

18 April 2018

To our stakeholders,

I am pleased to confirm that Bank Australia reaffirms its support of the 10 principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

Together with our annual Corporate Report 2017, this Communication on Progress describes our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We support public accountability and transparency and therefore commit to submit a report on progress according to the Global Compact Communication on Progress Policy.

Yours faithfully,



Mr Damien Walsh
Managing Director

HUMAN RIGHTS

In line with the bank's responsible approach to banking, it has a strategic plan, with supporting policies and procedures in place, to ensure human rights are upheld.

Bank Australia has in place human resource policies covering equal opportunity, workplace behaviour, racial and religious tolerance, affirmative action, anti-discrimination, grievance and acceptable conduct.

Bank Australia has abided by all legislation relative to human rights in Australia, including the National Employment Standards and Occupational Health and Safety Act.

Bank Australia has continued to maintain policies that uphold freedom of association, and employee rights to choose collective bargaining.

Bank Australia has in place a Procurement Policy to assist in reducing the risk of human rights violations in the supply chain.

Measurement of outcomes

Progress against the bank's actions outlined above is assessed by management and reported to the Board's Risk Committee bi-annually. It is also outlined in Bank Australia's Corporate Report.

Bank Australia 2017 Corporate Report: <https://bankaust.com.au/globalassets/about-us/customer-centre/corp-report/corporate-report-2017.pdf>

- Information about developing a skilled workforce and engaged internal culture is on pages 14-15, 17 and 41-44
- Information about Bank Australia's approach to sourcing resources responsibly is outlined on page 33

LABOUR STANDARDS

In line with the bank's responsible approach to banking it has a strategic plan, with supporting policies and procedures in place, to ensure labour standards are upheld.

Bank Australia has abided by all legislation relative to labour violations in Australia, including the National Employment Standards and Occupational Health and Safety Act.

Bank Australia has in place an Occupational Health and Safety (OHS) Committee designed to represent all staff in consultation with management on OHS issues and opportunities. In 2017, Bank Australia updated its Health, Safety and Wellbeing Policy, which outlines the bank's commitment to OHS and other wellbeing initiatives.

Bank Australia has in place a policy to cover grievances that provides for and encourages access to representation, appeals and grievance systems as required.

Bank Australia has in place a Procurement Policy to assist in reducing the risk of labour standards violations in the supply chain, and is implementing new supplier accreditation software to better select and monitor suppliers.

Measurement of outcomes

Progress against the bank's actions outlined above is assessed by management and reported to the Board's Risk Committee bi-annually. It is also outlined in Bank Australia's Corporate Report.

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- Information about developing a skilled workforce and engaged internal culture is on pages 14-15, 17 and 41-44
- Information about Bank Australia's approach to sourcing resources responsibly is outlined on page 33

ENVIRONMENT

In line with the bank's responsible approach to banking it has a strategic plan, with supporting policies and procedures in place, to ensure the bank's impact on the environment is minimised.

Bank Australia has an Environmental Policy and supporting Environmental Management Action Plan (EMAP) which allows the bank to identify operational aspects with a negative environmental impact. The EMAP drives positive environmental outcomes and continual improvement.

Measurement of outcomes

Progress against the bank's actions outlined above is assessed by management and reported to the Board's Risk Committee bi-annually. It is also outlined in Bank Australia's Corporate Report.

Bank Australia 2017 Corporate Report: <https://bankaust.com.au/globalassets/about-us/customer-centre/corp-report/corporate-report-2017.pdf>

- Information about the bank's approach to environmental management is outlined on pages 33 and 58-62

ANTI-CORRUPTION

As a customer owned financial institution, Bank Australia takes corruption very seriously. Bank Australia has in place policies, procedures and controls to maintain a zero tolerance culture for corrupt behaviour and to ensure robust compliance with all legislation and codes.

In addition, Bank Australia has active representation on the Customer Owned Banking Association (COBA) Fraud Prevention Network.

Bank Australia has maintained a zero tolerance culture for corrupt behaviour, including fraud. In 2017, it updated its Whistleblower Policy, which ensures it is encouraging and promoting honest and ethical behaviour by providing a framework for reporting of suspected or actual wrongdoing. Bank Australia has complied with all relevant legislation and codes that are in place to protect customers' money and personal information.

Measurement of outcomes

Progress against the bank's actions outlined above is assessed by management and reported to the Board's Risk Committee bi-annually. It is also outlined in Bank Australia's Corporate Report.

Bank Australia 2017 Corporate Report: <https://bankaust.com.au/globalassets/about-us/customer-centre/corp-report/corporate-report-2017.pdf>

- Information about Bank Australia's approach to governance and risk management is outlined on pages 39-40