

NAB Group's Supplier Sustainability Principles



National
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Bank

The NAB Group¹ is committed to ensuring that the practices of its businesses are fair, responsible and sensitive to the needs of a diverse range of stakeholders.

We recognise that as a large purchaser of goods and services, our responsibility extends to the management of our supply chain. The business conduct and performance of our suppliers can have a significant impact on our sustainability performance and our reputation within the communities in which we operate.

The NAB Group is committed to maintaining a Supplier Sustainability Program to monitor and manage sustainability risks within our supply chain and drive sustainability performance improvement. A key component of this Program is the NAB Group's Supplier Sustainability Principles, which specify the sustainability requirements that suppliers providing goods and services to our businesses must adhere to.

NAB Group's Supplier Sustainability Principles

We understand that the sustainability risks relating to suppliers will vary depending on their industry, geographic location and company size. Therefore, suppliers should ensure that the scope of their policies, processes and systems reflect their specific sustainability risks.

Suppliers that are signatories should note that NAB Group may choose to audit a supplier's business operations for any aspect of adherence with the NAB Group's Supplier Sustainability Principles. Suppliers will be required to provide all relevant policies and associated evidence to demonstrate adherence.

1. Corporate Governance

Strong corporate governance ensures that an enterprise is directed and controlled in a responsible, professional and transparent manner to safe guard its long term success. The NAB Group's Board of Directors is responsible for the corporate governance of the NAB Group. Corporate governance is a matter of high importance to the NAB Group and is undertaken with due regard to all of our stakeholders and our role in the community. Good corporate governance is a fundamental part of the culture and the business practices of the NAB Group. The main Corporate Governance practices that are in place are described in our Annual Review.

Supplier Requirements

Suppliers to the NAB Group must:

- Comply with all relevant local and national laws and regulations in relation to unethical behaviour, bribery, corruption and other prohibited business practices.
- Have a written policy which outlines appropriate conduct and standards of personal behaviour for employees.

- Provide transparent and public reporting on their material environmental, social and governance risks and how the organisation manages those risks.
- Have a process in place for providing timely disclosure to the NAB Group of material environmental, social or governance matters concerning the organisation.
- Have a process in place to communicate to relevant employees all policies or procedures supporting these Group Supplier Sustainability Principles.
- Have a complaints management process for employees, suppliers and customers.
- Have a process in place which ensures that the organisation does not engage with any sanctioned countries, persons, goods or services as designated by the UN Security Council or other sanction authorities relevant to the jurisdictions within which NAB Group operates.



NAB works with our suppliers to create flexible, innovative and sustainable work spaces.

2. Workforce Policies and Human Rights

Responsible workforce practices should be applied consistently across an organisation's operations, in keeping with applicable laws and internationally recognised standards. The NAB Group is committed to creating and maintaining a workforce which is inclusive and represents the diversity of our customers and the communities they live in. We are committed to upholding the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights. We are committed to providing fair working arrangements and conditions of employment and provide comprehensive policies and procedures to assist our employees in managing working arrangements.

Supplier Requirements

Suppliers to the NAB Group must:

- Comply with all relevant local and national laws and regulations in relation to employment practices, human rights and anti-discrimination.
- Have written workforce management policies or systems which include diversity in recruitment, equal opportunity, anti-discrimination and anti-harassment standards.
- Foster an inclusive workforce including differences in age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.
- Work to develop measurable action plans to improve diversity and inclusion for gender, disability and ethnicity and report on progress.
- Respect human rights and address any infringements or adverse human rights impacts associated with business activities.
- Comply with global labour standards specified by the International Labour Organisation.
- Provide fair pay and working conditions for employees including adequate rest periods, leave, minimum wage requirements and freedom of association and collective bargaining.
- Ensure that no child, involuntary or forced labour is used and that all employees are legally entitled to work.

3. Work Health and Safety

Health and safety is much more than a compliance issue. A combination of the right leadership, conviction to act and a strategic approach to employee health, safety and well-being delivers significant business benefits. The provision of a safe, healthy and secure workplace for our employees is fundamental to the NAB Group's success and an important facet of our business operations. We have a comprehensive set of policies and procedures which are firmly embedded in our operations including hazard and risk management and consultation frameworks.

