



National
Australia
Bank

CORPORATE GOVERNANCE AT NAB

NAB 2021 Corporate
Governance Statement

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CORPORATE GOVERNANCE FRAMEWORK

This statement describes NAB's approach to corporate governance and governance practices.

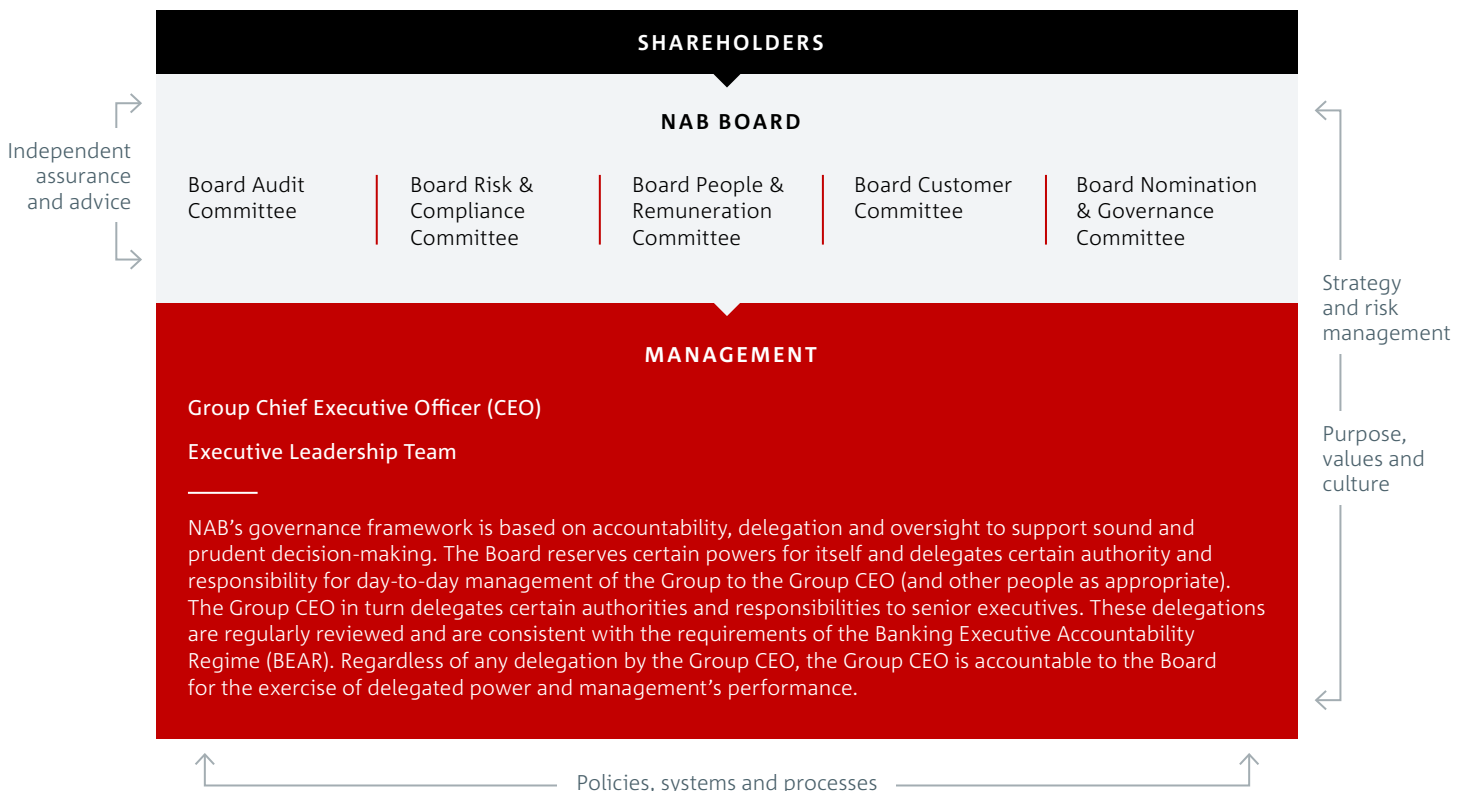
NAB continually strives to improve its governance, accountability and risk management practices.

As a fundamental element of NAB's culture and business practices, its Corporate Governance Framework guides effective decision-making in all areas of the Group through:

- Strategic and operational planning.
- Culture, purpose, values and conduct.
- Risk management and compliance.
- Customer outcomes.
- Financial management.
- External reporting.
- People and remuneration.

NAB follows the 4th edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations in this Corporate Governance Statement.

This statement has been approved by the Board and is current at 30 September 2021 (FY21).



The Board approves NAB's purpose, values and Code of Conduct to underpin the desired culture within NAB's business and oversee the establishment by management of a culture that is focused on sound risk management and customer outcomes.

Our refreshed Strategy, released in 2020, clarified NAB's purpose: We are here to serve customers well and help our communities prosper.

We will be known for being:

Safe – By protecting customers and colleagues through financial and operational resilience.

Easy – By creating a simpler, more seamless and digital bank that gets things done faster.

Relationship-led – By building on our market-leading expertise, data and insights to foster great relationships with our customers and community.

Long-term – By delivering sustainable outcomes for our customers, colleagues and community.





NAB'S VALUES

How We Work

NAB updated its company values in 2020 in conjunction with a refresh of its Strategy. These values, known as How We Work, identify the core elements of behaviour expected of colleagues for NAB to deliver its strategy and clearly articulate our target culture.

The below articulation of "what we do" and "what we don't do" provides guidance for all colleagues to understand the standards expected at NAB. How We Work is the basis of NAB's Code of Conduct and integrated into our performance management framework.

How We Work has been approved by the Board and is summarised below.

HOW WE WORK	WHAT WE DO	WHAT WE DON'T DO
 Excellence for customers	<ul style="list-style-type: none"> Put our customers' needs first every time Get it right first time or fix it fast Make banking easy and fast 	<ul style="list-style-type: none"> Put personal interests before our customers' Leave issues unresolved Create 'band-aid' fixes
 Grow together	<ul style="list-style-type: none"> Be ambitious for growth Be curious and learn from each other Prioritise each other's wellbeing 	<ul style="list-style-type: none"> Tolerate mediocrity Move on without learning Succeed at the expense of others
 Be respectful	<ul style="list-style-type: none"> Speak honestly and supportively, especially about concerns Value the time and opinion of others Do what we say we will 	<ul style="list-style-type: none"> Avoid difficult conversations or challenge inappropriately Dismiss challenges and advice without consideration Fail to keep others informed
 Own it	<ul style="list-style-type: none"> Get on with it and follow up until it's resolved Do what's right, even when it's hard Make the most of what we have 	<ul style="list-style-type: none"> Delay taking action Say "it's not my job" Spend more time, resources or money than is needed

CULTURE

The Colleague Strategy was established to deliver the goal of having trusted professionals who are proud to be a part of NAB. Our strategic aspirations include:

Talented professionals who shape the future of banking

We foster diverse, market-leading banking professionals and attract, develop and retain top talent. We empower colleagues to learn and grow, build digital and data capabilities and pursue exciting career opportunities.

Distinctive leaders who inspire performance

We build clear, capable and motivated leaders who drive positive change and connect colleagues to our purpose to serve customers well and help our communities prosper. Our people leaders create a winning environment and celebrate the successes and contributions of all.

Engaged colleagues who are motivated

We care deeply about our customers and are passionate about exceptional service and executional excellence. We focus on our top priorities, work with flexibility and pace, and are rewarded fairly for strong performance.

Inclusive culture we can be proud of

We aim for an agile, progressive and accountable culture where we speak up, have fun and care about our wellbeing. We role model How We Work and collaborate to accelerate decision-making and customer outcomes.

We continue to strengthen our culture measurement approach to ensure we are being successful in our efforts to drive cultural change at NAB. This is grounded in our target culture of How We Work and progress is reported to the Board twice yearly. Our reporting takes colleague perceptions from our quarterly, all colleague engagement surveys and correlates this with objective measures from across the enterprise. This provides a framework to listen and respond to colleague sentiment, as well as using broader metrics across the business to inform management action to support culture.

COLLEAGUE STRATEGY

Trusted professionals who are proud to be a part of NAB



BOARD OF DIRECTORS



▶ Philip Chronican

Non-Executive Director since May 2016. Philip became Chair of the Board on 15 November 2019.



