

# GROUP HUMAN RIGHTS POLICY

## Administration Information Schedule

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<b>Document Owner</b>	General Manager, Group Risk Appetite & Analytics
<b>Issuing Division / Performance Unit</b>	Enterprise Risk
<b>Highest approval authority</b>	Board

## 1. Purpose and Scope

- 1.1. This Policy provides the requirements for human rights to be incorporated into related policies, processes, frameworks and action plans that apply across National Australia Bank Limited (NAB) and its controlled entities (Group). This Policy is informed by the United Nations' (UN) Guiding Principles on Business and Human Rights.
- 1.2. This Policy applies to NAB, its divisions, its wholly owned subsidiaries and extends to joint ventures where NAB has operational control.
- 1.3. Human rights<sup>1</sup> are the basic entitlements that belong to everyone – regardless of who they are, what they look like, where they come from, what they think or believe, or their abilities.
- 1.4. While governments have the primary responsibility for protecting human rights, businesses have a role to play by respecting them. In living our Values, NAB is committed to respecting human rights in the way it does business globally.
- 1.5. As a major Australian financial institution, NAB 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 taxes that it pays. In doing so, NAB provides access to finance for disadvantaged groups, supports businesses which provide jobs and economic growth and provides financing for infrastructure. As a corporate leader, NAB commits to upholding strong corporate values and behaviours, including in its approach to human rights.
- 1.6. NAB 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. NAB's human rights commitment is demonstrated by it and/or subsidiaries being a signatory to, or otherwise committing to uphold, a number of international commitments which incorporate human rights requirements. These include:
  - the United Nations' (UN) *Universal Declaration of Human Rights*<sup>2</sup>; *UN Guiding Principles on Business and Human Rights*; *UN Global Compact*<sup>3</sup>; and *UN Environment Program – Finance Initiative (UNEP-FI)*<sup>3</sup>
  - the *Equator Principles*<sup>3</sup>
  - the *Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises*Commitment by NAB subsidiary:
  - the *Women's Empowerment Principles*<sup>3,4</sup>

## 2. Policy Principles

- 2.1. NAB will conduct business in a way that respects the rights and dignity 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, sexual harassment, workplace bullying and victimisation and occupational health and safety; and
  - consumer, community and supply chain related requirements, covering areas such as responsible products and services, accessibility requirements and more recently the *Modern Slavery Act 2015* (UK).
- 2.2. NAB will:
  - Avoid causing<sup>5</sup> or contributing<sup>6</sup> to adverse human rights impacts through NAB's own business activities, and address such impacts if they occur.
  - Seek to prevent or mitigate adverse human rights impacts associated with NAB's third party relationships that are directly linked<sup>6</sup> to NAB's operations or NAB's products or services.
  - Have grievance<sup>6</sup> mechanisms to allow those adversely affected to raise concerns and seek remedy<sup>7</sup> (as appropriate).

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<sup>1</sup> The United Nations define 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.

<sup>2</sup> The *Universal Declaration of Human Rights*, adopted by the UN in 1948, is widely regarded as the international community's fundamental human rights framework.

<sup>3</sup> Denotes a commitment to which a NAB entity is a signatory/industry member.

<sup>4</sup> Commitment by NAB subsidiary Bank of New Zealand (BNZ)

<sup>5</sup> 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'.

- 2.3. NAB will reflect its commitment to human rights in relevant policies and procedures, risk assessment processes, due diligence and training programs as part of its overall approach to Environmental, Social and Governance (ESG) risk. Where appropriate, specific human rights policies or guidance will be developed to address identified areas of concern. Refer to section 5 for a list of NAB policies which address human rights.

### 3. Roles and Responsibilities

- 3.1. This Policy is approved by the Board.
- 3.3 Human rights risks and issues could arise as a result of any of NAB's business operations, therefore the day-to-day responsibility for management of human rights resides within each individual business area. This includes implementing processes and controls to ensure compliance with the requirements of this Policy relevant to their operations.
- 3.4. The Group Regulatory, Compliance and Operational Risk Committee is responsible for review and oversight of associated operational risk and regulatory compliance policies.
- 3.5. The Group Credit and Market Risk Committee is responsible for review and oversight of ESG related risk (including human rights) within Group Credit policies and processes.
- 3.6. Material risk owners<sup>8</sup> are responsible for incorporating human rights considerations into relevant policies, procedures, frameworks and action plans (refer section 5 for a list of current key documents) and associated training programs.

