



Auditor Independence Policy

Bank of Queensland

Version 11.0, December 2023

AUDITOR INDEPENDENCE POLICY

Approver	Board
Policy Owner	Chief Financial Officer
Functional Owner	General Manager, Financial Reporting & Control
Policy Level	1b
Audience (if restricted)	Not restricted
Mandatory Stakeholders	N/A
Review Frequency	Biennial

Revision History			
Version	Approval Date	Author	Description
4.0	March 2016	Graham Hayworth	Content revision on clarification of roles and responsibilities and minor drafting amendments
5.0	February 2017	Group Finance	Annual review
6.0	February 2018	Group Finance	Clarification of audit services on the approved list
7.0	March 2019	Group Finance	Annual review and clarification of audit services
8.0	December 2020	Group Finance	Annual review
9.0	December 2021	Group Finance	Annual review and removal of references to St Andrews and insurance business
10.0	December 2022	Group Finance	Change in Functional owner from DCFO to GM, Financial Reporting & Control; Inclusion of SHML Trusts and removal of BOQ Specialist from in scope entities
11.0	December 2023	Group Finance	Inclusion of requirement to comply with the International Code of Ethics for Professional Accountants; Categorisation of Services into Audit, Audit-related, Tax and Other; Amendments to approval process; Updates to prohibited services.

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1 Introduction

1.1 Scope

This policy applies to the external auditors of the Bank of Queensland (BOQ and the Bank) Group and all of BOQ's subsidiaries including but not limited to Virgin Money Financial Services Pty Ltd, B.Q.L Management Pty Ltd, BOQ Equipment Finance Limited, BOQ Finance (Aust) Limited, BOQ Finance (NZ) Ltd, BOQ Credit Pty Ltd and the REDS and SMHL Trusts

1.2 Purpose

In respect of auditor independence, BOQ requires its External Auditor to comply with the requirements of:

- *Corporations Act 2001* (Cth);
- APRA Prudential Standard CPS 510 *Governance*; and
- Accounting Ethical Professional Standards Board APES 110 - Code of Ethics for Professional accountants Section 290 *Independence*.¹

This policy aims to support the independence of the External Auditor by regulating the services it can provide to the Group.

2 External Auditor – Key Obligations

- The External Auditor will annually provide a formal declaration of independence that confirms that the External Auditor is independent, both in appearance and in fact, and has no conflict of interest situation, and that there is nothing to the External Auditor's knowledge that could compromise independence.
- The non-audit services undertaken by the External Auditors will not involve them acting in a managerial or decision making capacity, or being involved in the processing or originating of transactions.
- The non-audit services undertaken by the External Auditors are only to be provided where the BOQ Audit Committee is satisfied that the related function or process will not have a material bearing on the planned audit procedures.
- The External Auditor is required to rotate the lead partner and the review partner so that neither role is performed by the same partner for more than five years, or more than five years out of seven successive years.
- Where internal audit services are provided, they will be managed by, and report to, the Chief Audit Executive.
- The External Audit partner is required to attend the BOQ Annual General Meeting.
- A mandatory period of at least two years must elapse following resignation from an audit firm before a former employee, partner or equivalent who served in a professional capacity in the audit of the Bank can become a Director or Senior Manager of BOQ. Further, this person cannot be appointed if there is already another person appointed as a Director or Senior Manager who has satisfied these requirements.

¹ Includes the adoption of the International Code of Ethics for Professional Accountants

3 Services provided by the external auditors

3.1 Audit, Audit-related, Tax and Other Services

BOQ has prepared a list of services where the auditor may have the technical competence to provide the services, and where the services are consistent with the independence of the auditor. Each of these services has been classified into one of the categories below.

It is BOQ's preference that the External Auditor be engaged for all services that constitute Audit (Category A) or Audit-related (Category B) services.

Category A – Audit services

Audit services provided by the External Auditor may include (but not be limited to):

- Statutory audit opinions including, but not limited to:
 - The Bank and BOQ Consolidated Group;
 - Securitisation Trusts including REDS, REDS EHP, REDS MHP, Warehouse, Impala, Covered Bond, SMHL; and
 - Other reporting entities including BOQ Finance (Aust) Pty Ltd, BOQ Equipment Finance Limited, BOQ Credit Pty Ltd, BQL Management Pty Ltd, BOQ Finance (NZ) Ltd, and Virgin Money Financial Services Pty Ltd.
- Compliance with Australian Financial Services Licences (AFSL) including BOQ, BQL Management, and Virgin Money Financial Services.
- Audits, reviews, assurance and compliance of regulatory matters (APRA):
 - *APS 310 Audit and Related Matters*;
 - *APS 910 Financial Claims Scheme*; and
 - RRS 710 Audit Requirements for Registered Financial Corporations.
- Compliance with Part 7 of the *Property, Stock and Business Agents Act* in relation to BOQ maintenance of trust accounts.
- Reviews undertaken for regulatory purposes under direction by regulatory authorities (e.g. APRA Targeted Review).