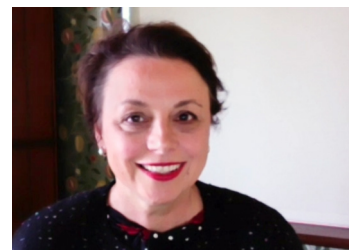
▶ Ross McEwan, CBE

Group Chief Executive Officer and Managing Director since December 2019.



▶ David Armstrong

Non-Executive Director since August 2014.



▶ Kathryn Fagg, AO

Non-Executive Director since December 2019.



▶ Peeyush Gupta, AM

Non-Executive Director since November 2014.



▶ Anne Loveridge

Non-Executive Director since December 2015.



▶ Doug McKay, ONZM

Non-Executive Director since February 2016.



▶ Simon McKeon, AO

Non-Executive Director since February 2020.



▶ Ann Sherry, AO

Non-Executive Director since November 2017.

QUICK LINK The directors' biographical information including their relevant experience, the skills they bring to the Board and a list of their other directorships currently held, is included in the [**2021 Annual Financial Report**](#)

BOARD RENEWAL IN 2021

Geraldine McBride resigned from the Board following the 2020 AGM and for the remainder of the year the Board consisted of eight independent non-executive directors and a managing director.

Anne Loveridge will stand for re-election at the 2021 AGM. The Board will recommend in the 2021 AGM Notice of Meeting that shareholders vote in favour of Anne's re-election.

In October 2021, the Board announced that James Spenceley would join the Board as a director, with effect from 1 December 2021. James subsequently withdrew from this position and will not stand for election at the 2021 AGM.

BOARD ROLES AND RESPONSIBILITIES

The Board guides the strategic direction of NAB and represents shareholders' interests by overseeing activities that create sustainable value.

The roles and responsibilities of the Board, including the matters that are specifically reserved to the Board and those delegated to management, 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.

KEY ELEMENT	BOARD'S ROLES AND RESPONSIBILITIES
Leadership and stakeholder focus	<ul style="list-style-type: none"> • Represent shareholders and serve the interests of the Company by overseeing and evaluating the Company's strategies, performance, frameworks and policies. • Ensure that stakeholders are kept informed of the Company's performance and major developments affecting its state of affairs. • Approve the Company's purpose, values and Code of Conduct to underpin the desired culture within the Company and oversee that the Company's culture is focused on sound risk management and customer outcomes. • Oversee that an appropriate framework exists for relevant information to be reported by management to the Board and whenever required challenge management and hold it to account. • With the guidance of the Customer Committee, oversee a significant lift in the importance given to the voice of the customer and a more intense focus on customer outcomes.
Strategy and performance	<ul style="list-style-type: none"> • Guide the strategic direction of the Company and monitor the execution of the strategies and business performance to oversee that sustainable value is being built for shareholders. • Make decisions concerning capital structure and dividend policy. • Approve major capital expenditure and other business initiatives.
External reporting	<ul style="list-style-type: none"> • With the guidance of the Audit Committee, review and approve the Group's audited annual and half-yearly financial statements and any reports that accompany them and oversee the integrity of the Group's accounting and corporate reporting systems. • Consider and approve corporate responsibility and climate-related disclosures.
Risk management	<ul style="list-style-type: none"> • With the guidance of the Risk & Compliance Committee, satisfy itself that the Group has in place an appropriate risk management framework for financial and non-financial risks by overseeing related frameworks and internal compliance and control systems.
Remuneration	<ul style="list-style-type: none"> • With the guidance of the People & Remuneration Committee, review and approve the Group's remuneration framework including remuneration policy and satisfy itself that the remuneration framework and outcomes are aligned with the Company's purpose, values, strategic objectives and risk appetite.
Appointment and succession planning	<ul style="list-style-type: none"> • Appoint a Group CEO and Managing Director and approve key executive appointments. • Monitor and review executive succession planning. • With the guidance of the Nomination & Governance Committee, plan for Board renewal, appoint non-executive directors to the Board and select a Chair.

The Chair's primary responsibility is to lead the Board and oversee the processes for the Board's performance of its role in accordance with its Charter. The Board's Charter also sets out the specific responsibilities of the Chair.

The Board has delegated management of the Company to the Group CEO. Except for any specific powers reserved by the Board, or matters specifically delegated by the Board to others, the Group CEO may make all decisions and take any necessary action to carry out the management of the Group. The Group CEO is accountable to the Board in exercising this delegated authority. The Board's Charter also sets out the responsibilities of the Group CEO.

BOARD PERFORMANCE

Directors comprehensively prepare for, attend and participate in Board and committee meetings.

While the Board's schedule of employee and customer engagement opportunities was affected by COVID-19 restrictions, the Board held virtual meetings with a variety of stakeholders including key regulators. These meetings benefited the Board by enhancing the directors' understanding of NAB's opportunities and challenges.

The Board recognises the importance of continuously monitoring and improving its performance and that of its committees. Under their respective charters, the Board and committees are required to assess their performance annually, which was undertaken during the year. An independent external performance evaluation of the Board and its committees is conducted every three years, or as otherwise determined by the Board. An independent external performance evaluation was last undertaken in 2019 and the next is scheduled for 2022.

Directors' individual performance is also assessed annually. Each director participated in an individual performance interview with the Chair in September 2021.

The number of Board and committee meetings held in 2021 is included in the Report of the Directors within our 2021 Annual Financial Report, where each director's meeting attendance is listed.

BANKING EXECUTIVE AND ACCOUNTABILITY REGIME (BEAR)

For the purposes of BEAR, NAB has registered certain individuals (including directors and senior executives) as 'Accountable Persons' with APRA. NAB undertakes appropriate checks before appointing executives or putting someone forward for election as a director.

Implementing BEAR has strengthened existing accountability structures and practices. It has provided greater clarity on accountabilities and resulted in clearer delegation and decision-making processes.

All NAB Accountable Persons have a letter of appointment (in the case of directors) or written employment agreement (in the case of executives), which governs the terms of their appointment, as well as a detailed BEAR Accountability Statement which is lodged with APRA.

The Federal Government intends to replace BEAR with an expanded Financial Accountability Regime (FAR).

BOARD COMPOSITION, DIVERSITY AND PERFORMANCE

BOARD COMPOSITION

Composition of NAB's Board is informed by the following principles:

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

Further information about directors' independence is on page 11.

NAB has a *Group Fit and Proper and BEAR Suitability Policy* that addresses the requirements of *APRA Prudential Standard CPS 520 Fit and Proper* and supports compliance with the obligations of BEAR. This Policy requires an annual assessment of the directors, certain members of senior management and responsible auditors, including a determination of whether they have the appropriate competence, character, diligence, honesty, integrity and judgement 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.

As a Board vacancy approaches, 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 BEAR 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. This process was followed for all directors on the Board.

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 or re-election and decides whether to recommend to shareholders that they vote in favour of the election or re-election of each relevant director.

In 2021, the Board has recommended in the AGM Notice of Meeting that shareholders re-elect Anne Loveridge. The Board has provided shareholders with all material information that is relevant to a decision whether or not to re-elect Anne in the Notice of Meeting. Further information on NAB's directors is provided within our [2021 Annual Financial Report](#).

TENURE AND GENDER STATISTICS¹

BOARD TENURE	%
■ 0-2 years	25
■ 3-5 years	50
■ 6+ years	25

BOARD GENDER DIVERSITY	%
■ Male	62.5
■ Female	37.5

¹ Tenure and gender statistics are for non-executive directors as at 30 September 2021.

BOARD SKILLS MATRIX

Each year NAB undertakes an assessment of the skills and experience of each director and the combined capabilities of the Board. The insights from this assessment are documented in a skills matrix that is:




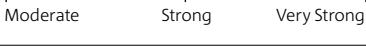






- Considered in the context of NAB's business and its strategic needs.
- Incorporated into Board succession planning and the selection of new directors.
- Used to inform areas of focus for the Board's continuing education and use of external expertise.

To prepare the skills matrix, each director rates their skills, expertise and experience against several competency areas that are then mapped to the skills matrix. The self-assessment ratings and skills matrix are reviewed and calibrated by the Nomination & Governance Committee on behalf of the Board.

The skills matrix presented here demonstrates alignment of the Board's responsibilities with the current mix of skills on the Board. The Board believes the current mix of skills, experience and expertise of directors provides a diverse range of views and perspectives for the effective governance, oversight and strategic leadership of NAB. The Board continues to focus on ongoing renewal to achieve an orderly transition of directors over the short to medium term and an appropriate balance of experience, expertise, diversity and fresh thinking.

