

---

# 1 BOQ Modern Slavery Act Statement 2021

## 2 Purpose of statement

This Modern Slavery Statement (**Statement**) is made on behalf of Bank of Queensland Limited (ABN 32 009 656 740), and its subsidiaries (collectively, **BOQ**), pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**). This Statement sets out the actions taken by BOQ to identify, assess, and address modern slavery risks across our operations and supply chains in the twelve months ending 31 August 2021.

Bank of Queensland Limited is a reporting entity for the purposes of the Act as it is a company that carries on business in Australia (see section 21 of the *Corporations Act 2001* (Cth)) with a consolidated revenue of over \$A100 million, during the reporting period.

### Snapshot of BOQ's work in this reporting period

In this reporting period we have:

- documented a supplier risk assessment process, focussed on modern slavery risk, for higher risk supplier categories and completed a risk assessment following this process;
- documented a customer business lending risk assessment process for higher risk industries and completed a customer business lending risk assessment following this process;
- implemented and published a Supplier Code of Conduct which sets minimum standards for labour and human rights practices of our suppliers;
- included questions relating to modern slavery risk within Request for Proposal (**RFP**) documentation and within annual reviews on Tier 1 suppliers;
- updated key employment and recruitment policies to incorporate reference to zero tolerance towards any modern slavery practices;
- delivered detailed modern slavery training to critical teams across BOQ including all of procurement;
- updated the e-learning module for vendor management and commenced developing an update to the e-learning anti-money laundering (**AML**) module to incorporate modern slavery;
- implemented a procedure for raising an unusual activity report for any potential modern slavery indicators, including for customers to whom BOQ provides a designated service and enhancing transaction monitoring as part of our financial crime program to capture red flag indicators associated with modern slavery;
- implemented adverse media screening for suppliers as part of our AML monitoring framework to identify potential modern slavery indicators; and
- continued to actively participate as a member of the Australian Banking Association's modern slavery working group to develop modern slavery guidance for its members.

---

## 3 BOQ's commitment

BOQ supports the goals and intent of the Act and is committed to identifying and addressing risks and any impacts of modern slavery in our operations and supply chains. We recognise our role in respecting and promoting the fundamental human rights of our people, suppliers and customers. BOQ is also committed to the principles under the United Nations Global Compact of corporate sustainability relating to human rights, labour, the environment and anti-corruption.

BOQ's purpose is to create prosperity for our customers, shareholders and people through empathy, integrity and by making a difference. We look forward to continuing to work with our employees, contractors, owner-managed branches, partners and suppliers over the next reporting period to further enhance our systems and controls to effectively identify and manage modern slavery risks within our business operations and supply chains.

## 4 Overview of the BOQ's structure and operations

### Legal structure

BOQ is an Australian public company listed on the Australian Securities Exchange (the **ASX**). On 1 July 2021, BOQ acquired Members Equity Bank Limited. However, given that ME Bank was only part of the BOQ Group for 2 months of the reporting period, the information contained in this statement primarily relates to the operations of BOQ, excluding ME Bank. ME Bank has filed its own modern slavery statement for the financial year ending 30 June 2021, which pre-dates the acquisition.

