



**national  
australia  
bank**

**National Australia Bank**

# **2022 modern slavery and human trafficking statement**

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## Message from the Chief Executive Officer

NAB's purpose is to serve customers well and help our communities prosper. Our strategic ambition is to be known for being relationship-led, simple to deal with, safe and having a long-term, sustainable approach. Our focus on having a long-term sustainable approach includes working to identify commercial responses to society's biggest challenges. Modern slavery and human trafficking is one of these challenges.

There are still a significant number of countries, including Australia, where some form of modern slavery occurs. Modern slavery and human trafficking was estimated to affect ~50 million people worldwide in 2021<sup>1</sup>. As we have found in our day-to-day management of financial crime risk, modern slavery and human trafficking can be difficult to detect and recognise. We are focused on playing our part in identifying and reducing the occurrence of modern slavery and other human impact crimes.

Our values include respect for people and our ESG Risk Principles state that we will encourage diversity and support and respect the protection of internationally proclaimed human rights, including respecting human rights in our interactions with employees, customers, communities and suppliers. We will not knowingly engage in business in situations where we could be complicit in human rights abuses.

We expect our customers and suppliers to respect human rights in their business decisions and activities and that they will influence their suppliers to do the same. If human rights violations, such as instances of modern slavery, come to our attention, we have processes in place to raise our suspicions with regulators and other appropriate authorities, and where and when appropriate, to engage with our customers and suppliers to help them improve.

We are taking a continuous improvement approach to enhancing and improving our processes to manage modern slavery risk. We continue to participate in, and contribute to, industry initiatives to help identify and manage modern slavery as part of how we address human rights in how we do business.

We look forward to continuing to play our part in addressing and eradicating modern slavery.



**Ross McEwan**  
Group CEO and Managing Director  
National Australia Bank Limited

<sup>1</sup> Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (ilo.org) (page 1)

# Reporting Entities

## Introduction

This Modern Slavery and Human Trafficking Statement (Statement) is made pursuant to the *Modern Slavery Act 2015* (UK) ('the UK Modern Slavery Act') and the *Modern Slavery Act 2018* (Cth) ('the Australian Modern Slavery Act') by National Australia Bank Limited (ABN 12 004 044 937) (NAB) in respect of NAB and its related bodies corporate ('NAB Group' or 'the Group') as at 30 September 2022 (**Mandatory criterion 1**).

The Group entities listed below are reporting entities under the Australian Modern Slavery Act in their own right. Each of the listed reporting entities has approved the preparation of a joint statement on their behalf.

Group entities that are reporting entities under the Australian Modern Slavery Act:

National Australia Bank Limited ("NAB")	JBWere Limited ("JBWere")
National Equities Ltd ("NEL")	Advantage Financial Services Pty Ltd ("AFS")
NAB Properties Australia Pty Ltd ("NPAL") <sup>2</sup>	Advantage Financial Services Holdings Pty Ltd ("AFSH")
86 400 Holdings Limited ("ubank")	National Wealth Management International Holdings Ltd
National OBU Pty Ltd	
National RMBS Trust 2015-2	nab Covered Bond Trust <sup>2</sup>
National RMBS Trust 2012-1	National RMBS Trust 2008-2

This Statement also covers the Group's offshore subsidiaries and activities, including the Bank of New Zealand (BNZ) and its subsidiaries, JBWere NZ and NAB's offshore branches and subsidiaries in Asia (China, Hong Kong, Singapore, India, Indonesia, Vietnam and Japan), the UK, France and the USA.

On 1 June 2022, the Group acquired Citigroup's Australian consumer business (Citi Consumer Business). This included 100% of the shares in Diners Club Pty Ltd (Diners Club). Diners Club did not meet the threshold to be a reporting entity for the 2022 financial year. NAB will continue to operate the Citi Consumer Business largely on a standalone basis for a transition period. Integration of the Citi Consumer Business into NAB will occur progressively over the next two to three years.

On 12 May 2022, the Group acquired Vietnam Software Development Center Co., Ltd, the owner and operator of the NAB Innovation Centre in Vietnam. NAB continues to integrate the entity into NAB. On 1 July 2022, the Group established a subsidiary in India, NAB Global Innovation Centre India Private Limited, which once fully operationalised will become the operator of the NAB Innovation Centre in India.

On 1 April 2022, the Group acquired 100% of the issued share capital of Lantern Claims Pty Limited (and its subsidiary Sapient Pty Limited) which operates the digital health claiming technology business LanternPay. Neither company met the threshold to be a reporting entity for the 2022 financial year.

This Statement relates to the NAB Group financial year from 1 October 2021 to 30 September 2022 (FY2022).

## About NAB Group (Mandatory criterion 2)

NAB Group is a financial services organisation that provides a range of financial products and services. The majority of the Group's financial services businesses operate in Australia and New Zealand, with branches and subsidiaries located in Asia, the UK, France and the USA. Key businesses include Business and Private Banking, Personal Banking, Corporate and Institutional Banking, and New Zealand Banking. Major brands in Australia currently include nab, ubank, and JBWere, and in New Zealand, BNZ and JBWere.

Banking activities include provision of various types of transactional accounts, acceptance of deposits (including current, savings and term deposits), loans and advances (including mortgages, auto loans, business loans, and personal loans), overdrafts, credit cards, custodial services, bank guarantees, collection and transfer of funds, underwriting, capital raising and other forms of finance and related services.

Wealth-related activities include provision of wealth advice, investment advice, philanthropic advice and family advisory services to clients. Product offerings include access to, but are not limited to, Australian listed investments, international securities, managed funds, multi-currency accounts, unlisted bonds, structured trades, margin lending and deposit products.

