

**House of Representatives Standing Committee on Economics
Review of the Four Major Banks (Second Report)
National Australia Bank (NAB)**

NAB55QW: What mechanisms has the bank put in place to proactively identify patterns of misconduct or negligent conduct which results in negatively impacting the bank consumer? Who is accountable at the senior executive level to ensure the implementation of these mechanisms (if any)?

Answer

In NAB's Code of Conduct (Annexure D), the Group commits to:

- Conducting ourselves professionally
- Acting with honesty, integrity and fairness
- Managing conflicts of interest
- Meeting our legal and regulatory obligations, voluntary commitments and internal standards
- Adhering to confidentiality and privacy requirements
- Dealing with and report on suspected breaches

It is the accountability of all people leaders across the Group to proactively assess adherence to the Code of Conduct, with breaches impacting on performance outcomes via a "Conduct Gate". Application of a "Conduct Gate" directly impacts on an individual's short term incentive and may result in the forfeiting of any unvested deferred incentive. Material breaches may result in dismissal.

Whistleblower processes are in place to ensure that our people are able to escalate any issues. This is managed via the Chief Audit Officer, with reporting to, and oversight by, the Board Audit Committee.

Material breaches of our regulatory obligations are reviewed by our Significant Event Review Panel (for Banking related issues) and Breach Review Committee (for Wealth related issues). The review process includes an assessment of whether the breach or potential breach warrants consideration of employee consequence management by the relevant people leader. An additional review is conducted by the Risk Division on a half yearly basis (minimum).

The Board Remuneration Committee is updated on a half yearly basis on conduct related issues and the application of consequence management via an update from the Chief People Officer. The Board Risk Committee is updated on reportable breaches of NAB's regulatory obligations via an update in the monthly Chief Risk Officer's report.