

# MODERN SLAVERY STATEMENT

2023



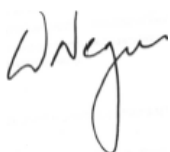
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# Important information.

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 or 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 2023 (FY23).

“We”, “us” and “our” are used throughout this Statement and are intended to collectively refer to all reporting entities and all other subsidiaries that form part of the BOQ Group.

This Statement has been approved by the Board of BOQ, the parent entity of the BOQ Group.



**Warwick Negus**  
Chairman

# Leadership message.

BOQ Group recognises that it has an obligation to minimise incidents of slavery, slavery-like practices, human trafficking and other forms of modern slavery through operations and supply chain. We are committed to protecting and respecting human rights within our business practices, operations, and supply chain.

BOQ Group is committed to acting ethically and with integrity in all business dealings and across our business practices, and all Group personnel are encouraged to raise any concerns about likely modern slavery breaches across any business activity at the earliest possible stage.

In 2023, we established a multi-year program designed to continually improve our approach to modern slavery, with a focus on developing our capability, refining our practices to identify risks of modern slavery within our operations and supply chain and taking action to address any identified instances.

A key initiative has been establishing our Modern Slavery Policy which demonstrates our commitment to promoting awareness across the Group of modern slavery and the mitigating controls being implemented. The Modern Slavery Policy is supported by actions that map our key suppliers against high-risk industries and countries to identify increased risks, identify specific contractual clauses to hold our supply chain accountable and implement an ongoing monitoring framework of material suppliers.

We acknowledge 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. The Group will continue to leverage our values to ensure we take a sustainable approach to modern slavery that is supported by our leaders.

For more information on BOQ Group's FY23 results and values see <https://www.boq.com.au/2023>.



**Lou Pagano**  
Chief Procurement & Property Officer

# BOQ Group's structure, operations and supply chain.

## Our Structure.

BOQ Group is one of Australia's leading regional banks, having served customers since 1874. It is listed on the ASX and is regulated by the Australian Prudential Regulation Authority as an Authorised Deposit-taking Institution (ADI). During BOQ Group's long history, it has evolved from a Queensland focused, retail branch-based bank to a nationally 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 Group provides a range of products and services 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 including Virgin Money, ME and BOQ Specialist that form the basis of our multi-brand strategy across its retail and business bank.

### 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.

## 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.

## Our operations.

BOQ Group operates nationwide through specialist bankers and digital channels, with a network of over 147 branches and a workforce of over 3,500 employees throughout Australia. BOQ Group's branches include both franchised owner-managed branches (**OMBs**) and corporate branches.

BOQ Group's operations primarily involve the provision of financial products to customers located in Australia. There is a small operation in New Zealand through its BOQ Finance division.

BOQ Group has approximately 1.4 million customers located in every state and territory.

## 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.

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

## Risk management.

BOQ Group operates under a Three Lines of Defence risk model to ensure 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.

## BOQ Group Policy framework.

BOQ Group manages a range of risk and sustainability concerns through its policy framework as part of everyday business operations. The following policies and procedures apply across the Group and are designed to ensure that the Group operates ethically and responsibly and can both detect and reduce the risk of modern slavery in our business operations and supply chains:

- Anti-Bribery and Corruption Policy
- Anti-Money Laundering and Counter-Terrorism Policies
- Complaint Management Policy
- Credit Risk Management Policy
- BOQ Code of Conduct
- BOQ Group Financial Crimes Policy
- BOQ Whistle-blower Policy
- Modern Slavery Policy
- Operational Risk Management Framework
- Procurement and Outsourcing Policy
- Remuneration Policy
- Recruitment and Selection Policy
- Sanctions Policy
- Supplier Management Standard
- Supplier Code of Conduct

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

## Our supply chain.

BOQ Group procures a range of goods and services from more than 1,700 suppliers.

Over **1,700 Suppliers**<sup>1</sup>

**80% spend with 84 Suppliers**<sup>2</sup>

Key categories of spend include technology products and services, professional services (including legal and audit services), property and facilities management, business services, recruitment, and marketing services.

Some of our Suppliers have overseas operations from which goods and/or services are provided to BOQ Group, including operations based in New Zealand, Malaysia, Philippines, Singapore, Vietnam, Poland, Bulgaria, Costa Rica and the United States, but in these instances, BOQ Group typically contracts with the Australian entity of the supplier. When addressing modern slavery risk, BOQ Group takes a risk-based approach to focus on higher-risk supplier categories and locations.