Other operational activities include direct employment of workers<sup>3</sup>; provision, production, processing, and delivery of products and services, financial investments, managed/operated joint ventures, leasing of property, charitable activities, product distribution, strategic sourcing, marketing and sales.

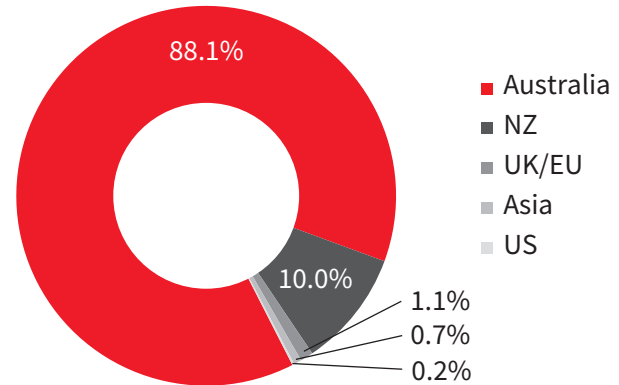
<sup>2</sup> In FY2022, NAB Covered Bonds Trust and NAB Properties Australia Pty Ltd did not trigger the Australian Modern Slavery Act reporting threshold. However, the Group anticipates they may trigger in future years, so they are included here for completeness.

The Group employs more than 35,000<sup>3</sup> colleagues and serves more than ten million customers through 715 branches and business banking centres, 1381 ATMs and online banking. In FY2022, the Group provided customers with \$688 billion (FY2021: \$629 billion) in loans and advances including acceptances as at 30 September 2022.








Supply Chain



% of spend by geography



The Group has a global supply chain. Supply chain relationships include suppliers from the following key sectors:

Procurement category	% of spend
 <b>Information, Communications, and Technology (ICT):</b> includes IT applications, hardware and software, telecommunications, infrastructure and data centre, application service providers (ASP) & internet delivered services and IT professional services	37
 <b>Human Resources &amp; Recruitment:</b> includes recruitment, contingent labour, contractors, probity, training, car fleet, professional memberships, employee benefits, relocation, health & wellbeing, and corporate uniforms	7
 <b>Property &amp; Facilities Management:</b> includes asset services, cleaning, utilities, waste management, construction management, catering, insurance, rates & taxes, rent and, security	11
 <b>Business Services Enablement:</b> includes professional services (e.g. audit, consulting and legal services) and business process operations (offshore)	13
 <b>Financial Services Enablement:</b> includes valuation services, loyalty programs, insurances, market information services, credit decisioning, card services, lending processing and debt management	14
 <b>Print, Production, Processing &amp; Logistics:</b> includes card & cheque production, document services, commercial/proprietary print, processing services, office products and stationery, cash management, couriers, postage and mail services and records management.	3
 <b>Other:</b> includes brand, market research, marketing and advertising, publishing, sponsorships, travel, events, functions & conferences, brokerage, financial advisors, memberships (industry and regulatory associations), securities trading and restructure costs.	15

<sup>3</sup> Number of full-time equivalent colleagues as at 30 September 2022, excluding discontinued operations

<sup>4</sup> Australia and New Zealand only

The Group seeks to do business with suppliers and other third parties that have similar values, ethics and sustainable business practices, including those related to human rights and modern slavery. The Group recognises that as a large purchaser of goods and services, the business conduct and performance of its suppliers can influence its impact and reputation within the communities in which the Group operates.

The Group understands that the environmental, social and governance (ESG) risks relating to both customers and suppliers will vary depending on their industry, geographic location and company size. Modern slavery risk is considered as a part of social risk. ESG risks are considered in the Group's risk appetite and risk management framework, including within NAB's customer-related policies (including credit policies) and processes and supply chain-related policies. Colleagues are expected to consider, and where relevant, address these ESG risks in their day-to-day activities.

### Risk of exposure to modern slavery (Mandatory criterion 3)

As a financial services organisation with a professional workforce<sup>i</sup>, the Group considers the risk of modern slavery within its direct business operations to be low. The majority of colleagues are based in Australia and New Zealand, with most being permanent or fixed term. A breakdown of the Group's workforce by contract type and distribution can be found in the [2022 Sustainability Data Pack](#).

The Group recognises that through its supply chain, other third-party relationships and financing activities (via customers and investments made on its own behalf or by its customers) it can be exposed to modern slavery through:

- Customers' use of the Group's products for activities that may involve modern slavery
- Lending to customers that are involved in modern slavery, or that have modern slavery in their supply chain
- Purchasing goods and services from suppliers involved in modern slavery, or that have modern slavery in their supply chain
- Relationships with other third parties (e.g. those the Group sponsors or has joint ventures with) involved in modern slavery, or that have modern slavery in their supply chain.

Through these relationships, the Group can be exposed to specific types of exploitation that may constitute modern slavery and human trafficking – for example forced labour, child labour, debt bondage, human trafficking, deceptive recruitment, slavery, servitude and forced marriage. Refer to Figure 1 which illustrates the linkages between various forms of modern slavery and human trafficking. As a financial institution, the Group may also inadvertently engage with customers or third parties that are victims or perpetrators of these practices.

