

**Modern Slavery Act
Statement 2022**

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1 Important information

This Modern Slavery Statement (**Statement**) is made on behalf of Bank of Queensland Limited (ABN 32 009 656 740) (**BOQ**) and its subsidiaries (collectively, **BOQ Group**), under the *Modern Slavery Act 2018* (Cth) (the **Act**). This Statement identifies the actions BOQ Group has taken to recognise, assess, and address Modern Slavery risks across its operations and supply chains over the financial year ending 31 August 2022 (FY22).

During FY22, both Bank of Queensland Limited and Members Equity Pty Ltd (formerly Members Equity Bank Limited) (**ME**) were reporting entities for the purposes of the Act. ME was a reporting entity during this period as a result of revenue it generated before 28 February 2022, when it transferred its business to BOQ.

This Statement is a joint statement covering BOQ and ME and has been approved by the board of BOQ, the head entity of the BOQ Group.



Patrick Allaway
Executive Chairman

2 Leadership message

BOQ recognises modern slavery occurs in many forms, such as trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

As a business, BOQ is committed to protecting and respecting human rights including the prevention of modern slavery through our operations and supply chain. For more information on BOQ's 2022 results and values see <https://www.boq.com.au/2022>. As a leading regional bank, a significant proportion of BOQ's operations and supply chains are based in Australia and New Zealand. As such, our modern slavery program is targeted to address modern slavery predominantly in Australia and New Zealand.

BOQ acknowledges that the decisions we make, when conducting our operations, and when sourcing products and services from suppliers, can increase the risk that a person becomes a victim of modern slavery. We are committed to addressing modern slavery risk within BOQ's operations and supply chain.

We are establishing a multi-year program to continually improve our approach, develop our capability, and refine our practices to identify risks of modern slavery within our operations and supply chain, and take action to address any instances of modern slavery should we find them.

2022 has been challenging for both BOQ and our customers. It has tested our resilience to extreme weather events, living with COVID-19 and rising inflation costs, a situation not experienced for more than a decade. We continue to support our people, customers, shareholders and communities through these challenging times.

This Statement details our programs and outlines actions taken in the 2022 Financial Year (FY22).



Lou Pagano
Chief Procurement & Property Officer

3 BOQ's Structure, Operations and Supply Chain

3.1 Our structure and brands

BOQ is one of Australia's leading regional banks, having served customers since 1874. 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 (**ADI**). 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 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 Group has successfully acquired a portfolio of brands that form the basis of our multi-brand strategy

3.1.1 Retail Bank



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

BOQ is the Retail banking arm of the BOQ Group, which includes 154 branches across Australia offering a range of banking products. Our 111 Owner Managed Branches (OMBs) are run by local Owner Managers who understand the importance of delivering quality customer service and are deeply committed to the communities in which they operate.



VMA: Digital home loans, deposits, credit cards, insurance, and superannuation

VMA is a digital-first retail financial services company which provides a wide range of financial products that are easy to understand and is a compelling alternative to the 'big banks'. BOQ Group acquired VMA in 2013 and operates as a standalone brand within the Group.



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

ME is an online retail bank, which provides a wide range of banking products to customers through mobile bankers, direct channels and brokers. ME was acquired by BOQ Group in July 2021 and operates as a distinct brand within the Group.

3.1.2 BOQ Business



BOQ Business: Commercial lending, deposits, and financial markets

BOQ Business is a relationship-led business with specialist bankers providing client solutions across small business, agribusiness, corporate banking, property finance, healthcare and retirement, and tourism, leisure and hospitality. BOQ Business also works closely with the Owner-Manager network to support commercial customers who value a more intimate business banking relationship.