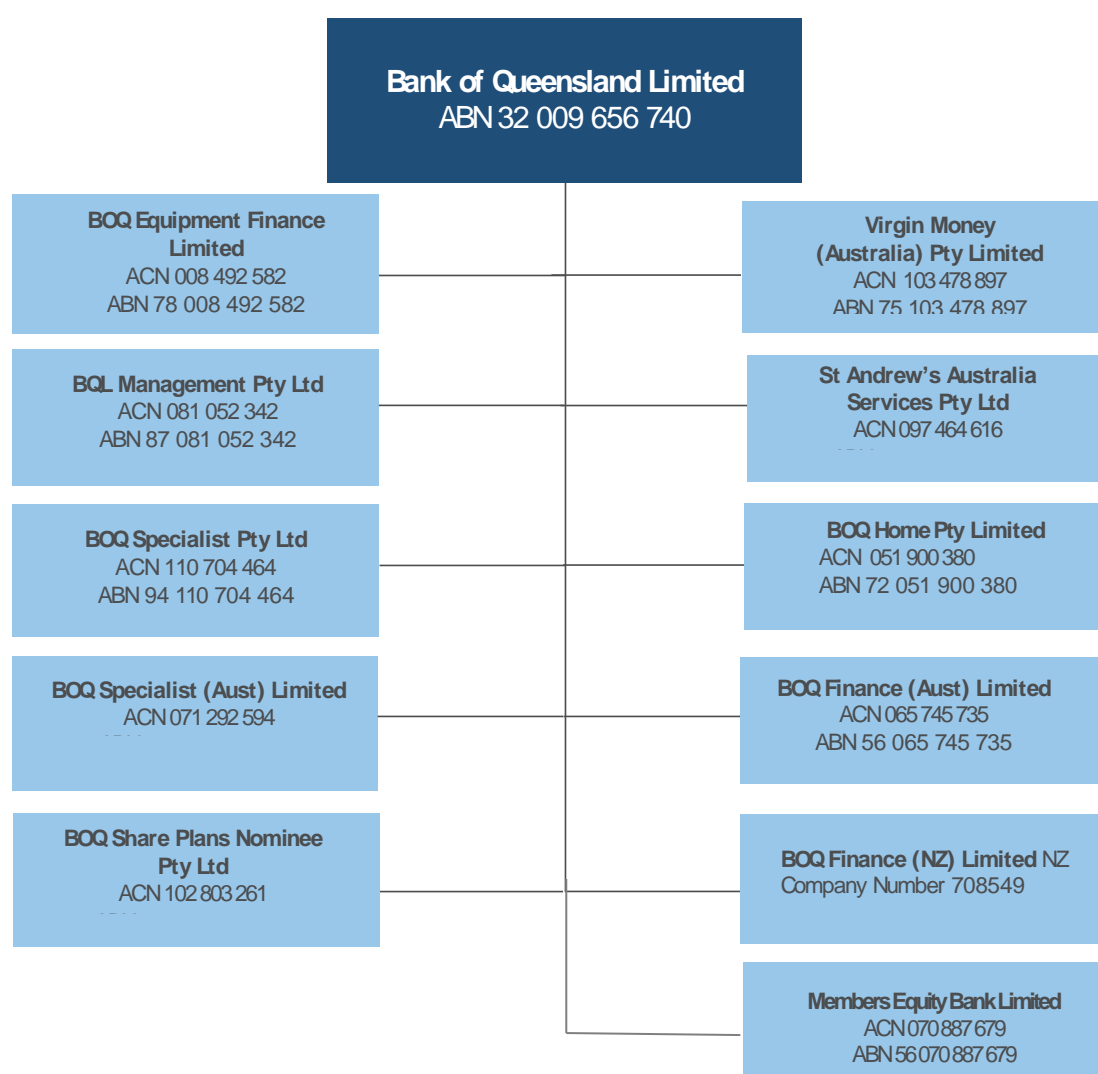


Figure 1: BOQ group structure, showing the relationship between the reporting entity and some of the other operating entities it owns and controls as at 31 August 2021. The sale of the St Andrew's business was subsequently completed in October 2021.

## Overview of BOQ's operations

BOQ is one of Australia's leading regional banks, having served customers for 147 years. It is listed on the ASX and is included in the ASX100 index. BOQ is regulated by the Australian Prudential Regulation Authority as an Authorised Deposit-taking Institution. During BOQ's long history, it has evolved from a Queensland focused, retail branch-based bank to a national diversified financial services business with a focus on niche commercial lending segments, highly specialised bankers and branches run by small business owners who are deeply anchored in their communities. BOQ provides a range of financial products to support the financial needs of its customers and prides itself on building long term customer relationships that are digitally enabled with a personal touch.

BOQ operates nationwide through specialist bankers and digital channels, with a network of 168 branches throughout Australia. BOQ's branches consist of both franchised Owner-Managed Branches (**OMBs**) run by local Owner-Managers and corporate branches. BOQ also has operations in New Zealand through BOQ Finance.

BOQ has approximately 1.5 million customers located in every state and territory and employs more than 2000 full time employees across its corporate branches and operations.

BOQ has a portfolio of brands in niche segments which form the basis of the multi brand strategy as set out below.

### Retail Bank



**BOQ: Retail and SME lending, deposits, credit cards and insurance**

BOQ is the Retail banking arm of the BOQ Group and is comprised of 163 branches of which 103 are OMBs.



**Virgin Money: Digital home loans, deposits, credit cards, insurance, and superannuation**

Virgin Money Australia (**VMA**) is a digital first retail financial services company which provides a wide range of financial products. VMA operates as a standalone brand within the BOQ Group.



**ME Bank: Home loans, personal loans, deposits and credit cards**

ME Bank is a branchless retail bank which provides a wide range of banking products to customers through mobile bankers, direct channels and brokers. It operates as a distinct brand within the BOQ Group.