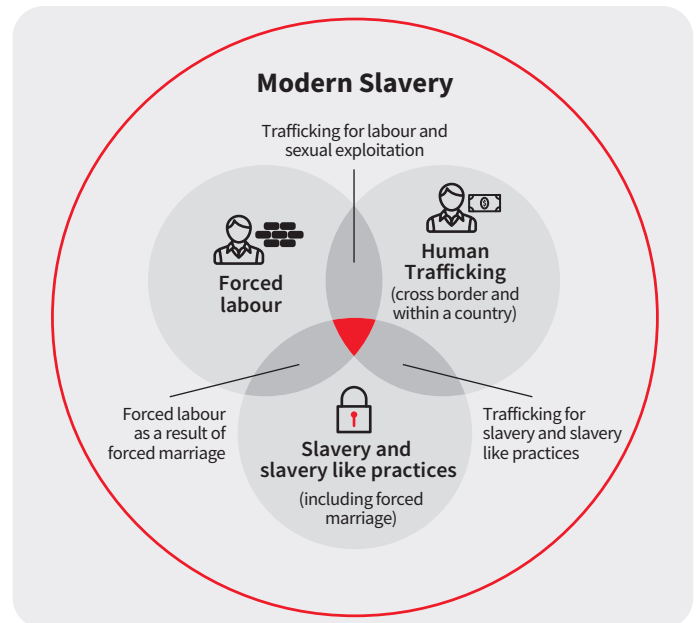


Figure 1: Examples of various forms of modern slavery and human trafficking and the linkages between them.

The Group has conducted an ESG risk assessment of its supply chain, which considered modern slavery risk, to identify potential areas where the Group could be exposed to modern slavery and human trafficking risks. The key areas identified and focused on to date include: (i) office consumables such as tea, coffee, sugar, cocoa for kitchens; (ii) cleaning services employed by building owners or facilities managers for buildings occupied by NAB; (iii) corporate clothing; (iv) print and promotional goods and services; (v) construction and (vi) Information and Communications Technology (ICT) – hardware. Ongoing review of the Group's supply chain confirms these sectors continue to be the key areas of the supply chain which have high potential to expose the Group to modern slavery and human trafficking risks. We have estimated that approximately 4% of procurement is in these identified sectors that have a higher risk of modern slavery, with a further ~3% being labour-related procurement (e.g. security services, contingent labour, offshored business operations) where adequacy of labour practices is a consideration.

Key high-risk sourcing sectors for the Group

	Office consumables such as tea, coffee, cocoa
	Cleaning services
	Corporate clothing
	Print and promotional goods and services
	Construction
	ICT

The Group is continuously enhancing risk management processes to identify, assess, mitigate and monitor potential risk areas where the Group could be exposed to human rights concerns, including modern slavery and human trafficking. Colleagues with expertise and understanding of human rights/modern slavery risk work across a range of Group functions and subsidiaries. These colleagues identify, develop and implement improvements to policies and processes to manage this risk, where relevant, as part of their roles.

The Group maintains a 'High Risk ESG sectors and sensitive areas list' which is used to determine customers and suppliers that may have a higher risk of ESG issues (including modern slavery) and for which additional ESG risk assessment and due diligence may be required, due to the industry sectors they operate in. Customers and suppliers can also have a higher risk of modern slavery associated with their extended supply chains when these extend into high-risk countries for modern slavery – for example, solar panels and other manufactured goods and parts from factories located in these countries.

The Group also maintains a modern slavery risk matrix. This is a resource to help colleagues in sourcing and customer-facing areas to identify and assess potential for modern slavery and human trafficking. The matrix lists countries and sectors/activities that may have a higher risk of modern slavery.

Examples of sectors with higher potential for modern slavery risk include, but are not limited to:

	Agriculture and fishing
	Domestic and cleaning services
	Contract labour
	Adult & personal services
	Hospitality
	Textiles
	Mining (particularly artisanal)
	Construction
	ICT
	High risk geographies

In addition, there is a risk that the Group’s customers or other third-parties may use its financial products in ways that have an adverse impact on people. To assist colleagues in identifying indicators of potential modern slavery, or those that may be victims, NAB has developed a *Human Impact Guide* (‘Guide’).

The Guide was first developed in 2020, with a second edition released in March 2022. The updated Guide underwent substantial updates with significant additions to reflect changes in potential offending and indicators. The Guide helps NAB’s financial crime team members to understand and recognise the range of situations or sectors which are most susceptible to human impact crimes. These human impact crimes include human trafficking and modern slavery practices such as servitude, forced labour, forced or servile marriage, debt bondage and the exploitation of children. The ways in which humans can be exploited differs greatly, for example sex trafficking within escort services has different characteristics to labour trafficking of farmworkers. Each crime typology has unique strategies for recruiting and controlling victims and concealing the crime. Similarly, there are various ways to identify possible victims and offenders involved in human impact crimes, which are outlined in the Guide.

The Guide also describes indicators of modern slavery and human trafficking and case studies to help colleagues identify these crimes through their analysis of customer transactions and KYC<sup>ii</sup> activities. A version of this updated Guide has also been developed and made available on NAB’s intranet for frontline colleagues. A version of the first iteration was shared with industry and government partners via the Australian Bankers Association and Fintel Alliance. The updated Guide published this year was also shared with industry and government partners through the Fintel Alliance.

Human impact crimes affect everyone. As part of serving our customers well and helping our communities prosper, NAB has a responsibility to identify, assess and manage our human impact risks. By managing these risks, NAB can take actions to prevent and deter these activities that have serious impacts on our community. As such, the Guide was updated to include:

- Revised human impact typologies – some of which have evolved significantly due to the COVID-19 pandemic causing global lockdowns and restricting the physical movement of people. The pandemic has also left many people out of work and facing increased levels of debt. Key impacts related to each typology have been highlighted.
- Key statistics related to each typology were added to highlight the prevalence of human impact crimes across the globe.
- Jurisdictional indicators as a key consideration when conducting human impact investigations.