BOQ Finance: Asset finance, Cashflow and Structured Finance solutions

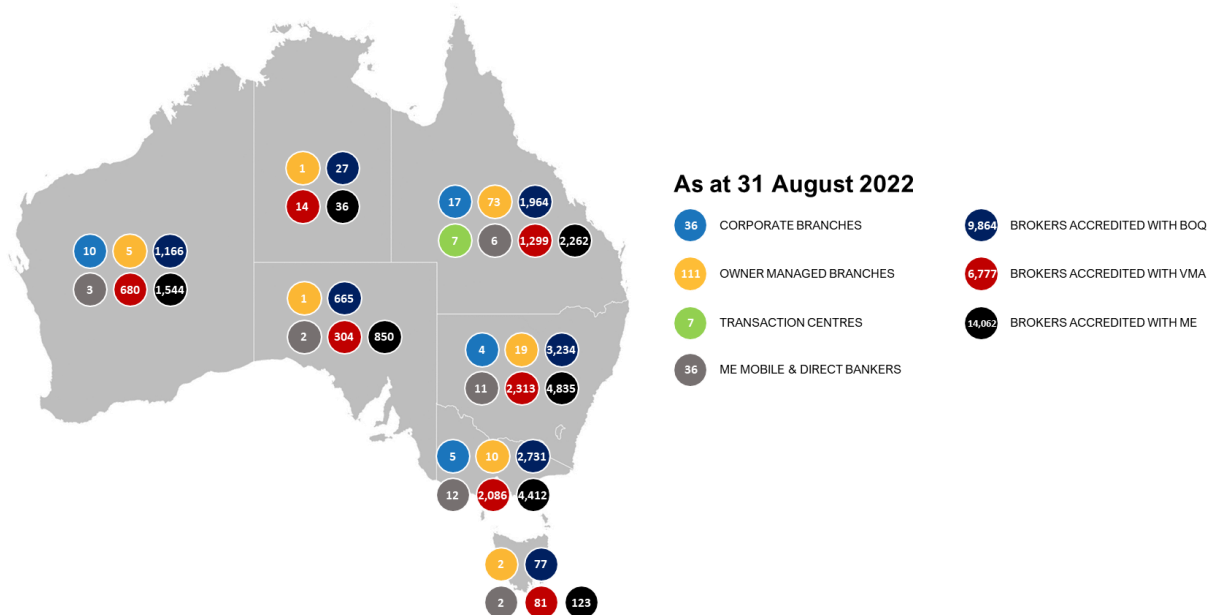
BOQ Finance is a wholly-owned subsidiary of BOQ Bank specialising in asset finance and leasing solutions. BOQ Finance is a midmarket financier providing deep industry and product skills to its partner base. BOQ Finance has been operating in the Australian and New Zealand markets for more than 45 years.



BOQ Specialist: Commercial lending, asset finance, home loans and consumer banking

BOQ Specialist delivers distinctive banking solutions to niche market segments including medical, dental and veterinary professionals. BOQ Group acquired the business (previously Investec Professional Finance) from Investec Bank (Australia) Limited in 2014. BOQ Specialist operates as a niche brand within BOQ's Business Bank.

3.1.3 Distribution Footprint¹



¹ Source: FY22 Annual Results – <https://www.boq.com.au/2022>

3.2 Our operations

BOQ operates nationwide through specialist bankers and digital channels, with a network of over 150 branches throughout Australia. BOQ's branches include both franchised owner-managed branches (OMBs) and corporate branches. BOQ also has operations in New Zealand through BOQ Finance.

BOQ's operations primarily involve the provision of financial products to customers located in Australia. The provision of our products and engagement with suppliers is supported by financial crime controls which are designed to detect financial crimes that are associated with, among other things, modern slavery. There remains a risk that our products may be used for modern slavery within customer supply chains and operations.

BOQ has approximately 1.3² million customers located in every state and territory.

3.2.1 Our functions

BOQ Group's business lines are supported by a number of Group functions including Retail Banking, BOQ Business, People and Culture, Finance, Operations, Risk, Public Affairs, Communication and Investor Relations, Technology, Legal and Governance. These key functions support our bank by managing our operations, property, strategy, finance, treasury, technology architecture, infrastructure and operations, risk, compliance, legal, human resources and corporate affairs.

BOQ operates under a Three Lines of Defence risk model to ensure that there are clearly defined risk roles and responsibilities throughout the Group. Line 1 Risk is integrated into the Group's business units, supporting them to identify and remediate risks relating to modern slavery. Line 2 Risk owns operational risk policies and provides risk assurance to business units on their application. Line 2 Risk also partners with business units to identify and manage the Group's exposure to modern slavery within our operations and supply chain. Line 3 Risk is our Internal Audit function, which provides periodic independent testing and evaluation that risk management practices and internal controls are functioning as intended.

Further information about BOQ's business can be found on our website www.boq.com.au.

3.2.2 BOQ Policy Framework

BOQ manages a range of risk and sustainability concerns through its policy framework as part of everyday business operations. This includes implementing the following policies and processes aimed at ensuring BOQ operates ethically and responsibly and that assist BOQ to detect and reduce the risk of modern slavery in our business operations and supply chains:

- Supplier Code of Conduct;
- Supplier Management Standard;
- Procurement & Outsourcing Policy;
- BOQ Code of Conduct;
- Diversity and Inclusion Policy;
- Operational Risk Management Framework; and
- Whistleblower Program.