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<sup>1</sup> Procurement Spend Data from our Accounts Payable system for the period 1 July 2022 to 30 June 2023

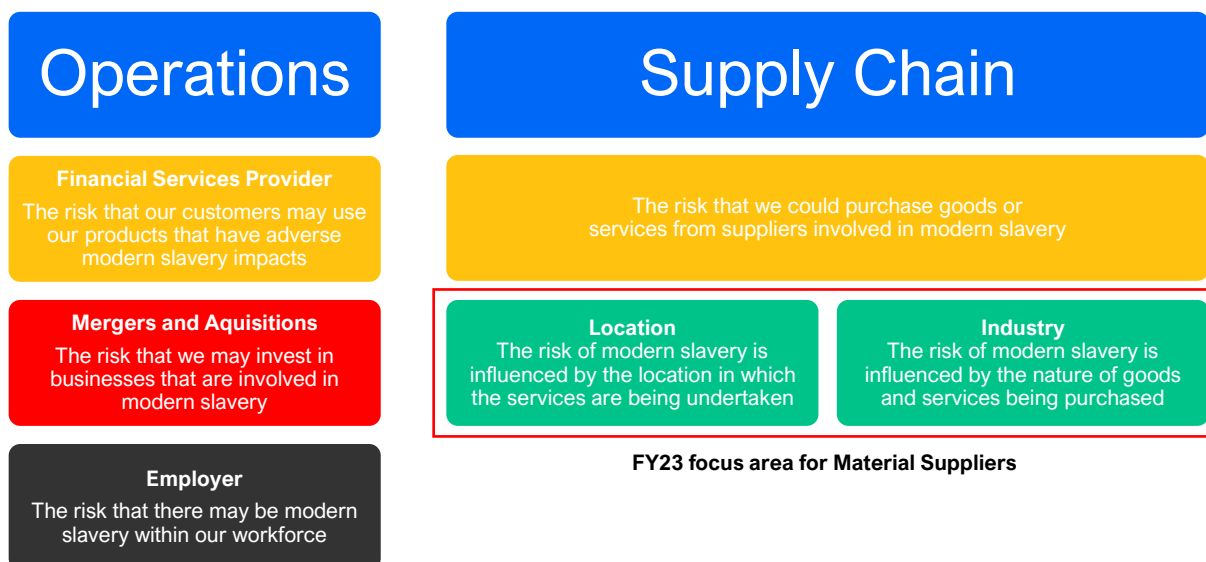
<sup>2</sup> Procurement Spend Data from our Accounts Payable system for the period 1 July 2022 to 30 June 2023



# Assessing risks of modern slavery.

BOQ Group 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 Group’s supply chain and operations may cause, contribute or be directly linked to adverse human rights impacts and modern slavery risks.



## Our operations.

BOQ Group’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 Group employee contracts provide access to grievance channels, including for whistle-blower matters. The Group also provides a workplace that promotes physical, mental and financial wellbeing, which includes an Employee Assistance Program and other support services.
- The provision of our products and engagement with suppliers is supported by financial crime controls that 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.
- The restricted and prohibited list is a means of ensuring that effective due diligence and additional executive approval is sought across specific industries, categories or customer groups prior to investments that might be associated with a high risk of financial crime and as a result modern slavery.
- BOQ Group operates under a Three Lines of Defence risk model, which ensures that there are clearly defined risk roles and responsibilities throughout the Group. Responsibilities across the

Three Lines include the identification and remediation of risks, risk assurance and periodic independent testing and evaluation of risk management practices.

## Our supply chain.

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

In FY23, the Group engaged an independent third party to screen active contracted suppliers against high-risk watchlists (including sanctions lists and politically exposed persons lists) and adverse media entity categories. Of the 719 suppliers screened, none were identified to have heightened social or labour issues relating to modern slavery, human rights or workplace health and safety issues.

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BOQ Group has conducted a desktop risk assessment of its material and business critical suppliers based on industries with heightened modern slavery risk and locations<sup>3</sup> where these services are undertaken. Of 78 suppliers assessed, none were considered high risk. 7 suppliers (6 material and 1 business critical) were considered moderate risk due to the provision of labour services in countries including India, Philippines and Bulgaria.

Our procurement team has also reviewed all material suppliers and their associated contracts to assess the inclusion of modern slavery-specific clauses. This review covered the relevant Master Services Agreement (or equivalent) and relevant variations and schedules for each material contract to identify appropriate clauses and exceptions. Where gaps were identified, actions were approved for inclusion in the FY24 Modern Slavery program of work.