- A new section focusing on digital technology – we have identified some popular types of applications/ software used by offenders, outlined how they can be used, and provided some examples of each.
- Definitions which explain key differences between labour hire and labour exploitation.
- Additional sub-typologies related to sexual exploitation, child exploitation and financial abuse. This includes forced sexual servitude, internet-based child abuse, self-generated child abuse material, family/domestic violence, and technology-facilitated abuse. Child exploitation indicators have changed significantly and are now grouped according to whether they are general in nature, or whether they align to specific types of offending e.g. live streamed child sexual abuse
- New indicators for all typologies to address some of the more recent work we have undertaken and to highlight current trends in human impact crimes.

All case studies in the Guide were also refreshed to highlight NAB’s human impact investigations over the past 12 months and to provide more real-world indicators to assist investigators.

For banks like NAB, there are a range of ways in which to identify possible human impact crimes like modern slavery, which cover behavioural information, demographic and jurisdictional information, and transactional activity.

The applicability of these indicators will depend on access to the relevant information. For example, some indicators may be visible to branch staff, whereas other indicators require analysis of the customer’s transactional activity in order to be identified. Examples of these indicators include:

**Behavioural**

These indicators may be witnessed by employees such as those working in branches, or relationship managers who visit their clients. These are the physical and visual manifestations of modern slavery that may be identified directly by employees interacting with customers. Our financial crime Investigators receive this information when customer-facing employees raise Unusual Activity Reports.

**Demographics**

These indicators relate to information that is collected about who the customer is (or claims to be) and the nature of their income and/or business activities.

**Transactional**

These indicators help to identify suspicious transactions and transaction patterns, using the millions of transaction records generated each day. Some indicators are built into automated transaction monitoring while others may be identified through human judgement.

**Jurisdictional**

These indicators relate to information collected on customer demographics and transactional activity.



## Actions taken to assess and address modern slavery risk, including due diligence and remediation processes (Mandatory criterion 4)

The Group commenced integrating consideration of modern slavery into its frameworks, policies, systems and processes in 2016, following the introduction of the UK Modern Slavery Act, to enable the Group to assess and address modern slavery and human trafficking related risks. The Group regularly looks for opportunities to improve its understanding and management of modern slavery and human trafficking-related risk.

The key actions the Group undertakes to assess and address modern slavery risk have been grouped into the following areas:

- Governance and risk management – A description of the Group’s governance and risk management approach which includes consideration of modern slavery risk.
- Supply chain management – A summary of the Group’s supply chain management practices and activities to address and assess modern slavery risk.
- Financing/Wealth – A description of the approach to managing modern slavery in the Group’s financing and wealth-related activities.
- Transaction monitoring – Information about transaction monitoring activities to detect and help prevent modern slavery associated with use of the Group’s products and services.
- Identification and investigation of modern slavery instances – A description of the actions taken by the Group when potential modern slavery or human trafficking activities are identified.
- Grievances/complaints – An overview of grievance, complaints and feedback processes, which also provide a channel for external stakeholders to raise concerns about suspected instances of modern slavery.
- Modern slavery instances – Information about the detection of modern slavery.
- Training and communication – Actions taken to educate colleagues on modern slavery risk.

### Governance

The NAB Board has ultimate responsibility for governance and oversight of modern slavery risks and approval of this Statement. **The Group Human Rights Policy** (which addresses modern slavery risks explicitly) is approved by the Board.

The Group Chief Executive Officer and Managing Director oversees enterprise-wide risk management through the Executive Risk and Compliance Committee and its supporting sub-committees. For human-rights related risks (including modern slavery), the key governance sub-committee is the Group Credit & Market Risk Committee.

### Risk appetite, policies and principles

The Group’s Risk Appetite Statement explicitly incorporates consideration of human rights and modern slavery.

The Group believes that customers, colleagues and members of the community should be treated with dignity, fairness and respect in accordance with the Codes of Conduct that apply to employees of the Group and the Group’s Human Rights Policy. The Human Rights Policy states that the Group does not tolerate slavery, human trafficking, forced or child labour, or child exploitation. In addition to the Human Rights Policy, the Group has various other policies and principles which incorporate requirements to manage human rights risk (including modern slavery risk). These include the following:

- [NAB Code of Conduct \(PDF, 2MB\)](#)
- [ESG Risk Principles \(PDF, 314KB\)](#)
- Group Procurement Policy
- Group Outsourcing Policy
- Group Credit Policy
- [Group Whistleblower Protection Policy \(PDF, 562KB\)](#)
- [Group Supplier Sustainability Principles \(PDF, 8.3 MB\)](#)

BNZ adopt Group policies in line with their own internal processes following, or in parallel to, approval by NAB.

Diners Club and the Citi Consumer Business are new acquisitions, while we continue to progress integrating the 2021 acquisition of 86 400 into ubank. While Diners Club and the Citi Consumer Business transition into the Group, they still utilise some of their own policies. Ubank (86 400) has implemented the Policy Governance Framework to set minimum standards for policies to help ubank achieve its strategic ambition, operate within risk appetite, and meet regulatory and legislative obligations. Delegations of authority are in place from the NAB Group Chief Risk Officer (GCRO) to the ubank CRO to operationalise this. Additionally, as part of the 86 400 integration, ubank is currently completing an assessment to identify opportunities to better align with NAB policies and modern slavery requirements. The assessment will leverage best practice principles within NAB and learnings from past modern slavery statements to assess and address where modern slavery risks can occur within business activities. A transaction monitoring rule review is also being undertaken to update the ubank typologies and controls in line with any outcomes required to align with the NAB policies.

