



Statement of Tax Principles

Background and Context

The National Australia Bank Limited (NAB) group of companies (NAB Group) has a formal Tax Policy setting out its approach to managing tax risk and compliance with its tax obligations. This Statement of Tax Principles seeks to summarise the content of the NAB's Tax Policy. NAB's Tax Policy is fully endorsed by the NAB Board, which has ultimate responsibility and accountability for tax risk governance.

The Tax Policy applies to all functions of the global NAB Group, NAB Group employees, contractors and agents.

For the purpose of the Tax Policy and this Statement of Tax Principles, tax risk is defined as an unexpected adverse financial or reputational consequence to the NAB Group from:

- Taking a position in relation to taxation law that is subsequently disputed by revenue authorities.
- Not attending to tax compliance and payment obligations on time and in a complete manner.
- Inadequate reporting of tax expense and liabilities on the financial accounts.
- Inappropriately influencing the tax affairs of customers and other third party.

Policy Principles

NAB is a major Australian multinational company which, together with its subsidiary companies and foreign branches, makes a significant contribution to the Australian economy and business landscape, and to the offshore economies in which it conducts financial services activities. The corporate behaviour of the NAB Group impacts many stakeholders including customers, shareholders, employees and governments. As a corporate leader, NAB commits to strong corporate values and behaviours, including in its approach to taxation.

The NAB Group has adopted a conservative posture for tax risk, founded on five key principles:

- **Tax Compliance** - The NAB Group will seek to be fully and properly compliant with its tax obligations in each of the jurisdictions in which it operates by providing revenue authorities with information that is complete, accurate and reliable in all material respects and is provided on time as set out in legislation or as agreed with revenue authorities. The NAB Group will not adopt a tax position which is clearly contrary to tax laws or administrative practices.
- **Tax Governance** - The NAB Group will exercise strong governance over its tax affairs. The NAB Group will maintain and enforce strict protocols to control the type of transactions that the NAB Group enters into and the tax risks associated with these transactions.
- **Tax Planning** - As part of the prudent management and organisation of its affairs, the NAB Group will look to take advantage of acceptable tax planning opportunities to further its commercial objectives where possible. However the NAB Group will not participate in, or promote, aggressive tax arrangements or complex structured finance transactions in either:
 - The NAB Group's own tax affairs.
 - The products or services offered to the NAB Group's clients or customers.
 - Remuneration packages provided to employees.



- **Tax Transfer Pricing** - The NAB Group will adopt the arm's length standard for transfer pricing and will not participate in arrangements where transfer pricing outcomes are not consistent with value creation. The NAB Group will seek to comply with the domestic transfer pricing rules which apply in each of the regions in which it operates. These rules, while predominantly based on Organisation for Economic Co-operation and Development (OECD) Guidelines, do differ by country, which can result in different requirements for different regions. To address this matter, the following principles will apply for transfer pricing:
 - OECD guidelines will form the basis of the NAB Group's approach to transfer pricing.
 - The NAB Group will apply the arm's length standard for its transfer pricing arrangements.
 - The NAB Group will not use transfer pricing as an inappropriate tax planning tool. Transfer pricing outcomes must be consistent with the functional activities undertaken, risks assumed and assets utilised in each tax jurisdiction.
 - Transfer pricing arrangements and approaches will be adopted consistently across the NAB Group.
- **Relationship with Revenue Authorities** - The NAB Group will seek and maintain enhanced relationships with revenue authorities. The NAB Group will proactively work with revenue authorities in each of the jurisdictions in which it operates to establish an open working relationship based on trust, transparency, respect and constructive co-operation.

The NAB Group will:

- Be fully transparent in disclosing and discussing significant uncertainties in relation to tax matters.
- Discuss and resolve material tax issues before returns are filed, wherever practicable.
- Engage in a co-operative, supportive and professional manner.
- Work collaboratively to achieve early resolution of issues.

Roles and Responsibilities

- The Tax Policy applies to all functions of the global NAB Group, NAB Group employees, contractors and agents.
- The Tax Policy is fully endorsed by the NAB Board, which has ultimate responsibility and accountability for tax risk governance.
- The NAB Board has delegated responsibility for day-to-day approval and management of the NAB Group's tax affairs to the Chief Tax Officer (CTO) within the parameters of the Tax Policy. This delegation rests solely in the CTO (or the CTO nominated delegates), and no other NAB function has the authority to approve or manage NAB's tax risk in any way.
- The CTO is responsible for reporting all material tax issues and risks to the Executive team and to the NAB Board via the NAB Board Audit Committee (BAC).
- The CTO will review and update this Tax Policy annually and must confirm on an annual basis to the NAB Board via BAC that this Tax Policy remains appropriate.