Category B – Audit-related services

Audit-related services provided by the External Auditor may include (but not be limited to):

- Advice on the appropriateness of proposed accounting treatments to be adopted for specific transactions, or advice on the impact of new and revised accounting standards on the Group;
- Regulatory advice on the appropriateness of proposed regulatory treatments to be adopted for specific transactions, or advice on the impact of new and revised regulatory standards on the Group.
- Comfort letters or agreed upon procedures provided to the Group (including to third parties) in connection with the Group's financing, securitisation and related activities.
- Assurance or agreed upon procedures engagements that are performed under standards issued by the Australian Auditing and Assurance Standards Board, including (but not limited to):
 - Review of BOQ's annual Tax Transparency Report; and
 - Review of BOQ's annual Sustainability Report.
- Reviews, assurances and other forms of reporting (other than audits as set out in Category A above) in relation to prudential standards, other regulatory requirements and disclosure in connection with prudential standards (e.g. Pillar III disclosures).

Category C – Tax services

Tax services provided by the External Auditor may include (but not be limited to):

- Advice and services regarding the preparation and lodgment of tax returns.
- Advice and opinions interpreting tax legislation, law and practice.

- Employee tax assistance and compliance services.
- Review of tax compliance procedures and tax risk management, other than in connection with the provision of audit services.

Category D – Other services

All other services performed by the External Auditor are considered non-audit services, and may include (but not be limited to):

- Reviews of governance, risk and compliance frameworks.
- Process and controls reviews (including related to IT).
- Financial and/or tax related due diligence and transaction services pertaining to business acquisitions or disposals.
- Compliance reviews over BOQ's Structured Finance partners.
- Corporate recovery or similar services (including receivership appointments).
- Undertaking internal investigations in connection with alleged improprieties.
- Licensing of knowledge management tools and the provision of thought leadership surveys and other research

3.2 Approval of Audit, Audit-related, Tax and Non-audit services

Audit services in Category A (Section 3.1) are approved by the Board Audit Committee as part of the External Auditor annual engagement.

Audit-related services in Category B are approved by those charged with governance (Board Audit Committee for BOQ Limited, Board of Directors of BQLM for the Listed Trusts) by signing a concurrence letter submitted by the External Auditor stating that they agree with the pre-approvals in this Category.

Before the External Auditor is engaged to provide services in Category C to Category D prior approval is required as follows:

- Engagements not exceeding \$100,000 may be approved by the Managing Director & CEO or the Chief Financial Officer . Any such engagement must then be brought to the attention of the BOQ Audit Committee for noting at its next scheduled meeting.
- Engagements likely to be equal to or greater than \$100,000 must be submitted to the Chair of the BOQ Audit Committee for consideration and approval prior to the engagement being accepted by the Bank.

For all engagements where the proposed engagement is a non-audit service (Category C and D), the request for approval must include an assessment of the independence threats identified and the safeguards applied to mitigate those threats.

3.3 Limit to Non-audit services

It is acknowledged that the BOQ Audit Committee should be alert to the risk that the aggregate value of fees for non-audit services in any one year could reach a level where a perception may arise that the objectivity and/or the independence of the auditor is impaired.

To mitigate this risk, the ratio of approved non-audit services (as outlined in Category B, C and D in Section 3.1) to approved audit services (outlined in Category A) should be targeted to not exceed 75% in any given financial year, without the prior approval of the Chair of the BOQ Audit Committee.

It is acknowledged that circumstances may arise where the ratio is exceeded in a particular year due to such factors as the level of transaction activity or other external factors requiring the External Auditors to be engaged to perform other services. However, such circumstances are considered to be rare events, and accordingly this ratio should not, and is not permitted to be, exceeded in two consecutive financial years.

The External Auditor will provide a report to the BOQ Audit Committee outlining the forecast ratio of non-audit services to audit services on at least an annual basis.

3.4 Prohibited Services

As a guiding principle, the External Auditor will not perform services that are then to be audited by the External Auditor, as it can create a self-review threat. The External Auditor may not provide the following services to the BOQ Group:

- Bookkeeping or other services, related to the accounting records or Financial Statements of the BOQ Group, including payroll and tax accounting;
- Financial information systems design and implementation;
- IT systems operation and supervision
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports, where the External Auditor would be required to audit those opinions or reports;
- Management functions or human resources;
- Investment banking, broking, dealing or advisory services;
- Services that are remunerated through a “success fee” structure;
- Services that involve the External Auditor acting in an advocacy role;
- Recruitment services; and
- Legal services and expert services unrelated to the audit.

4 Governance

The Auditor Independence Policy is subject to biennial review (unless a material change is required) and approval by the BOQ Board, in conjunction with the review of the BOQ Audit Committee Charter. The BOQ Audit Committee may recommend to the Board any amendments to this Policy (and the Audit Committee Charter) at any time.

5 Schedule of Changes (this version)

Section	Change
1.2	Inclusion of International Code of Ethics for Professional Accountants
3.1	Categorisation of services into Audit, Audit-related, Tax and Other
3.2	Amendments to approval process
3.4	Updates to prohibited services