In this context, in 2021 the Nomination & Governance Committee and Board prioritised increasing the combined capabilities of the Board on transformation, digital technology, data and analytics through the identification and nomination of director candidates, as well as continuing education for the Board and access to external expertise. Board continuing education also focused on cyber security, environmental, social and governance risk management (particularly climate change), regulatory trends and the evolving fraud and scams landscape, as well as remaining abreast of regulatory and legal obligations.

Skills matrix

SKILLS & EXPERIENCE	EXPLANATION	COLLECTIVE ²
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.	
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.	
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.	
Customer outcomes	Experience in delivering customer outcomes and deepening relationships in customer segments.	
Risk management	Experience in anticipating and evaluating risks that could impact the business. Recognising and managing these risks by developing sound risk management frameworks and providing oversight. Includes experience in managing compliance risks and regulatory relationships.	
Strategy	Experience in developing, setting and executing strategic direction. Experience in driving growth and transformation and executing against a clear strategy.	
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.	
Transformation, digital technology, data and analytics	Experience in businesses of a significant size with major transformation programs, and focus on using digital technology, data and analytics to implement change.	
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.	
Environment and social	Understanding potential risks and opportunities from an environmental and social perspective.	

² This is an aggregate profile of the Board's skills and experience including Ross McEwan.

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, personal 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 our shareholders.

The Board conducts 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.

A register of directors' material interests is maintained and periodically reviewed by each director.

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.

Director tenure is a factor considered 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 nine 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 that period. The overall tenure profile of the Board is also a relevant factor.

In considering the independence of each director, the Board considers the factors outlined in the 4th edition ASX Corporate Governance Principles and Recommendations. The Board has determined for 2021 that all non-executive directors identified on page 6 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 most scheduled Board and committee meetings.

Due to the exceptional circumstances NAB faced in 2019, the Board appointed Philip Chronican as interim Group CEO on 1 March 2019, in an executive director capacity. Prior to this, Philip had been an independent non-executive director since May 2016. Philip received a Special Duties fee while performing the role of interim Group CEO, rather than a salary, and did not receive any variable reward. The Board was satisfied that Philip's performance as interim Group CEO on this short-term basis did not compromise his ability to bring independent judgement to bear on issues before the Board and to act in the best interests of NAB and its shareholders. On this basis, the Board considered Philip as an independent non-executive director when he commenced as Chair of NAB in November 2019. APRA supported that view.

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.

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 that includes discussions with executives and management, and briefings and workshops on NAB's:

- Major lines of business.
- Strategic and financial plans.
- Risk management strategy, frameworks, compliance programs and significant risk management matters.
- Financial statements, including significant financial and accounting matters.
- NAB's performance management structure.
- Internal and external audit programs.
- Purpose, values and Code of Conduct.
- Directors' rights, duties and responsibilities.

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

As part of directors' continuing education, workshops were held during the year on a range of topics. These workshops covered topics such as: cyber security, environmental, social and governance risk management (particularly climate change), regulatory trends and the evolving fraud and scams landscape, as well as remaining abreast of regulatory and legal obligations.

ACCESS TO MANAGEMENT AND INDEPENDENT PROFESSIONAL ADVICE

The Board and its committees have free and unfettered access to senior management, and any other relevant internal and external party and information, and may make any enquiries to fulfil its responsibilities.

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 Chair. 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

To align with shareholders' interests, 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 also adopted a policy that within five years of appointment, a non-executive director's shareholding requirements should equal the value of the non-executive director's annual base fee. The value of a non-executive director's shareholding is based on the share price at the time shares were acquired. The Board recently approved an amendment to this policy in relation to the minimum shareholding requirement for the Chair. From 1 October 2021, the minimum requirement for the Chair's shareholding has increased to equal the value of the Chair's annual fee. Philip Chronican already meets this requirement.

All directors have met their full minimum shareholding requirement.

Minimum shareholding requirements of the Executive Leadership Team:

- Group CEO (two times fixed remuneration).
- Members of the Executive Leadership Team (equal to fixed remuneration).

Newly appointed Executive Leadership Team members are required to accumulate the minimum shareholding requirement over a five-year period from commencement in the role. The Group CEO and members of the Executive Leadership Team have met their current shareholding requirements.

Details of director and Executive Leadership Teams' NAB shareholding requirements are set out in the Report of the Directors within our **2021 Annual Financial Report**.

COMPANY SECRETARIES

The Group Company Secretary provides advice and support to the Board, and is accountable to the Board, through the Chair, 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 **2021 Annual Financial Report**.

SUBSIDIARY BOARDS

NAB has a number of subsidiary companies. The activities of each subsidiary company in the 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 has one significant subsidiary, Bank of New Zealand (BNZ). The Chair of the BNZ Board is Doug McKay who is also a NAB director. NAB directors have a standing invitation to attend board meetings of BNZ to develop a broader understanding of its operations.

NAB's subsidiary governance framework sets out the corporate governance requirements for subsidiaries operating within the NAB Group environment including different roles and responsibilities of subsidiaries, their boards and management.

QUICK LINK **[2021 Annual Financial Report](#)**

BOARD COMMITTEES

To assist in carrying out its responsibilities, the Board has established standing board committees that cover each of Audit, People & Remuneration, Risk & Compliance, Customer and Nomination & Governance matters.

In addition to its standing committees, the Board establishes ad hoc committees, with specific remits, as and when required.

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

At each Board meeting, the committee chairs provide an update on 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 and proposed areas of focus for the coming year.

The number of Board and committee meetings held in 2021 is included in the Report of the Directors within our [2021 Annual Financial Report](#), where each director's meeting attendance is listed.

AUDIT COMMITTEE

Supports the Board with overseeing the integrity of the accounting and financial statements and the financial, regulatory and corporate reporting processes of the Group, the internal Audit function, the External Auditor, and the Group Whistleblower Protection Policy and Program.

2021 areas of focus:

- **Financial reporting:** overseeing the integrity of the Group's financial reporting, regulatory and corporate reporting and compliance with accounting requirements (including accounting standards and policies).
- **Audit results:** reviewing key audit findings and insights including monitoring management's response to matters raised.
- **Auditor performance and independence:** overseeing the performance and independence of Internal Audit and the external auditor, including review of the adequacy of internal and external audit plans.
- **Whistleblower Program:** overseeing the effectiveness of the Group Whistleblower Protection Policy and Program including material matters being investigated, key themes and trends.

Must:

- Have a minimum of three independent non-executive directors.
- Have a member who also sits on the Risk & Compliance Committee.
- Have members who are financially literate and at least one member with appropriate accounting or financial expertise.

2021 Members:

- David Armstrong (Committee Chair)
- Doug McKay
- Kathryn Fagg
- Geraldine McBride (until her resignation from the Board in December 2020)

The Group Chief Financial Officer (CFO), Deputy Group CFO, Executive, Internal Audit and senior executives of the Group's external auditor, EY attended each Committee meeting.

PEOPLE & REMUNERATION COMMITTEE

Supports the Board in discharging its responsibilities relating to people and remuneration strategies, policies and practices of the Group. The Committee undertakes these activities with the objective that they align with and enable the overall Group Strategy and support the Group's purpose, values, strategic objectives and risk appetite (while not rewarding conduct or behaviours that are contrary to these aims).

2021 areas of focus:

- **People matters:** guiding the strategic direction of the Colleague Strategy and component parts, including the remuneration, recognition and inclusion and diversity strategies.
- **Executive remuneration:** reviewing the design of the Executive Remuneration Framework and monitoring related external developments.
- **Executive performance:** evaluating individual executive performance in the context of Group performance at least twice each reporting period, and recommending to the Board the fixed remuneration and variable reward outcomes for the Group CEO, Executive Leadership Team and certain other senior executives. Information on the process for evaluating executive performance is set out in our Remuneration Report within our [2021 Annual Financial Report](#).
- **Group performance and variable reward:** considering Group performance for FY21 and making recommendations to the Board for the Group Variable Reward Plan.
- **Banker attraction, retention and rewards:** reviewing a new approach to remuneration and reward for bankers, designed to improve career progression and retention.
- **Consequence management:** overseeing NAB's employee conduct management framework and consequence management outcomes, including impact on remuneration outcomes.
- **Acquisitions and disposals:** overseeing the remuneration related aspects of major acquisitions (i.e. 86 400) and disposals (i.e. MLC Wealth) in 2021.

Must:

- Have a minimum of three independent non-executive directors.
- Have a member who also sits on the Board Risk & Compliance Committee.