BOQ is committed to regularly reviewing its policies and standards in order to enhance, update and refine our processes relating to all aspects of our operations and supply chain governance.

3.3 Our people

As at the end of FY22, BOQ had a workforce of over 3,000 employees. BOQ considers that the risk of modern slavery for our employees in our branches and offices is low. Our employees have access to trade union membership, and our employee policies include our commitment to diversity and inclusion. We respect the rights of our people, hold a citation from the Workplace Gender Equality Agency as an Employer of Choice for Gender Equality for 2020-2022, and have a workplace that is open, fair and inclusive. BOQ provides access to grievance channels including for whistle-blower matters. BOQ also

² FY22 ME Customer numbers adjusted to align to BOQ Group active customer definition which excludes dormant customers

provides a workplace that promotes physical, mental and financial wellbeing which includes an Employee Assistance Program (EAP) and other support services. These are all indicators of a low modern slavery risk.

All BOQ employees are required to undertake training at employment onboarding and on an annual basis covering key policies and procedures including the BOQ Code of Conduct, Diversity and Inclusion Policy, Health, Safety and Welfare and Operational Risk and Compliance. People in key roles including those involved in supplier management are also required to undertake additional training to understand key risks inclusive of modern slavery.

3.4 Our supply chain

Over 1,800 Suppliers ³	\$680M Total Spend ⁴	1,035 Active Contracts ⁵	80% spend with 94 Suppliers
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BOQ procures a range of goods and services from our suppliers. Some 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. When addressing modern-slavery risk, BOQ takes a risk-based approach to focus on higher-risk supplier categories and jurisdictions.

In FY22, BOQ has made progress assessing suppliers who pose the greatest risk of modern slavery. Industries in our supply chain identified as having a higher risk of exposing people to modern slavery were technology infrastructure, property and facilities management (in particular cleaning, security, maintenance and catering), telecommunications, card services and production, corporate services (such as corporate wardrobe and office supplies), promotional materials and travel.

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 following table sets out examples of the types of services and products BOQ procures.

Key categories of spend:

Category	% of total spend ⁶
Technology Development services, risk management software, managed security services, infrastructure support and hardware, customer service desk, telecommunications	37%
Professional Services Advisory, legal and audit services	14%
Property and Facilities Management Property development and leasing for bank branches, cleaning services, physical security services, facilities management	12%
Business Services Operational services to support customer products	12%
Recruitment Contingent labour, recruitment services and support	10%
Marketing Advertising and marketing services	6%
Corporate Services Office support services, insurance, armoured transport, travel and couriers	4%

³ Data from our Accounts Payable system as FY22 Procurement addressable spend.

⁴ Data from our Accounts Payable system as FY22 Procurement addressable spend.

⁵ Active Contracts at 31 August 2022

⁶ Snapshot of Procurement spend categories for FY22.

4 Risks of modern slavery

BOQ recognises that respecting and protecting human rights across our operations and supply chains is an area of great importance to our organisation, its shareholders, customers and the communities in which we operate.

As guided by the United Nations Guiding Principles on Business and Human Rights, we acknowledge that BOQ's supply chain and operations may cause, contribute or be directly linked to adverse human rights impacts and modern slavery risks:



4.1 Our 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 employee contracts provide access to grievance channels, including for whistle-blower matters. BOQ also provides a workplace that promotes physical, mental and financial wellbeing, which includes EAP and other support services;
- The restricted and prohibited list is a means to ensure effective due diligence and additional executive approval is sought across specific industries, categories or customer groups prior to investment that are associated with a high risk of financial crime and as a result modern slavery; and
- BOQ operates under a Three Lines of Defence risk model that ensures that there are clearly defined risk roles and responsibilities throughout the Group. Responsibilities across the group include the identification and remediation of risks, risk assurance and periodic independent testing and evaluation of risk management practices.

4.2 Our supply chain

The majority of BOQ's supplier expenditure is with large, established Australian based entities and as such is considered to have a medium to low levels of inherent risk of modern slavery at an organisational level.