### BOQ Business



**BOQ Business: Commercial lending, deposits, financial markets and insurance**

BOQ Business is a relationship led business focused on providing comprehensive financial solutions across a range of niche industry segments.



**BOQ Finance: Asset finance and leasing**

BOQ Finance is a wholly owned subsidiary of BOQ specialising in asset finance and leasing.



***BOQ Specialist: Lending, deposits, credit cards, and leasing for medical and professional services***

BOQ Specialist specialises in the provision of financial solutions to niche market segments including medical, dental and veterinary professionals. BOQ Specialist operates as a niche brand within BOQ's Business Bank.

**Group Functions and OMBs**

BOQ's business lines are supported by a number of Group functions including Group Risk, Group Tech, Finance, Transformation & Operations, Group Customer, Legal & Governance, and People & Culture. These areas perform a number of key functions including managing operations, strategy, finance, treasury, technology (architecture, infrastructure & operations), risk, compliance, legal, human resources, property and corporate affairs.

While the OMBs are independently run businesses, each OMB must comply with all BOQ policies and procedures including the BOQ Code of Conduct.

Further information about BOQ's business can be found on our website [www.boq.com.au](http://www.boq.com.au).

---

## **5 Overview of BOQ's supply chains**

Within the supply chains BOQ controls and oversees, BOQ procures mostly services as well as some goods from more than 4000 supplier contracts. These suppliers are mostly large, established suppliers, predominantly based in Australia. Some do have overseas operations from which goods and/or services are provided to BOQ, including operations based in New Zealand, Malaysia, Philippines, Singapore, Vietnam, Poland, Bulgaria, Costa Rica, and the United States, but in these instances, BOQ typically contracts with the Australian entity of the supplier.

BOQ's supply chain includes a mixture of outsourcing arrangements, in relation to our core lending operations and IT infrastructure, together with relatively simple supply arrangements for services and products required for day-to-day operations from a number of Australian based suppliers. The table below sets out examples of the types of services and products BOQ procures.

<b>Procurement Categories</b>	<b>Example Products and Services</b>
Information Technology	Application development services, risk management software, managed security services, infrastructure support and hardware, customer service desk, telecommunications
Financial Products and Services	Core lending operations and white label arrangements with suppliers in relation to credit cards and other financial products
Corporate Services	Mail and freight, paper and printing services, training services and corporate wardrobe
Marketing	Advertising and marketing services
Professional Services	Advisory, legal and audit services
Property and Facilities Management	Property development and leasing for bank branches, cleaning services, physical security services

OMBs can independently procure goods and services, but these tend to be localised and low value. Some of the services procured by OMBs, such as cleaning services, may be in industries which pose a higher modern slavery risk. BOQ adopts a centralised approach to OMB management, maintaining oversight via regular engagement in the form of direct engagement with the branch network on procurement activities, through the BOQ Retail regional management team, through the OMB advisory board and via branch audits.

With respect to recruitment practices, BOQ supports a buy, build and borrow capability model which sees BOQ partner with independent contractors, third party organisations including its key third party suppliers and recruitment firms to source talent with a range of skills. BOQ has oversight over OMB recruitment in accordance with BOQ policies and processes.

---

## **6 BOQ's ethics and values**

BOQ's purpose is to create prosperity for our customers, shareholders and people through empathy, integrity and by making a difference. We are committed to ensuring our purpose and values are reflected in everything we do.

Sustainability and an empathetic approach to doing business are key elements of BOQ's purpose and values. BOQ is committed to building a sustainable business and contributing to society's efforts to address and ultimately eliminate any exploitation of vulnerable people with whom we may have some connection, directly or indirectly, and to addressing any risk of slavery, human trafficking and forced labour. BOQ recognises that respecting and protecting human rights across our operations and supply chains is an area of great importance to our organisation, shareholders, customers and the communities where we operate.

Accordingly, BOQ seeks to engage with suppliers, contractors, partners, and customers who have a similar ethical approach to doing business and has continued to take steps through its systems and controls to manage its supply chain and business partnerships in this way. This includes questions on modern slavery compliance within RFP documents and annual reviews for Tier 1 (high risk/value) suppliers.