**76% of material supplier contracts contain modern slavery clauses<sup>4</sup>**

**91% of assessed suppliers have low modern slavery risk<sup>5</sup>**

## Our people.

BOQ Group 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 and have a workplace that is open, fair and inclusive. The Group provides access to grievance channels including for whistle-blower matters and a workplace that promotes physical, mental and financial wellbeing, which includes an Employee Assistance Program and other support services. These are all indicators of low modern slavery risk.

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<sup>3</sup> Locations were assessed against Walk Free's Global Slavery Index 2023

<sup>4</sup> Material suppliers as at June 2023

<sup>5</sup> Material and Business Critical suppliers as at March 2023

All Group employees are required to complete training when they start, and on an annual basis, covering key policies and procedures including the BOQ Code of Conduct and policies relating to diversity and inclusion, health, safety and welfare and operational risk and compliance. We have commenced training relating to the identification and reporting of modern slavery for key procurement stakeholders across the Group with plans to expand coverage to supplier managers and business owners.

## Our actions to address modern slavery risks.

The Group delivered against its FY23 Modern Slavery program of work by completing the following activities:

- Completing a deep dive into BOQ and ME (acquired by BOQ Group in 2021) modern slavery programs of work to determine best practice across the Group and opportunities for synergies and improvement areas for control and risk assessments
- Establishing a multi-year roadmap to ensure continuous improvement in modern slavery practices.
- Developing BOQ Group's Modern Slavery Policy to define and denounce modern slavery within our organisation
- Establishing a Procurement Risk Forum with a formal charter to provide oversight of the implementation of the Procurement & Outsourcing Policy and reporting to relevant risk management committees
- Developing and implementing a supplier monitoring framework and supporting template that was rolled out to all active material suppliers
- Updating our Supplier Code of Conduct to strengthen coverage of human rights and modern slavery requirements for publishing in Q1 FY24
- Mapping our material and business critical suppliers against high-risk industries and countries for modern slavery
- Conducting a gap analysis of all material contracts for modern slavery clauses.
- Updating all key Group contract and tendering templates to include modern slavery clauses and assessments
- Delivering modern slavery training and communications to key stakeholders across the Group
- Establishing a metric to measure modern slavery clause compliance across the Group's Material suppliers
- Conducting an external Environment, Social and Governance (**ESG**) screening of all active suppliers for:
  - Politically Exposed Persons, Sanctions and Country Watchlists
  - Regulatory issues (including corruption, and fraud)
  - Competitive / financial issues (including anti-competitive issues, association risk, financial difficult and ownership issues)
  - Environmental issues (including production and supply chain issues)
  - Social / labour issue (including modern slavery, human rights, workplace health and safety issues)

## Assessment of effectiveness.

BOQ Group uses its operational risk framework to assess the effectiveness of our controls to assess and identify any modern slavery risks. This includes through:

- The development of a risk profile that considers the 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
- Identified control deficiencies that are tracked through centralised reporting and escalated to management where required to ensure appropriate closure.

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

In FY23, the Group also established a Procurement Risk Forum to strengthen oversight within the supply chain with responsibilities to:

- Oversee the implementation of procurement policies
- Track internal audit open actions and planned audits
- Review key procurement indicators and determine appropriate actions
- Review and monitor policy exceptions
- Oversee the effectiveness of procurement governance frameworks (e.g. controls and control testing).

## Looking to the future.

As part of our commitment to continuously improving our Modern Slavery Framework, BOQ Group will include modern slavery as a pillar in the Procurement-led ESG program of work. This will enable us to leverage synergies across other ESG pillars including Supplier Diversity and Supplier Code of Conduct to maintain a sustainable approach to managing modern slavery.

Over the next two years the Group will undertake the following activities:

- Establish an externally-facing supplier portal to outline key expectations of our supply chain
- Refresh e-learning for business owners and supplier managers to ensure that training continues to be relevant and fit for purpose to raise awareness of modern slavery risks
- Where necessary, improve identified material supplier contracts to include modern slavery clauses
- Extend the Supplier Monitoring Framework for non-material suppliers
- Develop a process to monitor Supplier Code of Conduct compliance
- Maintain effective monitoring of the Group's supply chain to identify any modern slavery issues

- Automate due diligence processes where possible to minimise the time to identify modern slavery risk
- Extend the review of high-risk industries and contractual clauses for non-material suppliers.

## Consultation.

BOQ Group consulted with all the relevant entities that it owns and controls in preparing this Statement. There has also been consideration and review by leadership teams, including BOQ Group's Executive Committee prior to its submission to the Board for approval.