Supplier Requirements

Suppliers to the NAB Group must:

- Comply with all relevant local and national health and safety laws and regulations.
- Have a documented health and safety policy statement.
- Have a documented system to record, monitor and manage health and safety risks and incidents. The system should be designed to manage health and safety relative to the organisation's risk profile and applicable laws and standards.

4. Environmental Management

The NAB Group recognises that a sustainable approach to the way we do business isn't only good for the environment, but it also makes us more resilient as a company. We believe that we have an important role to play in positively influencing the long-term sustainability of the planet by reducing both the direct and indirect environmental dependencies and impacts of our operations. Our environmental agenda focuses on three areas that we believe are most material to our business – efficient use of resources, understanding and minimising our dependency and impact on biodiversity and ecosystems; and addressing the issue of climate change.

The NAB Group's Environment Policy sets out the NAB Group's global reference point for our environmental commitments and management practices.

Supplier Requirements

Suppliers to the NAB Group must:

- Comply with all relevant local and national laws and regulations in relation to environmental performance, management and reporting.
- Have a written environmental policy statement.
- Have an environmental management system or plan to identify, assess and reduce their environmental risks, impacts and dependencies.
- Set clear and time-bounded targets and milestones for reducing material environmental impacts.
- On request, provide a point of contact in the organisation with responsibility for environmental performance and compliance issues.

5. Risk Management

By identifying and proactively managing risks and opportunities, businesses can protect and create value for their stakeholders, including employees, shareholders, customers and the community. Risk management is integral to the success of our organisation.

The NAB Group's risk appetite and management framework assists in identifying how various risks, including Environmental, Social, and Governance (ESG) risk, manifest. They also provide relevant policies, processes and tools to assist in managing and mitigating such risks within the parameters provided by the NAB Group's Strategy and Risk Appetite.

Supplier Requirements

Suppliers to the NAB Group must:

- Have a written business continuity plan detailing procedures to minimise business disruption and the associated impact to employees, communities and the environment resulting from unplanned events which threaten an organisation's normal operations.
- Have a written disaster recovery plan detailing the procedures to manage disruption to information technology systems and other goods and services resulting from a major unplanned event.
- Review and test the business continuity and disaster recovery plans at least every 12 months. The results from the testing process should be recorded; improvement opportunities identified and related implementation timeframes agreed.

6. Supply Chain Management

The NAB Group recognises that as a large purchaser of goods and services, our responsibility for operating in a sustainable manner extends to the management of our supply chain. The business conduct and performance of our suppliers can have a significant impact on our sustainability performance and our reputation within the communities in which we operate. The NAB's Group Supplier Sustainability Program aims to educate, influence and support our supply chain to improve their sustainability performance.

Supplier Requirements

Suppliers to the NAB Group must:

- Adopt similar sustainability principles to actively manage sustainability risks and work to have positive impacts with their own key suppliers.
- Ensure fair, safe and ethical treatment of their supply chain partners such as providing timely payment and reasonable contractual conditions.

7. Community

At NAB Group, doing the right thing is at the heart of everything we do and our approach centres on creating shareholder and social value. As such, we believe an organisation's involvement with their community is critical to long-term sustainable success. The NAB Group undertakes a range of activities in the community from volunteering with community organisations to our support for groups that tackle local issues – like education, social inclusion and the environment.

The NAB Group does not enforce supplier requirements in relation to community investment. However, any community programs or initiatives undertaken by a supplier will be looked upon favourably.

8. Supplier Diversity

Supplier diversity is one way we can help build sustainable enterprises and in turn support communities through "the power of purchasing". The NAB Group is incorporating indirect engagement with minority business, women-owned business, disability enterprises, our community partners and other not for profit businesses. Including these suppliers in our supply chain helps increase their exposure to corporate procurement while creating employment and training opportunities, sustainable growth and social and financial inclusion.

The NAB Group does not enforce supplier requirements in relation to supplier diversity. However, any supplier diversity programs or initiatives undertaken by a supplier will be looked upon favourably.

Last updated in March 2015.



NAB collaborated with a number of key suppliers in the development of our new Melbourne offices at 700 Bourke Street.