For NAB, and other Group entities, Group policies automatically apply once approved.

Additionally, other wealth management-related Group entities have ESG and/or responsible investment policies (i.e. [BNZ Responsible Investment Policy](#) and [JBWere Responsible Investment Policy](#) and Framework). These policies focus on management of ESG factors, including human rights and modern slavery, that are applicable to their investments and wealth-related activities.

## Supply chain management

The Group has embedded management of ESG risks, including modern slavery and human trafficking, into its supply chain processes. The procurement of most goods and services provided to the Group is managed via centralised Strategic Sourcing functions in Australia (for all Group entities in the jurisdiction) and New Zealand (for BNZ). Offshore branches and JBWere NZ undertake some direct local procurement.

Procurement and supplier management due diligence includes an ESG risk assessment within the selection process. Suppliers are asked to sign-up to the Group's Supplier Sustainability Principles. These Principles outline the requirements suppliers are expected to meet to do business with the Group, including requirements in relation to labour practices and human rights.

NAB's standard supply contract templates contain modern slavery clauses which require service providers to commit to not using forced labour, slavery or servitude and to having their own policies and procedures designed to ensure compliance with anti-slavery laws. Clauses also include provisions to allow NAB to request evidence of implementation of suppliers' modern slavery risk management policies and processes.

Further details about the Group's supply chain management processes (including the Group Supplier Sustainability Principles) are available [here](#).

Actions undertaken within FY2022 to minimise the risk of modern slavery within the Group's supply chains included:

- Continuing to purchase Fairtrade certified tea, coffee and cocoa across NAB commercial building tea points and Fairtrade certified coffee across BNZ commercial building tea points.
- Continuing roll-out of a new third-party risk management onboarding process for use by NAB and BNZ to more effectively identify, monitor, and manage risks (including modern slavery) involved in partnering with third parties (suppliers, consultants and other vendors). Suppliers are required to complete ESG questions as part of the due diligence process, with a particular focus on suppliers in high-risk countries and/or high-risk industries.
- Enhancing modern slavery questions within BNZ's ESG question sets used by frontline and sourcing colleagues.

## Financing-related activities

Existing Group ESG credit risk policy and processes incorporate a risk-based approach to assessing human rights risk (incorporating modern slavery and human trafficking) as part of credit risk assessment and due diligence (which includes use of the Group's 'High Risk ESG sectors and sensitive areas list' to determine customers that may have a higher risk of ESG issues). To support identification of modern slavery risk, the Group has a modern slavery risk matrix which is used to highlight countries and industries/activities and help bankers identify where the likelihood of modern slavery risk is high.

ESG risk assessment questions used in the credit risk assessment and due diligence process, including those for modern slavery, are reviewed on an ongoing basis and have previously been enhanced for NAB colleagues.

## Wealth management-related activities

Within the Group two key businesses (JBWere and BNZ) conduct wealth management-related activities. Both have processes in place to assess and address modern slavery risk.

JBWere recognises it has an important and privileged role to play in Responsible Investment (RI) and helping interested clients to invest responsibly. In July 2021, JBWere launched its **Responsible Investment Policy** and Framework aimed at providing clients with a comprehensive approach to investing for a dual goal: performance and purpose. JBWere plans to review and update this policy on an annual basis going forward. The RI framework represents the full scope of RI as defined by JBWere, spanning ESG integration, stewardship of client capital, impact investing, and ethical filters and alignment. Collectively, these pillars align to globally recognised definitions of RI by the Global Sustainable Investment Alliance (GSIA) and reflect global best practice in private wealth.

The JBWere domestic equity research and selection process takes into consideration a number of ESG risk factors, including an assessment of modern slavery risk. The JBWere domestic equities modern slavery risk assessment process includes a review of each potential investee company's Modern Slavery Statement, or other corporate disclosures related to corporate governance, human rights or labour relations. Where no primary source Modern Slavery Statement is available, the process utilises MSCI ESG scores associated with labour relations and a review of MSCI ESG controversies data for evidence of increased modern slavery risk. The JBWere domestic equities team conducts its own assessment of the modern slavery risk associated with each potential investee company and includes that assessment within the company's overall Governance score.

ESG is a key factor that has been integrated throughout both the Alternative Investments and the Investment Funds Research teams' due diligence process. As part of this process, both teams assess whether an investment manager adheres to Australian modern slavery legislation requirements where applicable.

If the legislation is not applicable to an investment manager, an assessment is undertaken as to the manager's ability to monitor and verify the supply chains of its portfolio holdings. This assessment forms part of the overall ESG/RI rating applied to an investment product. Further verification of such assessments may be garnered by the use of independent, third-party data providers MSCI and Sustainalytics to analyse portfolio holdings for controversies relating to human and labour rights as well as the supply chain.

BNZ's RI Policy was last updated in October 2021 and provides for ongoing monitoring of modern slavery risks in BNZ's investment funds through regular engagement with managers. Active fund managers are required to:

- Engage with investee companies on modern slavery
- Use quarterly engagement reporting to include instances, where available, of engagement undertaken and outcomes achieved as a consequence
- Provide regular attestation that modern slavery risks are considered as part of their investment decision making process.