2021 Members:

- Anne Loveridge (Committee Chair)
- Peeyush Gupta
- Ann Sherry

The Group Executive, People & Culture, the Group Chief Risk Officer (CRO) and the Executive, Internal Audit attended all Committee meetings in 2021. The Board Chair and the Group CEO attended the majority of meetings.

RISK & COMPLIANCE COMMITTEE

Supports the Board with oversight of the Group's risk profile, risk management framework (covering financial, non-financial and emerging risks), material risks, risk mitigation practices, adherence to Board-approved risk appetite and internal compliance and control systems, while guiding management's promotion and maintenance of a risk-based culture.

2021 areas of focus:

- **Risk appetite:** reviewing and overseeing the Group and NAB Risk Appetite Statement and Risk Management Strategy, covering existing and emerging financial and non-financial risks.
- **Risk management:** reviewed the Board's annual Risk Management Declaration to APRA for the year ended 30 September 2020 and overseeing management's progress in addressing matters identified in that Declaration.
- **Material risk updates:** overseeing key material risk categories, including: Credit risk; Balance Sheet & Liquidity risk; Market risk; Operational risk; Compliance risk; Conduct risk; and Sustainability risk. The Board has retained direct oversight of Strategic risk.
- **Compliance culture:** continued focus on regulatory and legislative requirements and the controls and compliance environment to monitor adherence and shortcomings.
- **Controls environment:** continued review of controls health, the controls strategy and controls transformation activity.
- **Business remediation and transformation programs:** reviewing risk-related transformation programs.
- **Technology:** reviewing updates relating to the technology risk profile, technology resilience and technology currency debt.
- **External environment:** reviewing regular updates on credit, market and liquidity conditions, including the implications of COVID-19.
- **Capital and liquidity:** continued emphasis on monitoring and reviewing the level of capital and liquidity held by the Group.

Must:

- Have a minimum of three independent non-executive directors.
- Have members who also sit on the Audit Committee and People & Remuneration Committee.

2021 Members

- Simon McKeon (Committee Chair)
- David Armstrong
- Kathryn Fagg
- Peeyush Gupta

The Group CRO, Executive, Internal Audit and senior executives of the Group's external auditor, EY, attended each Committee meeting. The Board Chair and the Group CEO attended the majority of meetings.

CUSTOMER COMMITTEE

Supports the Board with overseeing a significant lift in the importance given to the voice of the customer and a more intense focus on customer outcomes.

2021 areas of focus:

- **Customer outcomes:** monitoring NAB's support for customers in the COVID-19 environment, with specific focus on vulnerable customers and customers in hardship. In August 2021, the Committee received a detailed briefing from the NAB Assist team to understand the impact on customers from the NSW and Victoria lockdowns.
- **Product governance:** monitoring NAB's preparation for the introduction of ASIC's Design & Distribution Obligations.
- **Customer complaints:** monitoring the progress of NAB's complaints transformation program designed to improve NAB's complaint handling and first point of contact resolution.
- **Customer remediation:** reviewing and evaluating management reports on both banking and wealth remediation programs.
- **Customer Advocates:** reviewing reports from the Customer Advocate Banking, Catherine Wolthuizen and Customer Advocate Wealth, Clare Petre. Catherine, Clare and the Office of the Customer Advocate focus on advocacy and insights to deliver fair outcomes for NAB customers that align with community expectations.

Must:

- Have a minimum of three independent non-executive directors.

2021 Members:

- Ann Sherry (Committee Chair)
- Doug McKay
- Geraldine McBride (until her resignation from the Board in December 2020)
- Anne Loveridge (from February 2021)

The Board Chair attended the majority of meetings.

NOMINATION & GOVERNANCE COMMITTEE

Supports the Board on composition and governance matters.

2021 areas of focus:

- Assessing the necessary and desirable competencies of the Board and Chair, 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, the Chair and directors.
- Making recommendations regarding continuing education for the Board as a whole and professional development for directors.
- Reviewing corporate governance principles and policies.
- Making recommendations to the Board on the continuing independence of directors.

Must:

- Have a minimum of three independent non-executive directors.
- The Chair of the Board is Committee Chair.

2021 Members:

- Philip Chronican (Committee Chair)
- Anne Loveridge
- Simon McKeon

NAB'S CODE OF CONDUCT

NAB's Code of Conduct (the Code) was revised in 2020 and approved by the Board.

The Code outlines what is expected of directors, leaders, colleagues and contractors who perform services on NAB's behalf.

The Code captures not only NAB's legal obligations, but also an expectation to act ethically and responsibly towards customers, colleagues and communities. The Code emphasises How We Work, and the key policies and guidelines which must be followed to achieve expected outcomes. There is a strong emphasis on speaking up about concerns and a guide to ethical decision making.

The Code is supported by a renewed approach to conduct and consequence management. Each business and enabling unit has established professional standards forums to review or note breaches of the Code at least quarterly, taking action to set the tone and reinforce NAB's standards of conduct and culture. Any material breaches or conduct that is materially inconsistent with the expected outcomes in the Code are reported to the People and Remuneration Committee.

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

IMPLEMENTATION OF APRA SELF-ASSESSMENT ACTIONS AND ROYAL COMMISSION RECOMMENDATIONS

Since the Banking and Financial Services Royal Commission and undertaking a Self-Assessment in 2018, on governance, accountability and culture, meaningful change has been made to the way NAB operates. A significant and wide-reaching reform program has driven improvement in governance, accountability and culture, to address the root causes of our past failings.

The voice of the customer is now firmly represented in the Bank. Products and services have been reviewed to ensure they put the needs of the customer first. New complaint handling processes have been implemented to make it easier for customers to raise concerns and issues and as at 30 September 99% of all complaints are resolved within 30 days. Improved process, controls and compliance capabilities have led to faster identification and resolution of issues with the aim of reducing and preventing detrimental impacts to customers. NAB has refunded \$575 million to 597,000 customers in 2021 through remediation programs.

Changes to NAB's operating model in early 2020 have delivered greater clarity of executive accountabilities, in conjunction with the focus on BEAR accountabilities. The operating model is supported by changes to the structure, composition and scope of risk committee governance at an executive-level. This has resulted in a greater demonstration of first line ownership and accountability for risks and issues, with clearer paths to mitigation and resolution when risks and issues arise.

The Board continues to have oversight of management's ongoing efforts to improve outcomes for customers and colleagues and get the basics right, including a strong focus on the remediation work required in financial crime risk management.

Of the 26 actions identified in NAB's 2018 Self-Assessment, all but three are now embedded and closed, with those remaining relating to reviews that are ongoing in nature. NAB will engage with APRA to determine whether related issues identified in NAB's Self-Assessment have been addressed to the satisfaction of the regulator.

NAB has actively implemented the applicable and actionable changes resulting from the 76 recommendations made by Commissioner Hayne. Of the 55 recommendations applicable to NAB, 21 are complete or well advanced, and the work to implement a further 10 is underway. The remaining 24 recommendations require no action from NAB at this time because they are related to other third-party participants including industry associations and regulators, or are due to be reviewed in the future.

RESPONSIBLE REMUNERATION

The Board continues to monitor NAB's executive and Group remuneration frameworks to ensure alignment with the Group's purpose, strategic objectives and risk appetite.

The Board has approved changes to the Group's remuneration framework for 2022 to create simplicity and more consistency and fairness in our remuneration framework. The changes:

- Remove or reduce variable reward for many colleagues, placing more emphasis on fixed pay to give colleagues more certainty and encourage more focus on customers.
- Standardise target variable reward participation (including for some Group Executives) to create more consistency and fairness.

These changes set an appropriate balance between fixed remuneration and variable reward and will allow colleagues to focus on serving customers well. Implementation will be a phased approach over the next 12 to 18 months starting on 1 October 2021 with customer-facing businesses.

NAB considers that the changes will support the Group's purpose, strategic objectives and risk appetite, and reflect the expectations of customers, regulators and shareholders.

The Board will consider enhancements over the coming year to ensure the executive remuneration framework continues to support the delivery of the Group's strategy and meet regulatory requirements. The Board will balance these requirements within an effective remuneration framework that is competitive and appropriately rewards our Executive Leadership Team.

Further information about NAB's executive remuneration framework, including NAB's policies and practices regarding the remuneration of non-executive directors, the Group CEO, Group Executives and other colleagues, is set out in our Remuneration Report within our [2021 Annual Financial Report](#).