### 4. Policy Requirements

#### 4.1 Respecting the human rights of NAB's people

- 4.1.1 People-related policies and processes must reflect internationally recognised human rights<sup>9</sup>. At a minimum this includes those expressed in the *International Bill of Human Rights*<sup>10</sup> and the International Labour Organisation's (ILO) eight core conventions as set out in the Declaration on Fundamental Principles and Rights at Work<sup>11</sup>.
- 4.1.2 NAB will take actions to promote a culture of respect for human rights and embrace both diversity and inclusion in NAB's workforce – with equal opportunities for all.
- 4.1.3 NAB will seek to provide employment opportunities for disadvantaged and under-represented segments of the communities NAB operates within.
- 4.1.4 People-related policies and working conditions must reflect employment terms and conditions that are fair and reasonable, tailored as appropriate to meet local legislation, regulations and working practices, including legislative standards and employee and union negotiated conditions where applicable.
- 4.1.5 NAB will respect the right of its employees to join or not join industrial associations of their choice. Where NAB's employees wish to be represented by trade unions or other employee representative groups, NAB will deal in good faith with the bodies that its employees collectively choose to represent them, in accordance with relevant legal frameworks.

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<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> The material risks managed by the Group are: credit risk, operational risk, compliance risk, conduct risk, balance sheet & liquidity risk, market risk, regulatory risk and strategic risk. For more information on these, and other principal risks and uncertainties faced by the Group, refer to pages 11-18 and Note 34 in the 2017 Annual Financial Report.

<sup>9</sup> 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.

<sup>10</sup> The *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.

<sup>11</sup> The 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).

- 4.1.6 NAB will take actions to facilitate the prevention of work-related risks and health hazards, including addressing occupational health and safety requirements.
- 4.1.7 NAB will ensure mechanisms are in place to encourage NAB's employees to raise concerns in relation to human rights impacts in the workforce and allow grievances to be addressed.

#### **4.2 Respecting human rights in NAB's business relationships**

- 4.2.1 NAB expects its suppliers and other persons with whom it has business relationships to respect human rights.
- 4.2.2 NAB will take a risk-based approach<sup>12</sup> to understanding, assessing and addressing the potential human rights impacts of business relationships and transactions.
- 4.2.3 NAB will seek to avoid knowingly engaging in business activities where it could be complicit in human rights abuses. For example, this includes appropriate consideration of NAB's human rights commitments, Improper Land Acquisition Policy and the *Modern Slavery Act 2015* (UK). NAB does not tolerate slavery, human trafficking, forced or child labour or child exploitation.
- 4.2.4 Should NAB discover that – through the actions of third parties – NAB 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.
- 4.2.5 Human rights requirements must be incorporated within NAB's Group Supplier Sustainability Principles (GSSPs) and Supplier Sustainability Program. NAB will work with its material suppliers (at a minimum) to incorporate GSSPs into procurement arrangements in accordance with published supplier targets.

#### **4.3 Respecting human rights of customers and the community**

- 4.3.1 NAB will seek to contribute positively to human rights in the communities and countries in which we operate. This includes taking steps to:
- Treat all customers, existing and potential, fairly;
  - Provide access to responsible banking and financial services;
  - Assist individuals who are marginalised from mainstream finance and banking in accessing fair and affordable financial services;
  - Adhere to confidentiality and privacy requirements;
  - Manage conflicts of interest;
  - Support customers and communities in times of hardship; and
  - Contribute to closing the indigenous disadvantage gap.
- 4.3.2 Processes must be in place to comply with economic and trade sanctions, including those arising from alleged breaches of human rights, consistent with finance industry practice.
- 4.3.3 NAB will consider, and mitigate as appropriate, the potential risk of its systems and operations being inappropriately used in connection with financial crime (e.g. bribery, corruption, fraud, 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.

#### **4.4 Due diligence, monitoring and review**

- 4.4.1 Human rights related risks will be considered as part of due diligence and risk assessment processes where appropriate.
- 4.4.2 Human rights issues that arise are to be responded to and escalated as appropriate, consistent with the Event Management Policy (including the use of independent assessments where appropriate).