### **Transaction monitoring, financial crime management and modern slavery**

Customers engaged in modern slavery may pose money laundering risks to the Group. For example, customers may launder the proceeds from slavery and cash activity associated with human trafficking through their bank accounts, or via banking products. The Group undertakes customer due diligence and monitoring activities to identify, manage and mitigate the risk that its products and services might be used to launder money or fund terrorism. These activities may identify modern slavery activity by customers of the Group and require appropriate responses.

The Group's financial crime teams in Australia and New Zealand carry out:

- Enhanced Customer Due Diligence (ECDD) investigations on customers deemed to be high risk of money laundering or terrorism financing
- Account monitoring using a range of human impact and money laundering scenarios that may indicate modern slavery.

Financial crime analysts are provided with briefings, training, thematic reviews and typologies material related to human exploitation when new and relevant material is available. Typologies include labour hire exploitation and human trafficking and modern slavery practices such as servitude, forced labour, forced or servile marriage, debt bondage and the exploitation of children. In May 2022, BNZ rolled out a new financial crime training package which includes modules on human trafficking and modern slavery.

In addition to activities undertaken by financial crime teams, the Group has a number of additional processes which help to identify potential instances of modern slavery and/or human trafficking in its operations and value chain:

- KYC and due diligence processes may identify concerns that require follow-up in relation to the Group's value chain (supply chain, third parties and customer relationships)
- Colleagues are trained to escalate concerns they may have about modern slavery via the submission of an Unusual Activity Reports (UAR) which is then reviewed and processed by the financial crime teams

- Concerns may also be raised by colleagues or suppliers via the Group's Whistleblower hotline. In this case, the concern would be reviewed by the Whistleblower team in conjunction with the Group's Risk team to determine the appropriate course of action.

### **Investigating and managing potential instances of modern slavery and human trafficking (the process)**

The Group's financial crime teams in Australia and New Zealand:

- Investigate suspected cases of human exploitation identified through the monitoring they undertake
- Investigate unusual activity associated with products and services identified by Group colleagues (via UARs)
- Provide training to bankers on the red flags that could indicate human exploitation
- Report to regulators and law enforcement as required on possible crime-related activity. In Australia Suspicious Matter Reports (SMR) are submitted to AUSTRAC, should the investigation find evidence of suspicious activity. In New Zealand, BNZ and JBWere NZ report matters to the NZ Police Financial Intelligence Unit (FIU). Further action may be taken, as appropriate, in addition to reporting to the relevant regulator.

Depending on the situation, the Group may engage directly with a supplier, third party or customer to better understand how they are managing their modern slavery risks. Following this engagement, the Group may include relevant clauses in contracts, may terminate an agreement, or exit a relationship where it is determined that the party is not managing their risk appropriately.

### **Grievance and feedback mechanisms**

The Group recognises it is important to listen and respond to concerns raised by customers and other stakeholders on a wide range of issues, including human rights issues. The Group is committed to doing business in a responsible manner – this includes how the Group manages its operations (including supply chain) and financing activities. Information is provided [here](#) on the Group's processes for receiving, investigating and addressing human rights grievances or concerns (which includes grievances related to modern slavery and human trafficking). Concerns can be raised by sending an email to the Group's dedicated email address ([grievances@nab.com.au](mailto:grievances@nab.com.au)) with details of the issue, following the guidance [here](#), which is provided in a range of languages other than English. The languages chosen for translation were based on:

- High risk countries defined in the Modern Slavery Index
- Countries associated with NAB's financing activities
- Non-English speaking languages in the countries in which NAB operates.

In addition, the Group has a Whistleblower Protection Policy and associated Group Whistleblower Program that allows employees and contractors to the Group to raise concerns in a confidential manner. This channel is available for reporting modern slavery concerns. Grievances may also be received via social media, direct correspondence, or bodies such as the Australian Human Rights Commission.

Where grievances or concerns are raised, these are investigated and addressed as appropriate. This may include engagement with customers and other stakeholders. In these cases, steps are taken to understand the issue(s) and take appropriate action. This may involve referring the matter to the appropriate authorities (in the case of suspicions or allegations of modern slavery) or engaging with the customer about areas of the organisation that the Group finances. It also includes the need to consider remediation processes and remedy<sup>iii</sup> if modern slavery is occurring.

In FY2022, the Group engaged a specialist business and human rights advisory firm to review its human rights grievance mechanism against the effectiveness criteria set out in the UN Guiding Principles on Business and Human Rights. The review will help the Group identify opportunities to strengthen its grievance process. The results are being considered by management and will be discussed with the Board.

### Identification of potential instances of modern slavery and human trafficking

In FY2022: No instances of modern slavery or human trafficking were identified in direct association with the Group's own operations, or through sourcing-related risk assessments, including ESG risk assessments, in relation to the Group's supply chain.

- One Whistleblower program case was associated with modern slavery.
- No modern slavery and/or human trafficking concerns were raised with the Group about customers through its feedback channels/grievance mechanism.
- NAB identified a number of instances of possible human exploitation that were investigated and reported to AUSTRAC and law enforcement where required. Further action was taken as appropriate. Similarly, in New Zealand, BNZ investigated several instances of possible human exploitation and reported these to the NZ Police FIU where required.
- The Group's ESG risk assessment processes (which form part of the credit risk and due diligence process), including media scanning, identified a small number of customers with possible modern slavery within their operations or supply chains. In most cases further investigation did not identify modern slavery, however there were some instances of poor labour practices or other human rights concerns; for these the Group has engaged with the customer and is monitoring the actions being undertaken to address the issue.