FOCUS ON SHAREHOLDERS

At NAB we value open, timely and transparent communication and engage with shareholders and investors in many ways including:

- Written and electronic communications, such as open letters and publications from the Chair and the Group CEO on key developments and matters of interest.
- Providing information about NAB on our website, including in relation to our Group's policies and governance practices and media releases.
- Periodic trading updates, financial results and reports, ASX announcements, investor presentations and briefings (all of which are available on our website at <https://www.nab.com.au/shareholder>).
- In situations when the Group hosts an analyst and investor presentation including interim and end of financial year results, supporting materials are released on the ASX Market Announcement Platform ahead of the presentation commencing.
- Webcasting of significant market briefings and meetings, including the AGM.
- The Chair, Group CEO, Group CFO and other executives meet with domestic and offshore institutional investors throughout the year. NAB also engages directly with investment analysts, proxy advisors and the Australian Shareholders' Association.
- Due to continued uncertainty regarding COVID-19 restrictions on public gatherings, NAB's 2021 AGM will be conducted as a virtual meeting. Shareholders will have the opportunity to view presentations, ask questions and submit votes online during the AGM.

As in prior years, we will again invite shareholders to submit questions in advance of the 2021 AGM, to help NAB understand and address areas of interest or concern.

Each substantive resolution considered at the AGM will be conducted by a poll. The Board considers that voting by a poll is in the interests of shareholders as a whole and ensures that the views of as many shareholders as possible are represented at the AGM. Shareholders unable to attend the virtual AGM are encouraged to vote in advance of the meeting.

Shareholders can contact NAB or our share registry 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.

For more information about NAB, its corporate governance and the shareholder centre see the links below:

NAB

Corporate Governance

Shareholder centre

SOCIAL IMPACT

NAB's work to drive positive social impact contributes to the long-term pillar of NAB's strategy. Addressing big sustainability challenges like climate change and affordable housing needs significant business investment. NAB is driving commercial responses to address these challenges. To support this work, NAB is:

- Investing in the future of our customers, from offering sustainability-linked financing to building financial health tools for everyday banking.
- Making our own business more resilient and sustainable, including managing ESG risk and continually reducing our own environmental footprint.
- Building partnerships to better understand and drive progress towards addressing sustainability challenges.
- Prioritising the skills and training colleagues need to support customers in responding to sustainability opportunities and challenges.

For further detail on NAB's approach to sustainability opportunities and challenges, refer to the **2021 Annual Review**.

STAKEHOLDER ENGAGEMENT

NAB engages stakeholders from a range of social and environmental organisations to obtain feedback on our approach, progress and material issues facing NAB.

Our annual materiality assessment identifies the environmental, social and governance themes that matter most to our stakeholders and where NAB can drive the greatest impact. This assessment process is detailed in our **2021 Annual Review**.

NAB's approach to stakeholder engagement is set out in our Social Impact Policy, and is informed by the **AA1000 Stakeholder Engagement Standard**.

In all interactions with stakeholders, NAB is respectful, responsive, open and authentic. More information about our approach to stakeholder engagement can be found on our **website**.

NAB's formal Indigenous Advisory Group (IAG) provides strategic guidance on NAB's engagement with Aboriginal and Torres Strait Islander people and NAB's Reconciliation Action Plan. Director Ann Sherry is Co-Chair of the IAG with Tanya Hosch, a Torres Strait Islander woman and Executive Manager Inclusion and Social Policy at the AFL.

RISK MANAGEMENT

Risk is the potential for harm and is inherent in our business. Our ability to manage risk effectively is critical to NAB being a safe and secure bank that can serve customers well and help our communities prosper. This is achieved through the Risk Management Framework, documented in the Risk Management Strategy.

The Risk Management Framework (RMF) consists of systems, structures, policies, processes and people within the Group that manage our material risks.

Material risks are those that could have a material impact, both financial and/or non-financial, on the Group or on the interests of our customers. Our material risks are categorised as: strategic risk, credit risk, market risk, balance sheet and liquidity risk, operational risk, compliance risk, conduct risk and sustainability risk.

NAB applies a 'Three Lines of Accountability' operating model in relation to the management of risk. The overarching principle of the model is that risk management capability must be embedded within the business to be effective.

The role of each line is:

- **First Line** – Businesses own risks and obligations, and the controls and mitigation strategies that help manage them.
- **Second Line** – A functionally segregated Risk function develops risk management frameworks, defines risk boundaries, provides objective review and challenge regarding the effectiveness of risk management within the first line businesses, and executes specific risk management activities where a functional segregation of duties and/or specific risk capability is required.
- **Third Line** – An independent Internal Audit function reporting to the Board monitors the end-to-end effectiveness of risk management and compliance with the RMF.

Risk governance refers to the formal structure used to support risk-based decision-making and oversight across all our operations. This consists of Board committees and management committees, delegations of authority for decision-making, management structures and related reporting. The risk governance structure increases transparency and the sharing of insights, guidance and challenge to support each BEAR Accountable Person³ in their decision-making when discharging their individual accountabilities.

The Risk Appetite Statement is a key component of our RMF and sets out boundaries to ensure that we operate within acceptable levels of risk and in compliance with our obligations and commitments.

The updated Risk Management Strategy and Risk Appetite Statement were approved by the Board in early October 2021 and submitted to APRA. The Board also makes an annual Risk Management Declaration (RMD) to APRA for NAB, confirming that NAB has a risk management framework that is appropriate for the size, business mix and complexity of the Group, and which is consistent with the Group's strategic objectives and business plan, in accordance with the requirements of APRA Prudential Standard CPS 220 Risk Management. This RMD is currently being undertaken within the timeframe permitted.

The Group Chief Risk Officer report highlights risk appetite measures, along with commentary when triggers and limit thresholds are exceeded. It is provided to and discussed at each scheduled meeting of the Executive Risk & Compliance Committee (ERCC), the Board Risk & Compliance Committee (BRCC) and Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK MANAGEMENT

Environmental, social and governance (ESG) risks are identified, measured, monitored, reported and overseen in accordance with the Group's RMF and reflected in the Risk Appetite Statement and relevant policies and management practices.

Executive management's Group Non-Financial Risk Committee and Group Credit & Market Risk Committee oversee key aspects of ESG risk, including climate and human rights-related risk. Our climate change disclosures align with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. Our key TCFD disclosure is provided in our Annual Financial Report. Elements of our TCFD reporting are also provided throughout other documents in our annual reporting suite. Our modern slavery statement is available on our [website](#).

Updates on ESG risks are provided to the ERCC & BRCC and Board as appropriate.

Further information on NAB's material exposures to ESG risks (and how we manage those risks) is set out in NAB's [2021 Annual Financial Report](#) and [2021 Annual Review](#).

ASSURANCE AND CONTROL

For the Board to determine that our 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, EY, on the audited financial statements.

EXTERNAL AUDIT

Throughout 2021, NAB's external auditor was EY. The Audit Committee is responsible for the appointment, evaluation, management and removal of the external auditor, and the approval of the external auditor's annual fees (subject to shareholder approval where required). The Audit Committee oversees EY's responsibilities and regularly meets with EY to review the adequacy of the external audit arrangements with 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 CFO, Deputy Group CFO, Group CRO, Group Executive Legal & Commercial Services, Executive General Counsel Corporate, Executive Internal Audit, and the external auditor all have direct and unfettered access to the Audit Committee.

NAB does not employ or appoint to the Board, Group or 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 the auditor's independence.

The Audit Committee has adopted a *Group External Auditor Independence Policy* that requires pre-approval of any services proposed to be provided by the external auditor to ensure that independence is maintained. The Audit Committee delegates authority to the Group CFO and Deputy Group CFO to approve those services where the expected cost of the service is less than \$200,000 (excluding local taxes). Services over \$200,000 (excluding local taxes) require the approval of the Board Audit Committee Chair as the Board Audit Committee delegated authority. The exercise of any such delegation is reported to the Audit Committee at least biannually.

The Policy defines audit-related and taxation-related services and stipulates that certain services are entirely prohibited from being provided by the external auditor to ensure the independence of the external auditor is maintained. Non-audit services are permitted where the service meets auditor independence requirements with the approval by the Chair of the Audit Committee.

Unless the Audit Committee approves otherwise, fees paid for the provision of audit-related, taxation-related and non-audit services must not exceed fees paid for audit services in any year. Details of the services provided by the external auditor 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 [2021 Annual Financial Report](#).

Legislation requires the rotation of the external audit senior personnel who are significantly involved in NAB's audit after five successive years, including the Lead Partner.

