual employee engagement survey that they experience an inclusive workplace. Our aim is to reach 78% or higher by 2020 for this metric – which represents the top quartile of organisations in Australia and New Zealand.

Our employee resource groups enable NAB People to connect with others who are passionate about diversity and inclusion, and to champion and advocate for this across our business.



Roza's Gourmet
NAB customer

Jasmin Robertson

An initially reluctant CEO, Jasmin says her mum's food philosophy and ethos remain at the heart of the business and continue to inspire her.

OUR 2020 OBJECTIVES

Gender equality¹ remains a key priority for NAB, and we are committed to achieving gender equality at every level of our business by 2020. From our executive leaders through to our entry level roles, we are striving for every level² to have 40-60% female representation by 2020. **'Towards 2020: NAB's road to gender equality'** outlines how we plan to achieve this, and is published in the **Gender Equality section of our website**. The Board has approved measurable objectives for achieving gender diversity for FY18, FY19 and FY20. Our progress during FY18 towards achieving our measurable objectives is set out below.

Overall, NAB has underperformed against its gender equality targets for FY18. In particular, we have not reached the FY18 targets for female representation at the Executive Management and Senior Management levels, or in our Australian Talent or Australian Graduate populations. This has the attention of NAB's Executive Leadership Team and the Board.

We remain committed to our 2020 goal for achieving gender equality at every level of the business. In FY19 we are increasing senior leadership accountability for achieving NAB's gender equality targets, through an increased emphasis on gender diversity in senior leaders' FY19 performance goals. This is one of many initiatives that will be implemented to lift our gender equality performance in FY19 and get NAB back on track to meet its 2020 gender equality objectives.

NAB has complied with its reporting requirements under the Workplace Gender Equality Act 2012 (Cth) for the period 1 April 2017 to 31 March 2018 and has achieved the 2017-2018 Workplace Gender Equality Agency Employer of Choice for Gender Equality citation. NAB has also met the minimum standards in relation to specified gender equality indicators, as set out in the Workplace Gender Equality (Minimum Standards) Instrument 2014.

1 Gender Equality is defined as 40-60% of either gender represented.

2 This includes NAB's entry level roles through to our executives. A separate gender target has been set for non-executive director representation on the NAB Board – refer to Table 1.

Tristan Grier

"The relationship has given us strength and the ability to move forward. NAB bought into our future and, from the day they did, we haven't looked back."

Harvest
NAB customer

Brooke Hudson, Tristan Grier & Kass Grier

Table 1 – FY18, FY19 and FY20 measurable objectives

MEASURABLE OBJECTIVE ³	FY17 ACTUAL FEMALE REPRESENTATION (AS AT 30 SEP 2017)	FY18 ACTUAL FEMALE REPRESENTATION (AS AT 30 SEP 2018)	FY18 TARGET FEMALE REPRESENTATION	FY19 TARGET FEMALE REPRESENTATION	FY20 TARGET FEMALE REPRESENTATION
NAB Board (non-executive directors) ⁴	25%	33%	-	-	30%
NAB Group Subsidiary Boards	39%	39%	-	-	40%
Executive Management (Salary Group 6 & 7)	31%	31%	35%	37%	40%
Senior Management (Salary Group 5)	30%	32%	34%	37%	40%
Management (Salary Group 4)	38%	38%	-	-	40-60%
Non-management (Salary Group 1 – 3)	59%	57%	-	-	40-60%
Australian Talent population ^{5,6,7}	59%	41%	50%	50%	50%
Australian graduate program intake ⁸	56%	46%	50%	50%	50%
Total organisation	54%	52%	-	-	40-60%

3 These targets are enterprise targets, include operational and non-operational employees but exclude fixed term contractors and casuals. Non-operational employees are employees on any specified absence type for greater than 90 days.

4 The target is to increase the number of female non-executive directors on the NAB Board as vacancies and circumstances allow.