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<sup>12</sup> NAB's risk-based approach includes taking reasonable steps to understand potential human rights impacts associated with business relationships as well as the countries and industry sectors where increased human rights due diligence is required. NAB is a large corporation, operating in a global economy, where NAB's customers and suppliers have numerous interlinked and extended business relationships and supply chains in which 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 NAB 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 NAB's business relationship is only indirectly relevant to the potential human rights impacts in question.

4.4.3 Relevant monitoring, oversight and review processes will be undertaken to review the effectiveness of NAB's human rights commitments as specified in related policies, processes, frameworks and/or action plans<sup>13</sup>.

4.4.4 This Policy and all NAB policies and processes are reviewed and updated on a regular basis, including where necessary to reflect changes in human rights requirements and global good practice and to address human rights risks affecting NAB, its people, customers, suppliers and third parties.

#### **4.5 Training and communications**

4.5.1 NAB's commitment to human rights must be disseminated to employees through employee communication channels and be included within relevant training programs.

#### **4.6 Stakeholder engagement and grievance mechanisms**

4.6.1 NAB will provide grievance mechanisms<sup>14</sup> to enable affected parties<sup>15</sup> to be able to raise human rights 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.

4.6.2 NAB 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.

#### **4.7 Reporting and Disclosure**

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

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<sup>13</sup> 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 (key components of which are outlined in Section 5), which incorporate reference to context-specific monitoring, oversight and review processes.

<sup>14</sup> 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).

<sup>15</sup> NAB will utilise existing grievance mechanisms for customers (Resolve teams and Customer Advocate), employees (complaints and dispute resolution procedures and the Whistleblower Protection Program), suppliers and other stakeholders (Resolve teams).

## 5. Related Documents

<b>Key Human rights-related Policies, Frameworks and Action Plans</b>	
<i>People</i> (– key related documents)	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Employee Conduct Management Policy</li> <li>• Conflicts of Interest Policy</li> <li>• Group Diversity &amp; Inclusion Policy</li> <li>• Health, safety and wellbeing Policy</li> <li>• Enterprise or local negotiated employment agreements (various – country specific)</li> <li>• Group Discrimination &amp; Harassment Policy</li> <li>• Workplace Bullying Policy</li> <li>• Domestic Violence Support Policy</li> <li>• Employee Complaints Procedure and Dispute Resolution Procedure</li> <li>• Leave policies (various – country specific)</li> </ul>
<i>General</i>	<ul style="list-style-type: none"> <li>• ESG Risk Principles</li> <li>• Anti-Bribery &amp; Corruption Policy</li> <li>• Anti-Fraud Policy</li> <li>• Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) Policy and Program</li> <li>• Economic and Trade Sanctions Policy</li> <li>• Group Information Security Policy</li> <li>• Privacy &amp; Data Protection Policy</li> <li>• Compliance Obligations Management Policy</li> <li>• Group Whistleblower Protection Policy</li> <li>• Group Corporate Responsibility Policy (incorporating stakeholder engagement)</li> <li>• Group Tax Policy</li> <li>• Accessibility Action Plan 2017 - 2018</li> <li>• Reconciliation Action Plan</li> <li>• Customer Complaints Handling Policy</li> <li>• Event Management Policy</li> <li>• Business Continuity Management Policy</li> </ul>
<i>Human Rights</i>	<ul style="list-style-type: none"> <li>• Improper Land Acquisition Policy Statement</li> <li>• Modern Slavery Act Statement</li> </ul>
<i>Supply Chain</i>	<ul style="list-style-type: none"> <li>• Outsourcing and Offshoring Policy and Group Procurement Policy</li> <li>• Outsourcing Policy NULIS Nominees (Australia) Limited</li> <li>• Group Supplier Sustainability Principles and Supplier Sustainability Program</li> </ul>
<i>Lending</i>	<ul style="list-style-type: none"> <li>• Group Credit Policy (3.01.09 Environmental, Social and Governance (ESG) risk and Sensitive Areas and GCP 3.09.03 Equator Principles)</li> </ul>
<i>Investments</i>	<ul style="list-style-type: none"> <li>• Investment Governance Policy NULIS Nominees (Australia) Limited</li> <li>• NULIS Conflicts Management Policy</li> </ul>