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.

PERIODIC CORPORATE REPORTS

The Annual Financial Report, Annual Review (incorporating the Sustainability Report), investor presentations, Quarterly Trading Updates, Full Year Results Management Discussion and Analysis (previously included in the report known as Results Announcement), Corporate Governance Statement, and Pillar 3 Report form the suite of the Group's periodic corporate reports.

Each report is subject to the Group's risk management and internal control systems. Assurance over risk management and internal control systems is achieved through assessments of the effectiveness of controls.

The integrity of the Group's periodic corporate reports is underpinned by structures and processes within the Group functions that support areas of judgement, validation of information and the maintenance of proper records for all information.

The Group's reporting policies incorporate Australian and international regulatory, legislative and prudential requirements. An internal management team reviews and checks information across the suite of the Group's periodic corporate reports. Group Executives and subject matter experts certify the information pertaining to their area of responsibility is materially complete and not materially misleading by statement or omission. The suite of the Group's periodic corporate reports is also critically reviewed for consistency in messaging.

The level of external assurance provided on the suite of the Group's periodic corporate reports is disclosed by the external auditor in their reports presented in NAB's 2021 Annual Financial Report, Half Year Results Management Discussion and Analysis and Annual Review.

Where there is no external assurance provided, management's assurance procedures are considered adequate by the Audit Committee for ensuring the Group's periodic corporate reports are materially accurate, balanced and provide investors with appropriate information to make informed decisions.

INTERNAL AUDIT

The role of Internal Audit is to provide independent assurance on the adequacy and effectiveness of NAB's RMF. Internal Audit forms the third line of risk accountability in NAB's RMF.

The Executive, Internal Audit needs to be suitably qualified for the role.

A recommendation on the appointment, performance and dismissal of the Executive, Internal Audit is made by the Board Audit Committee to the Board. The Board 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 20.

Internal Audit has a direct reporting line to the Chair of the Board Audit Committee and informal reporting lines to the Group CEO and Group CFO.

The Executive, Internal Audit provides regular reports to the Board's Risk & Compliance Committee on risk and control matters, and during 2021 attended the Board's People & Remuneration Committee to provide insights on conduct and culture matters.

Both the External and Internal Audit functions have full and unrestricted access to all colleagues, records and systems as necessary to undertake their activities.

QUICK LINK [2021 Annual Financial Report](#)

CONDUCT POLICIES

NAB has a comprehensive suite of policies and practices in place to promote a culture of honesty and ethical behaviour. 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's Group Whistleblower Protection Policy and Whistleblower Program comply with the Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019 and reflect our dedication to a strong and safe culture of speaking up.

NAB does not tolerate wrongdoing, including fraud, corrupt conduct, bribery, unethical behaviour or misconduct (including discrimination, sexual harassment and other breaches of the Group's policies and Code of Conduct), legal or regulatory non-compliance, or illegal accounting or auditing practices by colleagues, contractors, directors or officers.

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

The Group Whistleblower Program provides a safe and confidential channel for reporting wrongdoing. The Board strongly believes that every concern matters and has ensured that the Whistleblower Program is set up and resourced to support, protect and encourage colleagues to speak up. The Program has been established as an independent function with day-to-day operations managed by NAB's Internal Audit team and with direct escalation and reporting lines to the Board's Audit Committee via NAB's Group Whistleblower Committee.

The Whistleblower Program provides confidential and anonymous communication channels for our people (current and former colleagues, officers, contractors and/or suppliers) to raise wrongdoing concerns. This includes a confidential internal mailbox supported by trained Whistleblower Protection Officers as well as through FairCall, an independently monitored external hotline and reporting service operated by KPMG.

In 2021, NAB has continued to enhance our Whistleblower Program in line with ASIC Guidance (RG 270 Whistleblower Policies).

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

NAB does not tolerate any actual or threatened act of reprisal against those who disclose wrongdoing. Any person who carries out or threatens reprisals will be subject to disciplinary action (including potential termination of employment) and in some cases may also be subject to criminal liability.

NAB's Group Whistleblower Protection Policy can be found in the [Corporate Governance section of our website](#).

ANTI-BRIBERY AND CORRUPTION POLICY

NAB is committed to preventing financial crime and takes a zero-tolerance approach to bribery and corruption. This is reflected in NAB's Anti-Bribery and Corruption (ABC) Policy as well as the Group's dedication to acting:

- Honestly, with integrity and upholding the highest ethical standards in its global activities.
- In compliance with all applicable anti-bribery and corruption laws in all jurisdictions in which the Group operates.

The prohibition against bribery and corruption in the Policy applies to NAB's entities, colleagues and all agents, contractors and other third parties acting for or on behalf of the Group. The Group strictly prohibits bribery in any form, including:

- Active (giving) or passive (accepting) bribery.
- Bribery in the public or private sectors.
- Bribery directly by the Group or indirectly through a third party acting for or on behalf of the Group.
- The use of 'facilitation payments', even if this represents local practice or custom.

The Policy includes additional requirements around gifts and entertainment involving government officials which require approvals regardless of value.

The Policy is supplemented by supporting procedures which define minimum standards for compliance with the Policy.

Material breaches of the Policy are reported to the Board by the Group CRO.

NAB is a Cornerstone Member of Transparency International Australia, a member of the [Bribery Prevention Network](#) and is a signatory to the UN Global Compact, pledging to work against corruption in all its forms.

NAB's ABC Policy can be found [online](#).

GROUP DISCLOSURE & EXTERNAL COMMUNICATIONS POLICY

The Corporations Act and the ASX Listing Rules require that, subject to certain exceptions, 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 where applicable, to other relevant stock exchanges.

NAB manages compliance with its continuous disclosure obligations through its *Group Disclosure & External Communications Policy* and associated guidance notes. NAB's Disclosure Committee, comprised of senior executives, has primary responsibility regarding NAB's disclosure obligations. Potentially disclosable matters are promptly referred to the Disclosure Committee for assessment and determination. NAB operates a strict decision-making regime to enable it to monitor compliance with its disclosure obligations.

Where appropriate, the Board is consulted on disclosures of utmost significance.

All members of the Executive Leadership Team are responsible for ensuring their teams adhere to the Policy and liaising directly with the Group Executive, Legal & Commercial Services or the General Counsel Corporate on any potentially disclosable matters. Routine administrative ASX announcements are made by the Group Company Secretary without reference to the Disclosure Committee.

The Board receives copies of all material market announcements promptly after they have been made.

The *Group Disclosure & External Communications Policy* is available in the [Corporate Governance section of our website](#).

RESTRICTIONS ON TRADING IN NAB SECURITIES

NAB's *Group Securities Trading Policy* explains the law and the policy for our colleagues to comply with when trading in NAB securities.

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

All our 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 **2021 Annual Financial Report**.

The *Group Securities Trading Policy* is available in the **Corporate Governance section of our website**.

GROUP POLITICAL CONTRIBUTIONS POLICY

Since 2016, NAB has not made individual donations to any political party, parliamentarian, elected official or candidate for political office. NAB updated its *Group Political Contributions Policy* in 2019 to enable representatives to attend business forums hosted by major political parties. Any payments for event attendance received by political parties will be included in the Australian Electoral Commission register.

The Group Political Contributions Policy is available in the **Corporate Governance section of our website**.

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

NAB provides an annual Modern Slavery and Human Trafficking Statement. From 2020, this statement is pursuant to both the Modern Slavery Act 2015 (UK) and the Modern Slavery Act 2018 (Cth). NAB has a Supplier Sustainability Program in place to manage risks within our material supply chain relationships. Consideration of modern slavery is also incorporated into our Group Human Rights Policy and relevant risk management practices and processes applicable to the Group's customer and third-party relationships. NAB's Human Rights Policy can be found **online here**.

NAB's Modern Slavery and Human Trafficking Statement can be found **online here**.

INCLUSION AND DIVERSITY

Inclusion is a mindset and a way of working together that supports a positive experience for our colleagues, and in turn, our customers. At NAB, we know that when we create diverse and inclusive teams that we can innovate for the future, better manage risk and solve some of our biggest challenges. That's why we are creating a more inclusive culture built on trust and respect – where all of our colleagues feel a sense of belonging and empowerment, no matter their background or experience.

GROUP INCLUSION AND DIVERSITY POLICY

In September 2021, the Board approved an updated Group Inclusion & Diversity Policy which can be found [online](#). The Policy includes a requirement for the Board People and Remuneration Committee to monitor and assess on an annual basis the effectiveness of the Inclusion & Diversity (I&D) Policy, Strategic Framework and practices in achieving the stated, measurable objectives.