### **BOQ Policy Framework**

BOQ manages a range of sustainability issues through its policy framework as part of everyday business operations. This includes ensuring BOQ operates in an ethical and responsible manner to detect and reduce the risk of modern slavery in our business operations and supply chains. To this end, BOQ currently has in place the following policies:

- Supplier Code of Conduct;
- Third Party and Vendor Management Framework;
- Group Procurement Policy;
- BOQ Code of Conduct;
- Diversity and Inclusion Policy; and
- Whistleblower Program.

BOQ continues to review and improve our processes in relation to all aspects of supply chain governance.

---

## **7 Risks of modern slavery**

### **BOQ's Operations**

BOQ's assessment continues to be that the risk of modern slavery within its direct business operations is low. The basis for this view is that BOQ's operations primarily involve the

provision of financial products to customers located in Australia, which are not known to be products, or in a jurisdiction, with high modern slavery risks. Further, the majority of BOQ's employees are highly skilled and employed under permanent contracts. However, BOQ recognises that through its supply chain and customers, it can be indirectly exposed to the risk of modern slavery and human trafficking. For example, some customers operate in sectors such as agriculture, food manufacturing and construction.

BOQ has commenced a risk assessment of its business lending to customers in higher risk industries to manage these risks as well as introducing monitoring as part of its AML program. This is detailed further in section 8.

### **BOQ's Supply Chains**

The majority of BOQ's suppliers are large, established Australian based entities and as such are considered to have a medium-low level of inherent modern slavery risk at an organisational level.

BOQ is aware that there are also higher modern slavery risks in its supply chain associated with a small number of off-shore activities of suppliers. These suppliers provide BOQ with information technology services and products, including call centre services, and are based in India, Malaysia, the Philippines, and Vietnam. BOQ also acknowledges that, like many businesses, we currently have relatively limited visibility into our supply chains beyond our direct suppliers. For example, our IT goods and services are provided by an Australian entity but we do not currently have visibility of the suppliers that provide the materials for procured equipment such as laptops. Similarly, our white label credit card arrangement is with an established supplier based in Australia but we do not currently have visibility of the suppliers that, for example, provide the raw materials to manufacture the credit cards.

BOQ also acknowledges that the procurement of some services within Australia, such as cleaning and security, have been identified as carrying a relatively higher risk of modern slavery due to the frequency of using subcontracting agencies and migrant labour and have been associated with worker exploitation. Accordingly, BOQ has conducted a risk assessment of these higher risk vendors. This work is further detailed in section 8.

---

## **8 How BOQ has acted to reduce modern slavery risks**

Following the completion of our initial operations and supply chain risk assessments in the 2020 financial year, we have focussed on higher risk elements of our operation and supply chain, to mitigate the risks of modern slavery in our operations and supply chain as well as enhancing governance and training on modern slavery within BOQ. These activities are set out below:

### **1. Supplier risk assessment focused on modern slavery risk**

In this reporting period, BOQ has conducted a modern slavery risk assessment of suppliers in the higher risk sectors of security, clothing (corporate wardrobe suppliers) and cleaning.

Firstly, BOQ developed and documented a new supplier risk assessment process using recognised modern slavery risk indices. As part of this, the suppliers were sent a supplier questionnaire and these responses were inputted into an overall risk matrix to produce a score aligned to risk levels of low, moderate, high or very high.

Following this process, one supplier has been identified as high-risk and one as very high-risk. It is worth noting that these are large suppliers who are also required to submit their own modern slavery statements under the Act and have their own processes in place to manage and mitigate modern slavery risks. BOQ has reviewed the modern slavery statements of these suppliers to determine what actions they are currently taking.

Additional due diligence will be conducted in the next financial year for suppliers assessed in this initial risk assessment as a high or very high risk.

## 2. Customer business lending risk assessment

BOQ has also developed and documented a business lending risk assessment focussing on the higher risk sectors and industries of its current business lending customers to better understand, at a thematic level, where its lending practices may be connected to modern slavery risks. This risk assessment focussed on agriculture, construction and information communication and technology. The risk factors BOQ considered were environmental, customer, business operations, channel and countries of operation.

This risk assessment has identified that 71% of these business lending customers are low risk, 28% medium risk and 1% high risk, with the high risk lending customers representing a dollar value of \$1.66m of lending.

Further monitoring of the high-risk customers will be conducted in the next financial year.

## 3. Supplier Code of Conduct and annual reviews of Tier 1 suppliers

In this reporting period, BOQ took steps to formalise its approach to selecting and contracting with suppliers in order to limit modern slavery risk further down our supply chain by implementing a Supplier Code of Conduct (the **Code**) which is published on our website. The Code applies to all suppliers of BOQ, regardless of the value of the goods or services provided.