5 The Australian Talent population includes employees who have been objectively assessed against evidence-based criteria, and selected by Divisional Leadership Teams as having upward potential.

6 In 2018, over 350 Senior Leaders participated in a development experience aimed at providing insights on current capability and identifying future potential to progress to more senior roles. Talent selection decisions have been made from this group.

7 In FY17 Australian Talent population numbers only reflected a small portion of the population due to the flow of assessment and Talent selection, and were not a true reflection of final numbers, which explains the variance between 2017 and 2018 female representation in the Talent Population.

8 As at 30 September 2018, 46% of the graduates who have accepted positions in NAB's 2019 Australian graduate program are female. At offer stage of the 2019 Graduate Program, female representation was 50.7%. Due to the lead time between acceptance and start, graduates may withdraw which can change the composition of this group.

DIVERSITY AND INCLUSION

The Group's gender diversity initiatives during the 2018 financial year included:

Male Champions of Change: In April 2015, our CEO joined a growing coalition of Male Champions of Change (MCC). In doing so, he made a personal commitment to take action to advance gender equality. In 2018, the MCC coalition released two reports aimed at addressing key barriers to advancing gender equality: 'We Set the Tone: Eliminating Everyday Sexism' and 'Backlash and Buy-In: Responding to the Challenges in Achieving Gender Equality'.

Breakthrough Program: We continually encourage our women to participate in Breakthrough, a comprehensive suite of development programs designed to equip female employees with the skills, knowledge and tools they need to transition into more senior roles. In 2018, almost 700 NAB women participated in the program.

Talent Acquisition: We strive to ensure that every executive leadership role has a minimum of 50% female representation on hiring shortlists, regardless of whether they're sourced internally or externally. From October 2018, this requirement was extended to all roles, at all levels (excluding volume based recruitment, which already has steps in place to enable gender equality).

Panel Pledge: NAB leaders have committed to a 'Panel Pledge'. Whenever our people are invited to be involved in or sponsor a panel or conference, we'll ask about the organiser's efforts to ensure women are represented.

International Women's Forum (IWF) Cornerstone Conference: NAB was a Principal Sponsor of the IWF Cornerstone Conference, held in Melbourne Australia in May 2018. IWF is an invitation-only, membership organisation comprised of more than 6,500 diverse and accomplished women from 33 nations on 6 continents, united to advance women's leadership locally and globally.

Bloomberg Gender-Equality Index: NAB was included in the 2018 Bloomberg Gender-Equality Index. This international index measures gender equality across internal data points, HR policies, external community support and gender conscious product offerings.

UN Women's Empowerment

Principles: In December 2017, Andrew Thorburn signed the CEO statement of support for NAB to become a signatory to the Women's Empowerment Principles – a joint initiative of the UN Global Compact and UN Women that provides a holistic framework for global corporate action on empowering women in the workplace, marketplace and community.

NAB AFL Women's Competition:

NAB continues to sponsor the NAB AFL Women's Competition, helping to make AFL the game for everyone.

NAB is committed to Aboriginal and Torres Strait Islander workplace inclusion. In 2018 we continued core programs, which included offering over 80 Indigenous Australian traineeships.

Jeffrey Danydjati

The Arnhem Land Progress Aboriginal Corporation is the largest Indigenous Corporation in Australia with 1,100 team members, and growing.

**Arnhem Land Progress
Aboriginal Corporation**
NAB customer



In addition, the Group's broader inclusion initiatives during 2018 included:

Inclusive Leadership Curriculum:

Our newly designed inclusive leadership curriculum was embedded into our core leadership development programs for Group 2-5 leaders. This ensures that we strengthen capability in inclusive leadership across the business, and since launching we have delivered this curriculum to approximately 1,200 leaders.

2018 Special Olympics Australia National Games:

NAB was the Presenting Partner for the 2018 Special Olympics Australia National Games in Adelaide. This inspirational event saw more than 850 athletes with an intellectual disability compete in Adelaide from 16 – 20 April 2018, across 11 sporting disciplines.