NEW I&D STRATEGY FRAMEWORK

In mid-2021, NAB engaged PwC to provide an independent assessment on eight dimensions noted as industry barriers to inclusion, as part of the Inclusion & Diversity Strategic Review. We also consulted colleagues across the business, including two reference groups and leadership teams to develop a new Inclusion & Diversity Strategy Framework (the Framework). This was finalised and endorsed by the Board in early October 2021. The new three-year Framework is explicitly aligned to our business and colleague strategies and looks to shape the way we think and How We Work. To facilitate sustainable and meaningful change, our new Framework recognises the need to focus on inclusion, not only diversity in our key colleague processes and policies. The key focus areas of the new Framework include:

- **Inclusive leadership** – Leaders are visible in their commitment to inclusion and actively build diversity in teams. They role model NAB's How We Work in their everyday actions and ensure that systems are inclusive and accessible to all.
- **Inclusive workplace** – A culture that actively promotes and leverages team diversity, flexibility and wellbeing – an environment where all colleagues feel empowered to contribute to their full potential.
- **Customer inclusion** – Colleagues who take pride in understanding the needs of our customers, ensuring that they can access the information, services and products they need with ease.

The measurable objectives aligned to the new Framework are as follows:

- Diverse leadership teams and talent pipelines by 2025:
 - At each salary level 40-60% of either gender represented.
 - NAB Board (non-executive directors) 40-60% of either gender represented.
 - NAB Group subsidiary boards – 40-60% of either gender represented.
- Fair remuneration – seek to reward people fairly and support our objective of gender pay equity < 10% by 2025.
- Inclusion score – targeting no gap between diverse and non-diverse colleagues by 2025 using measures from the engagement survey.

NAB's Executive Leadership Team continues to have direct accountability for the Framework's execution. The Board receives annual updates on the performance against the Framework and its measurable objectives.

The table on the next page outlines NAB's progress against the measurable objectives communicated in NAB's 2020 Reporting Suite and the 2020 Group Inclusion & Diversity Policy.

These objectives support the colleague-related goals set out in our [Accessibility Action Plan 2021-2022](#) and [Reconciliation Action Plan 2019-2021](#).

INCLUSIVE LEADERSHIP

Leaders are visible in their commitment to inclusion and actively build diversity in teams. They need to role model How We Work and strive to ensure that our systems are inclusive and accessible to all. In 2021, the following key initiatives have taken place to support inclusive leadership:

- Building diverse leadership teams and talent pipelines through organisational leadership reviews.
- I&D KPIs set for all leaders at NAB, from our Executive Leadership Team through to our people leaders, included in their annual performance plans, meaning that progressing an inclusive culture directly impacts their performance pay.
- People leader webinars, I&D Digest newsletter and simple tools offered to promote inclusive behaviours and actions via daily application on a number of themes including:
 - Hybrid working.
 - Supporting the wellbeing of colleagues through COVID-19.
 - Supporting home schooling.
 - Virtual health and wellbeing classes.
 - Supporting teams in managing workloads and working hours.
 - Creating an environment safe from sexual harassment.
 - How to set the right tone and eliminate everyday sexism.
 - Procedural fairness and management of conduct matters.
 - Leading mentally fit teams remotely.

Distinctive Leadership program

NAB has introduced one leadership program for every leader across the Group. We now have a consistent approach to how leaders will lead, manage and coach their people every day. We know how important leaders are in creating engaging and inclusive workplaces, holding each other to the highest standards, ensuring we make the right decisions and empowering colleagues to get on with the job. Colleagues who completed the workshop to 30 September 2021 comprised of 51% male and 48% female (1% not specified).

Strengthening leadership development for Aboriginal and Torres Strait Islander colleagues

NAB is invested in strengthening pathways to leadership roles for colleagues who identify as Aboriginal and Torres Strait Islander. This year NAB created a dedicated Aboriginal and Torres Strait Islander cohort for our Distinctive Leadership program. Through expanding the offering to emerging Aboriginal and Torres Strait Islander leaders, we provide opportunities for participants to connect with internal and external senior Indigenous leaders.

Progress against NAB's 2021 Measurable Objectives

MEASURABLE OBJECTIVE	2020	2021	2025 TARGET
1. Diverse leadership teams and talent pipelines:			
<ul style="list-style-type: none"> At each salary level 40-60% of either gender represented.¹ NAB Board (non-executive directors) 40-60% of either gender represented. NAB Group subsidiary boards 40-60% of either gender represented. 			
Female representation			
NAB Board (non-executive directors)	44%	38%	40-60%
NAB Group subsidiary boards	40%	49%	40-60%
Executive Management (Salary Group 7)	36%	33%	40-60%
Executive Management (Salary Group 6)	36%	35%	40-60%
Senior Management (Salary Group 5)	34%	36%	40-60%
Management (Salary Group 4)	37%	38%	40-60%
Non-management (Salary Group 3)	43%	45%	40-60%
Non-management (Salary Group 2)	55%	56%	40-60%
Non-management (Salary Group 1)	69%	71%	40-60%
Total organisation	50%	50%	40-60%
2. Fair remuneration – seek to reward people fairly and support our objective of gender pay equity <10% by 2025			
Gender pay equity	18.1% ²	16.6% ³	<10%
3. Inclusive workforce culture⁴			
Female score ⁵	-	84% (-1% difference vs male)	
People with disability	-	73% (-10% difference vs people without disability)	
Ethnic minority ⁶	-	84% (+2% difference vs non-ethnic minority)	
LGBTIQ+ ⁷	-	78% (-6% difference vs non-LGBTIQ+)	
Carers ⁸	-	82% (-2% difference vs non carers)	

1 Representation by Salary Group shows percentage female population and has been calculated using population of permanent full-time and part-time employees. In prior years, NAB has grouped Salary Groups together to indicate organisational level. i.e. Salary Group 1-3 are 'non-manager' roles and Salary Group 6-7 are 'executive management'. To provide greater transparency, the representation for these groups is now provided by Salary Group. For historical breakdown and further information on gender representation by employment level, please refer to the [2021 Sustainability Data Pack](#).

2 At an organisational level, the 2019-20 Workplace Gender Equality Agency's (WGEA) analysis indicates that when comparing the base salary of all women to men within the Australian-based workforce of NAB, our gender pay gap was 18.1%.

3 At an organisational level, the 2020-21 Workplace Gender Equality Agency's (WGEA) analysis indicates that when comparing the base salary of all women to men within the Australian-based workforce of NAB, our gender pay gap is 16.6%.

4 The 'Inclusive workforce culture' objective is measured using colleague engagement data, analysing responses to the question 'How happy are you working at NAB?' for different diverse groups. The table above shows the percentage of favourable responses for specific diverse groups, with comparisons to the related majority group in the workforce. The target for 2021, set in 2020, referred to Inclusive workplace culture – Engagement Score Top 20% (including by diverse segments). During 2021, NAB engaged specialist consultancy firm Karian & Box to undertake a deeper analysis of NAB's colleague engagement survey data and report on broader cultural and inclusion and diversity insights. Following this work, the measurement methodology used by NAB has changed, resulting in the inability to compare the inclusive workforce culture results to an external global engagement benchmark. While the focus of this measurable objective has remained consistent, the target for 2022-2025 has been re-based, with the Board's approval. For 2022-2025, the target is no gap between diverse and non-diverse employees by 2025 using measures from the engagement survey.

5 Response calculated using the gender identity demographic question in the July colleague engagement survey.

6 Colleagues who selected any other option than Australian, New Zealand, Anglo European, or Other European in either of the two cultural background questions have been grouped as ethnic minority. Groups defined as per the Karian and Box Report.

7 Lesbian, gay, bisexual, transgender/gender diverse, intersex and queer. Acronym as per the Karian and Box Report.

8 'Carers' includes colleagues who identified they were caring for: their own child who does not have disability, their own child with disability, someone else's child who does not have disability, someone else's child with disability, an adult (e.g. spouse, partner, sibling) with disability, an older adult (e.g. parent) with disability or an adult or older adult without disability.