When a modern slavery or human trafficking concern is raised, the Group conducts any required investigations in accordance with regulatory requirements, policy and procedures, which may include reporting the matter to law enforcement, and raising of SMRs with AUSTRAC. Should a SMR be raised, this may also trigger 'tipping off' provisions under section 123 of *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth), which can limit the Group's ability to disclose details of reported matters.

### Training and communications

Modern slavery risk is considered with respect to the Group's value chain – being business operations (including customers and the Group's own operations), supply chain and third parties. All colleagues are required to undertake modern slavery training as part of annually required Risk Awareness training. This training provides guidance on the Group's approach to modern slavery risk, signs of modern slavery and the key channels for escalation of concerns/possible modern slavery and human trafficking instances for investigation.

Additionally, in FY2022, a number of specific training and information sessions were held on human rights and modern slavery. These sessions included:

- A modern slavery refresher session provided to BNZ and Australian sourcing colleagues;
- A human rights and modern slavery session provided for our Risk Leadership Group – this was one session in a 4-part ESG series;
- Annual Financial Crime refresher training for Australian colleagues which included content on human impact crimes; and
- A human rights and modern slavery session provided for senior credit colleagues.

### Assessing effectiveness of modern slavery risk management (Mandatory criterion 5)

When the Group assesses the effectiveness of modern slavery risk management this means the Group is assessing its ability to detect and address modern slavery risk and reduce exposure to modern slavery risk in its operations, or through exposure to third parties in the Group's value chain (customers, suppliers and other third parties).

A key part of the Group's approach to risk management is identifying accountable people, assigning obligations to these people and requiring controls to be in place to meet these obligations and test these controls. Modern slavery risk management obligations are assigned to relevant accountable people within business and customer facing areas across the Group. These areas are now required to have controls in place to ensure modern slavery risk is identified and managed in accordance with risk appetite, policies and procedures. This helps the Group to monitor the effectiveness of modern slavery risk management and controls.

Additionally, NAB conducts periodic review and challenge processes to confirm internal compliance with relevant risk appetite, policies and procedures and to ensure risk appetite and policy remains fit for purpose.

Current effectiveness measures include:

- The number of modern slavery issues raised through the Group's grievance processes or identified through due diligence and transaction monitoring processes. Refer to the section above (*Identification of potential instances of modern slavery and human trafficking*) for more details.
- The number of colleagues who have completed annual Risk Awareness and Financial Crime training – which includes content covering modern slavery risk and human impact crimes respectively. This training takes place during the calendar year so not all colleagues have yet completed their 2022 training.
- The number of suppliers in high-risk sectors for modern slavery which have undergone enhanced risk review. The enhanced third-party risk management onboarding process discussed above will enable more effective identification and enhanced risk review for relevant suppliers.

The Group has a Modern Slavery Working Group ('Working Group') through which the Group's modern slavery activities are coordinated across teams, including preparation of this report and disclosures on effectiveness measures. The Working Group includes members from business areas across the Group.

### Consultation on preparing a joint statement (Mandatory criterion 6)

During FY2022, the Group reviewed its related bodies corporate and reconfirmed which entities were likely to trigger the consolidated revenue threshold for being a reporting entity under the Australian Modern Slavery Act in FY2022.

An engagement process was conducted with the Group entity Boards<sup>iv</sup> (including reporting entity Boards) to ensure they are annually briefed on their accountabilities and informed of: (i) any relevant work under way to assess the potential for each entity to be exposed to modern slavery risk in its value chain (from suppliers through to customers), (ii) plans and progress related to modern slavery risk management across the Group, and (iii) key actions being undertaken to understand and manage modern slavery risk relevant to each entity's activities.

Each reporting entity Board in the Group (as per the list included in the introduction to this Statement) approved the preparation, and publication, of a joint statement on its behalf, being this statement. Engagement and consultation also occurred with other subsidiaries and entities owned and controlled by the Group to ensure they were aware of their modern slavery obligations through working group and Board meetings.

### Other relevant information (Mandatory criterion 7)

#### COVID-19 Supplier Impacts

NAB's regular engagement and governance regime with suppliers has continued and increased where required to support ongoing performance and adequate monitoring throughout the COVID-19 pandemic. For example, NAB's monitoring protocols were adjusted to leverage remote communications rather than site visits where these weren't possible during this time.

NAB has an international supply chain with key suppliers operating in locations that have been subject to significant COVID-19 impact (e.g. India). NAB has taken a proactive approach to support and engage with key, impacted suppliers and has effectively managed business and workforce impact.

As the pandemic continued into FY2022, NAB's supplier management practices have continued to respond, including close oversight and monitoring of material outsourced suppliers located in India that provide critical services. NAB has worked closely with these suppliers to ensure maintenance of health and safety within their workplaces and case by case adoption of strategies to specifically address local COVID exposures. Strategies have included NAB authorising and supporting changes to work arrangements and suppliers providing internal vaccination programs and intensified well-being engagement with their employees.

#### Engagement in industry working groups and initiatives

In FY2022, the Group participated in a range of industry-related working groups and initiatives to continue to grow its understanding and awareness of modern slavery and human trafficking risk, risk management options, grievance processes and cases. These working groups and initiatives included:

- Fintel Alliance (an AUSTRAC initiative bringing together public and private sector participants to fight against money laundering, terrorism financing and other serious crime – including financial crime related to modern slavery).
- Australian Banking Association Modern Slavery Working Group
- Responsible Investment Association of Australasia (RIAA) Human Rights Working Group
- Global Compact Network Australia Modern Slavery Community of Practice
- The New Zealand Financial Crime Prevention Network – which brings together the NZ Police FIU, the New Zealand Customs Service and the five biggest banks in New Zealand in a public-private partnership aimed at reducing the harm caused by financial crime (including modern slavery).