Diversity Council Australia (DCA's) – Annual Debate:

NAB was the major sponsor of the DCA's premier diversity event, the 2017 Annual Diversity Debate and will once again sponsor this in November 2018. Funds raised enable the DCA to support their membership base with expert advice across all dimensions of diversity.

Accessibility Action Plan 2017 – 2018:

In its second year, NAB's 2017-2018 Accessibility Action Plan (AAP) continues to demonstrate NAB's commitment to improve accessibility for our people, customers and the community. We are currently setting our accessibility objectives for beyond 2018, and a new AAP will launch in FY19.

Launch of Cultural Inclusion employee resource group:

Our newest Employee Resource Group, Cultural Inclusion, was launched with the aim of empowering employees of different ethnic and cultural backgrounds to realise their full potential in leadership.

Cultural Inclusion Alliances:

We have commenced an alliance with the Asian Leadership Project and Culturally Diverse Workforces, who are committed to driving greater representation of culturally diverse people in leadership within Corporate Australia. This alliance has accelerated senior leader awareness of cultural inclusion, as well as enabled networking and development opportunities for culturally diverse employees.

Australian Workplace Equality Index Awards (AWEI):

The AWEI provides a national benchmark on LGBTI+ workplace inclusion, which is designed to gauge the overall impact of inclusion initiatives on organisational culture. In 2018, NAB achieved silver status.

Supporting the wider LGBTI+ community:

NAB has continued to contribute to a range of LGBTI+ community events, through sponsorship of the Midsumma Festival, Chillout Festival and Yarra Ranges Football League Pride Cup (regional AFL) and participation in the Fair Day at Brisbane Pride.

One Young World Summit:

In October 2018 NAB sent a delegation to the One Young World 2018 Summit, in The Hague, Netherlands. NAB's delegation comprised a diverse group of our high performing early-career Talent. One Young World is the global forum for young leaders and attendance provides opportunities to connect with other young leaders, and to debate, formulate and share innovative solutions for pressing global issues.

Reconciliation Action Plan (RAP):

Throughout 2018 we have reflected on the achievements of, and learning from, our 2015 - 2017 RAP where we worked in partnership with Aboriginal and Torres Strait Islander people, customers and communities with the aim to create an inclusive society and a better future together. This has informed the development of our next RAP which is currently underway. NAB is committed to Aboriginal and Torres Strait Islander workplace inclusion. In 2018 we continued core programs, which included offering over 80 Indigenous Australian traineeships and providing more than 6,500 Indigenous Australians with access to fair and affordable microfinance products and services in partnership with Good Shepherd Microfinance.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

This Statement has been approved by the Board of National Australia Bank Limited (Board) and is current as at 30 September 2018.

This Statement complies with the 3rd edition of the ASX Corporate Governance Recommendations. Our Appendix 4G (a checklist that cross references the disclosures in this Statement to the ASX Corporate Governance Recommendations) is available at www.nab.com.au.

References in this Statement to "2018" mean the financial year ending 30 September 2018. Unless otherwise indicated, references to the "NAB" or "Group" mean National Australia Bank Limited ABN 12 004 044 937 and its controlled entities. References to "our website" are to www.nab.com.au.

NAB's **2018 Annual Financial Report** has been published (available at www.nab.com.au). Before publication, the Board received a joint declaration from the Group CEO and the Group CFO that:

- in their opinion the financial records of NAB have been properly maintained in accordance with the Corporations Act 2001 (Cth);
- in their opinion the financial statements and notes comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the NAB Group; and
- their opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.

Further information on NAB's material exposure to economic, environmental and social sustainability risks (and how we manage or intend to manage those risks) is set out in NAB's **2018 Annual Financial Report**, **2018 Annual Review** and **2018 Sustainability Report**.