BOQ is yet to have identified modern slavery risk within its supply chains. However, it is recognised that the inherent risks identified within the industries noted below are higher and require specific modern slavery assessment and governance:

Supply Chain	
Offshore Labour	BOQ is aware that there is heightened modern slavery risk associated with a small number of offshore suppliers. The services affected include the

	provision of Call Centre services and Information Technology services provided from India, Malaysia, the Philippines and Vietnam.
Sourcing of Electronic Goods	BOQ is aware the electronics manufacturing industry (e.g., phones and laptops) is a high-risk industry for modern slavery. We recognise that these industries typically operate in less developed countries with varying legal and regulatory protections using unskilled or low skilled labour.
Cleaning and Security	BOQ acknowledges that while the provision of cleaning and security occurs within Australia to support our corporate footprint, it carries a higher risk of modern slavery due to the frequency of using subcontracting agencies and migrant, unskilled or low skilled labour.
Uniforms and Corporate Merchandise	BOQ is aware that there is a heightened modern slavery risk associated with uniform and corporate merchandise suppliers. These industries typically operate in less developed countries with varying legal and regulatory protections using unskilled or low skilled labour
Suppliers' supply chain	BOQ, like many businesses, currently has limited visibility into our supply chain beyond our direct suppliers. For example, while our electronic goods are provided by an established Australian supplier, we do not have the visibility of the sourcing of raw materials to support their production that typically occurs outside of Australia. This can occur in service industries where subcontracting is common.

5 Our actions to address modern slavery risks

While BOQ is committed to continuous improvement to better understand and manage risks associated with modern slavery in our operations and supply chain, we have an established operational risk framework to identify and manage risks and issues.

Governance	Risk Assessment	Risk Management	Remediation	Monitoring
<ul style="list-style-type: none"> •Policies •Governance •Values 	<ul style="list-style-type: none"> •Risk Identification Process •Supplier Risk Assessments 	<ul style="list-style-type: none"> •Management of Delivered Risk •Accountability and Ownership 	<ul style="list-style-type: none"> •Clear actions with due dates to mitigate supply and operational risks 	<ul style="list-style-type: none"> •Three Lines of Defence Risk Approach

Post the acquisition of Members Equity Bank Limited, (1 July 2021), BOQ has prioritised resourcing in FY22 to ensure an integrated view of modern slavery for the Group which included:

- Conducting a deep dive into BOQ and ME modern slavery programs of work to document by Q1 FY23:
 - Learnings and key differences between both programs
 - Identification of synergies and improvement areas where controls and risk assessment can be shared across BOQ (or where control deficiencies exist)
 - Development of a multi-year roadmap to ensure continuous improvement in modern slavery practices;
- Including modern slavery clauses in key BOQ contract template terms and conditions;
- Maintaining procurement policies to enable key stakeholders to access the most relevant documentation and process guidance;
- Conducting annual due diligence on high-risk suppliers inclusive of supplier attestations; and
- Ongoing supplier governance of material and critical suppliers to BOQ aimed at ensuring that risks within the supply chain are assessed, identified and remediated as soon as possible.

6 Assessment of effectiveness

BOQ has relied on its operational risk framework to assess the effectiveness of our controls. This includes:

- The development of a risk profile, considering likelihood, impacts, controls and residual risk rating for key risks;
- Business unit-led control self-assessments supported by periodic Group Risk and Internal Audit control testing; and
- Identified control deficiencies are tracked in a centralised reporting and escalated to management based on risk impact and due dates to ensure accountability and closure by the expected due dates.

The operational risk framework also stipulates a hierarchy of risk management forums that is subject to oversight by our Three Lines of Defence risk model.

7 Looking to the future

BOQ is focused on developing a multi-year baselined and sustainable Modern Slavery framework.

Following the completion of the modern slavery program of work deep dive, BOQ will take a prioritised approach across FY23 and beyond to:

- Implement a Modern Slavery Policy.
- Re-focus supplier segmentation to ensure key supply chain risks continue to be addressed and escalated;
- Uplift supplier relationship management framework for high-risk suppliers;
- Develop and monitor key risk indicators to track progress on the modern slavery program of work;
- Build multi-layer procurement and supplier risk governance forums inclusive of charters, priority attendees, agendas and meeting minutes;
- Refresh e-learning for business owners and supplier managers to ensure that training continues to be relevant and fit for purpose;
- Establish effective monitoring of BOQ's supply chain to identify any modern slavery issues;
- Establish a plan to uplift contracts to include modern slavery terms focusing on high-risk categories and jurisdictions as a priority
- Embed the Supplier Code of Conduct within supplier contract templates and periodic due diligence; and
- Automate due diligence processes where possible to minimise process duration to identify modern slavery risk.

8 Consultation

BOQ consulted with all relevant entities that it owns and controls while developing this statement, which included consideration by BOQ's Executive Committee.