### Case Study

In FY2022, the Australian Banking Association Modern Slavery Working Group, in which NAB was a participant, collaborated with KPMG Australia to produce a first edition working paper: *Typologies and Indicators of Modern Slavery*. The paper provides a point of reference and common language for banks to operationalise the UN Guiding Principles on Business and Human Rights in the Australian banking context.

This edition focuses on the typologies and indicators of modern slavery in the forms of forced labour, labour exploitation, and debt bondage, and offers guidance on two high-risk sectors, agriculture and construction.

### Case Study

In FY2022, the Fintel Alliance formed a new working group to build on the Fintel Alliance's previous work in combating child exploitation in 2019. The focus of the working group was to update the current indicators report and consider feedback from overseas agencies, the International Centre for Missing and Exploited Children (ICMEC) and the Australian Institute of Criminology (AIC). The working group continues to collaborate and develop mechanisms to strengthen and enhance financial institutions capabilities to detect and prevent child exploitation.

In addition, during the year as part of our involvement in the Fintel Alliance, NAB provided input to the *AUSTRAC Detecting and Stopping Forced Sexual Servitude in Australia – Financial Crime Guide*.

### Participation in policy and regulatory consultation processes

In June 2022, BNZ and JBWere (NZ) provided feedback to the New Zealand Ministry of Business, Innovation & Employment (MBIE) on the consultation paper 'A legislative response to modern slavery and worker exploitation (8 April 2022)'. BNZ provided an individual response and contributed to the New Zealand Bankers Association's response. JBWere (NZ) responded through their industry body, the Securities Industry Association ([www.securities.org.nz](http://www.securities.org.nz)).

This statement was approved by the Board of National Australia Bank Limited on 7 November 2022.

Signed



**Ross McEwan**

Group CEO and Managing Director  
National Australia Bank Limited

7 November 2022

# Appendix 1:

## Reporting entity activity overview

Entity Name	Description of reporting entity activities
National Australia Bank Limited (“NAB”)	The parent company, and main operating company, of the Group. The principal activities during the year were banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management services, funds management and custodian, trustee and nominee services.
National Equities Ltd (“NEL”)	Acts as a holding company for the major banking subsidiaries in the Group which are i) National Australia Group NZ (“NAG NZ”); and ii) Bank of New Zealand (which is a subsidiary of NAG NZ)
NAB Properties Australia Pty Ltd (“NPA”)	Operates as the property holding company - principal activities are to own freehold and building, leasehold improvements as well as furniture, fixtures and fittings which are leased to NAB under an operating lease.
National Wealth Management International Holdings Ltd	The holding company which owns a Wealth NZ holding company that owns BNZ Life insurance Limited and a related service company.
National OBU Pty Ltd (NOBU)	The company’s sole business is selling credit protection on loan/credit facilities (provided to external obligors) held by NAB offshore branches.
JBWere Limited (“JBWere”)	Provider of private wealth management, financial advice and investment services. Operator of Investor Directed Portfolio Service.
Advantage Financial Services Holdings Pty Ltd (“AFSH”)	The holding company for the Advantage Financial Services business. The company provides loans to corporates and/or for business purposes only.
Advantage Financial Services Pty Ltd (“AFS”)	Wholly owned subsidiary of AFSH. The principal activities of the Company are the wholesale origination of residential mortgages and provision of trust management and trust servicing activities.
86 400 Holdings Limited (“Holdings”)	Acts as a holding company for 86 400 Pty Ltd (“Proprietary Limited”) and 86 400 Technology Pty Ltd (“Technology”). Holdings is the service provider to NAB for operations of ubank and the employer of certain ubank employees. Proprietary Limited was formally the ADI, but had its ADI licence revoked in late 2021 following NAB’s acquisition of Holdings. Proprietary Limited has a number of third party (e.g. broker distribution) and supplier contracts (eg payments) to operate the ubank business. Technology owns the IP for the core customer experience engine technology for the ubank operating platform, as well as certain technology-related contracts.
National RMBS Trust 2008-2	The Trust is used for the purpose of securitising home loans originated by NAB.
National RMBS Trust 2012-1	The Trust is used for the purpose of securitising home loans originated by AFS.
National RMBS Trust 2015-2	The Trust is used for the purpose of securitising home loans originated by NAB.
nab Covered Bonds Trust	The principal activities of the Trust are the acquisition, management and sale of mortgage receivables. These mortgage receivables support a guarantee provided by the Trust to the Trustee associated with the issue of covered bonds by NAB.

## Important information

- i. In providing financial services, the Group employs a professional, largely adult, workforce where the risk of modern slavery is low. All employees are employed in compliance with local labour laws – including meeting any requirements in relation to child labour. Some of the Group's employees are immigrants or skilled workers holding work visas, and similarly are employed in compliance with local labour laws and in accordance with the relevant jurisdiction's immigration criteria. Temporary staffing agencies are used to provide resources to assist with a range of banking and administrative functions. In Australia, these labour suppliers have contracted terms and conditions requiring compliance to local legislation and the Group's own Sustainability Principles. Where the Group operates in Australian States which have labour hire licencing laws the Group's only uses licenced labour hire companies. In New Zealand, BNZ also has contractual terms and conditions for its labour suppliers that require compliance to local legislation.
- ii. Know Your Customer.
- iii. 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.
- iv. See list of reporting entities in NAB Group at beginning of this Statement. An overview of activities undertaken by these entities is provided in Appendix 1: Reporting entity activity overview