The Code outlines the minimum standards BOQ expects from suppliers to ensure the sustainability of BOQ's end-to-end supply chain and its impact on the environment and society in which the total supply chain operates. In implementing the Code, BOQ expects that suppliers share a commitment to the following corporate responsibility principles:

- Labour & Human Rights
- Information Security
- Business Resilience
- Ethical Business Practices
- Workplace Health and Safety
- Compliance and Governance
- Environmental Sustainability

BOQ expects all Suppliers to influence and provide guidance within their own workplace and supply chain relative to the principles contained within the Code.

BOQ's standard services templates have been updated to include reference to the Supplier Code of Conduct. In addition, the annual vendor review process has been updated to include a modern slavery compliance attestation for Tier 1 suppliers.

## 4. Strengthening BOQ's Policy Framework

A policy review was conducted of BOQ's key employment and recruitment policies to determine which policies should incorporate reference to management of modern slavery risks. As a result, modern slavery clauses setting out a zero tolerance approach to any modern slavery practices were inserted into the following policies:

- BOQ Code of Conduct;
- Diversity and Inclusion Policy;
- Recruitment and Selection Policy;
- Domestic and Family Violence Standard; and
- Vendor Reference Questions.

## 5. Training and awareness

In this reporting period, BOQ has conducted modern slavery training sessions for critical teams including Procurement, Customer Compliance, Operational Risk, Recruitment and AML Operations.

BOQ has also commenced development of employee training on modern slavery, to be implemented through our e-learning modules. The goal of the training is to increase employee awareness of modern slavery risks in BOQ's operations and supply chains.

In the reporting period, BOQ updated the vendor management e-learning module to include content on modern slavery in the supply chain and commenced the development of an update to the e-learning module for AML to include modern slavery. This update will be fully incorporated in the next reporting period, forming part of ongoing compliance training for BOQ employees.

#### **6. Modern slavery risk indicators in the financial crime framework**

BOQ has strengthened the capacity of its AML/financial crime framework to identify modern slavery risk.

BOQ has a procedure for all employees to raise unusual activity reports to flag behaviour that may constitute modern slavery risk and allows us to assess if a disclosure is required under AML/CTF reporting frameworks.

Financial crimes monitoring been expanded to include modern slavery indicators, like those developed by the Australian Banking Association. We also screen suppliers against adverse media to identify potential modern slavery indicators.

#### **7. Member of ABA Modern Slavery working group to create a Red Flag Library**

During this reporting period BOQ has continued to actively participate as a member of the Australian Banking Association's modern slavery working group to develop modern slavery guidance for its members. This included developing a Red Flag Library to help identify modern slavery risks in both supply chains and customers.

---

## **9 Assessment of effectiveness**

BOQ has continued to develop systems and processes to assess the effectiveness of its modern slavery risk management. A Group Executive has been appointed with overarching responsibility for BOQ's approach to modern slavery, which is set out in the relevant BEAR accountability statement and a working group led by the procurement team has been established to ensure that BOQ's management of its modern slavery risks continue to evolve with increased sophistication.

Measures of effectiveness in this reporting period are as follows:

- all identified higher risk category suppliers completed a modern slavery questionnaire and received a risk score;
- 100% of procurement employees received direct modern slavery training;

In this reporting period, BOQ also had its modern slavery management independently benchmarked against industry peers on the steps BOQ has taken to strengthen its modern slavery framework and deepen its understanding of risk in its operations and supply chains to ensure it was aligned with industry expectations.

This assessment considered actions by BOQ and its peers to assess and address modern slavery risks in their:

- operations;
- investment and lending activities; and
- supply chains.

It also measured the effectiveness of their actions.



BOQ was assessed as having a “developed approach”. This means that BOQ has taken a targeted approach to modern slavery risk assessment and management, has a clear idea of its risks and has introduced new measures to address these risks across its operations, investment and lending activities and supply chains.

---

## 10 Consultations with subsidiaries

In developing this Statement, BOQ consulted with the relevant entities that it owns and controls. This involved having the Statement considered by BOQ’s Executive Risk Committee, which includes representatives from the various subsidiaries, and by the full Board.

---

## 11 Disclaimer

The purpose of the Statement is to provide general information only as required by the Act and is correct as at the date of publication.

This Statement was approved by the BOQ Board, being the principal governing body for BOQ, on 24 February 2022.



.....  
**Patrick Allaway**  
**Chairman, Bank of Queensland Limited**

.....  
28 February 2022

**Date**