INCLUSIVE WORKPLACE

We actively promote and embrace team diversity, flexibility and wellbeing to help create a workplace where all colleagues feel empowered to contribute to their full potential. In 2021, the following key initiatives have taken place to continue to build an inclusive workplace:

Progressing gender equality

Gender equality continues to be a priority for NAB. In 2021, we saw an increase in female representation in our Management (Salary Group 4), Senior Management (Salary Group 5) and Group subsidiary boards level. Female representation at our most senior levels of the organisation, Executive Management (Salary Groups 6 and 7) and NAB Board decreased. So while we have made some progress in senior representation and continue to close the gender pay gap, we acknowledge that there is still work to do to reach our 2025 targets. We recognise the need to continually challenge ourselves to ensure we are prioritising equality, not just for gender, but across all diverse demographics.

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), on 24 June 2021, NAB lodged its annual public report with the Workplace Gender Equality Agency (Agency). The WGEA reports are now three separate documents – you can see them here – [Corporate governance framework – key information – NAB](#) under the Inclusion & Diversity section.

We continue to drive gender equality at NAB, and although we still have work to do, we have received external recognition for our efforts:

- WGEA Employer of Choice for Gender Equality citation.
- Ranked #14th Globally, and 2nd in the Financial sector in Equileap's [Gender Equality Global Reporting and Ranking 2021 Edition](#).
- Inclusion in the 2021 Bloomberg Gender-Equality Index.

Gender pay gap

NAB's 2020-21 base salary pay gap, as calculated by WGEA, is 16.6%. This is down from 18.1% from the 2019-20 reporting period. While the figure continues to reduce year-on-year we acknowledge that there is still more to do to achieve our 2025 target of <10%.

To do this, we are focusing on addressing the difference in the representation of men and women in senior roles, as this is the largest contributing factor to the gender pay gap as calculated by WGEA. We have set measurable public commitments to make progress on gender representation, with senior leaders being held to account for these as part of their annual KPIs. We ensure that an annual pay gap review takes place and that these results are reported to NAB Board.

In 2017, the UK Government introduced mandatory gender pay equity reporting for all UK-based organisations with more than 250 employees. The full version of the NAB UK Gender Pay Gap Reports are available to view, and the information and analysis included only pertains to the London branch. Visit [Our people – Gender equality in the workplace – NAB](#) to view these reports.

Addressing sexual harassment

In 2020 NAB engaged KPMG to undertake an independent assessment on our approach to preventing and responding to sexual harassment at work.

The areas of improvement included an action plan setting out work against four areas:

- Increase transparency and reinforce accountability.
- Raise awareness and build confidence to act.
- Develop your people leaders and people advisors into active allies.
- Integrate best practice into existing policies and processes.

Key improvements have delivered more frequent and targeted communications with colleagues about our zero tolerance expectation for sexual harassment, and helping leaders to understand how they can address concerns about sexual harassment. Furthermore, we have set a zero tolerance tone to sexual harassment and continue to support this through the commencement of a quarterly sexual harassment forum with cross-functional enterprise representation, all focused on strategic and preventative action.

NAB's Discrimination and Harassment guidelines can be [viewed here](#).

Improving our workplace policies

In April, we amended our *Religious Leave Policy* enabling colleagues to apply for up to three working days of paid cultural and religious leave to celebrate important events and traditions without the need to provide 'reasonable evidence'. This is a significant change which reinforces respect and trust, in all our colleagues, irrespective of faiths.

Improving accessibility for our colleagues

In May we launched our Accessibility Action Plan 2020-2021 'Better Together', our roadmap for the next two years, building on our previous plans. 'Better Together' is our action plan aimed to make sure our premises, goods and services and employment opportunities are more accessible to people with disability. Six goals have been identified where accessibility will be embedded:

- Communication and feedback channels.
- How we use data and insights to inform what we do.
- NAB's Ready Together program to support Australians before, during and after natural disasters.
- Within our procurement processes, product and service designing.
- Within our employment lifecycle processes.
- Our culture and ways of working supporting inclusion.

More information can be found in our [Accessibility Action Plan 2021-2022](#).

To further our commitment to growing our diverse talent, we piloted the Stepping Into program – an internship program with Australian Network on Disability aimed at connecting skilled and talented university students with disability to NAB.

Flexibility and supporting colleagues who are carers

In 2021, we continued to offer up to 10 days of paid pandemic leave for all colleagues to enable our colleagues to balance their work and family life during COVID-19. We offer further flexibility and wellbeing support, including access for colleagues and their families to "Care Corporate" – NAB's carers support program and "MyCoach" – NAB's Employee Assistance Program.

We continue to offer 12 weeks of paid primary care leave, regardless of gender, and up to 40 weeks of unpaid primary carer's leave that accumulates superannuation and accrues long service leave. We encourage non-birth parents to take parental leave. This year we saw a decrease in the return to work rate after parental leave (of more than 90 days) from 86.4% in 2020 to 83.8% in 2021.

Hybrid – a new way of working

Throughout 2021, the majority of our colleagues (where roles allowed) continued to work in a hybrid model, splitting time working both in NAB premises and home/elsewhere. NAB will continue to support a hybrid working model based on feedback gathered from colleagues, via Group-wide surveys and listening activities, indicating hybrid as their preferred way of working. While we have demonstrated adaptability to serve customers well regardless of where colleagues are working from, we want colleagues to be able to start coming together again to unlock the benefits of face-to-face collaboration work, development and team-building, when it is safe to do so. We recognise that flexibility, wellbeing and colleague's mental health is a core requirement and part of our employee value proposition and will help us to attract and retain the very best talent for NAB. A Hybrid Handbook was developed and delivered to support both leaders and colleagues through this on-going transition. Socially, a two-week Hybrid Habits Workplace campaign was run engaging over 14,000 colleagues, sharing and reinforcing successful hybrid working through colleague stories and conversations.

Engaging through our employee resource groups

Across NAB, employee resource groups empower colleagues to work together on issues they care about. They role model inclusion in their day to day actions and look to identify opportunities for us to improve both the colleague and customer experiences. NAB has four employee resource groups:

- **Gender Balance** – Influencing change and action on gender equality and why it matters.
- **NABility** – Looking beyond disability to ability.
- **NAB Pride** – Celebrating all LGBTI+ people for who they are.
- **Cultural Inc** – Harnessing the power of cultural inclusion.

Bloomberg
Gender-Equality Index



Reconciliation Australia
(NAB Elevate Reconciliation Action Plan)



Equileap
- Top 100



Workplace Gender Equality Agency
- Employer of Choice for Gender Equality



Australian Workplace Equality Index
(LGBTI Inclusion)
- Gold Employer



Australian Network on Disability
- Access and Inclusion Index



CUSTOMER INCLUSION

Our colleagues take pride in understanding the needs of our customers, and innovate via inclusive design to ensure access to all services and products they need with ease. In 2021, the following key initiatives have taken place to support better customer inclusion and further innovation:

Valuing our customers for who they are

We are committed to making sure our customers are respected and valued for who they are. In March, NAB added an additional gender marker and salutation options in our systems allowing our trans and gender diverse customers the ability to truly reflect how they identify.

Improving accessibility for our customers

We want to make banking inclusive for everyone. We placed 6th in the Access and Inclusion Index by the Australian Network on Disability. Further, this year our CEO signed the global Valuable 500 Initiative – a movement putting disability on the business leadership agenda.

Inclusive events for our customers

We participate in a number of customer events that focus on inclusion of all customers. Throughout 2021, while events may have looked different in the COVID-19 environment, we were proud to support: Pride Cup, Midsumma Festival and NAB Security Awareness Seminar and Home Loan Seminars provided in Auslan by NAB banking advisors. We also ran radio ads for NAB's Indigenous Customer Service Line in First Nations languages.

For information about how NAB supports Indigenous businesses and customers experiencing vulnerability refer to the [2021 Annual Review](#).

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 2021.

Our Appendix 4G (a checklist that cross references the disclosures in this Statement to the ASX Corporate Governance Principles and Recommendations) is available in the **Corporate Governance section** of nab.com.au.

References in this Statement to:

- ‘2021’ mean the financial year ending 30 September 2021.

Unless otherwise indicated, references to the ‘NAB’, ‘Group’, ‘Company’ or ‘we’ mean National Australia Bank Limited ABN 12 004 044 937 and our controlled entities. References to ‘our website’ are to nab.com.au.

Unless otherwise indicated Executive Leadership Team includes the Group CEO. Group Executives describes the executives who report to the Group CEO.

NAB’s 2021 Annual Financial Report has been published. 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 Group.
- Their opinion was formed based on a sound system of risk management and internal control which is operating effectively.

QUICK LINK [2021 Annual Review 2021 Annual Financial Report](#)