

BOQ Modern Slavery Act Statement 2020

1 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 2020.

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 our work in this reporting period

In this reporting period we have:

- updated our template services agreements to include modern slavery clauses;
- implemented supplier due diligence and completed an initial supplier risk assessment;
- drafted a Supplier Code of Conduct to be implemented in the following reporting period;
- commenced a review into and risk assessment of the sectors and industries of our current business lending customers;
- commenced development of employee training on modern slavery;
- commenced a risk assessment of employment practices in relation to our recruitment partners; and
- actively participated as a member of the Australian Banking Association's modern slavery working group to develop modern slavery guidance for its members.

2 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.

3 Overview of the BOQ's structure and operations

Legal structure

BOQ is an Australian public company listed on the Australian Securities Exchange (the **ASX**). The BOQ difference is that many of the BOQ local branches are owned and operated by franchisees.

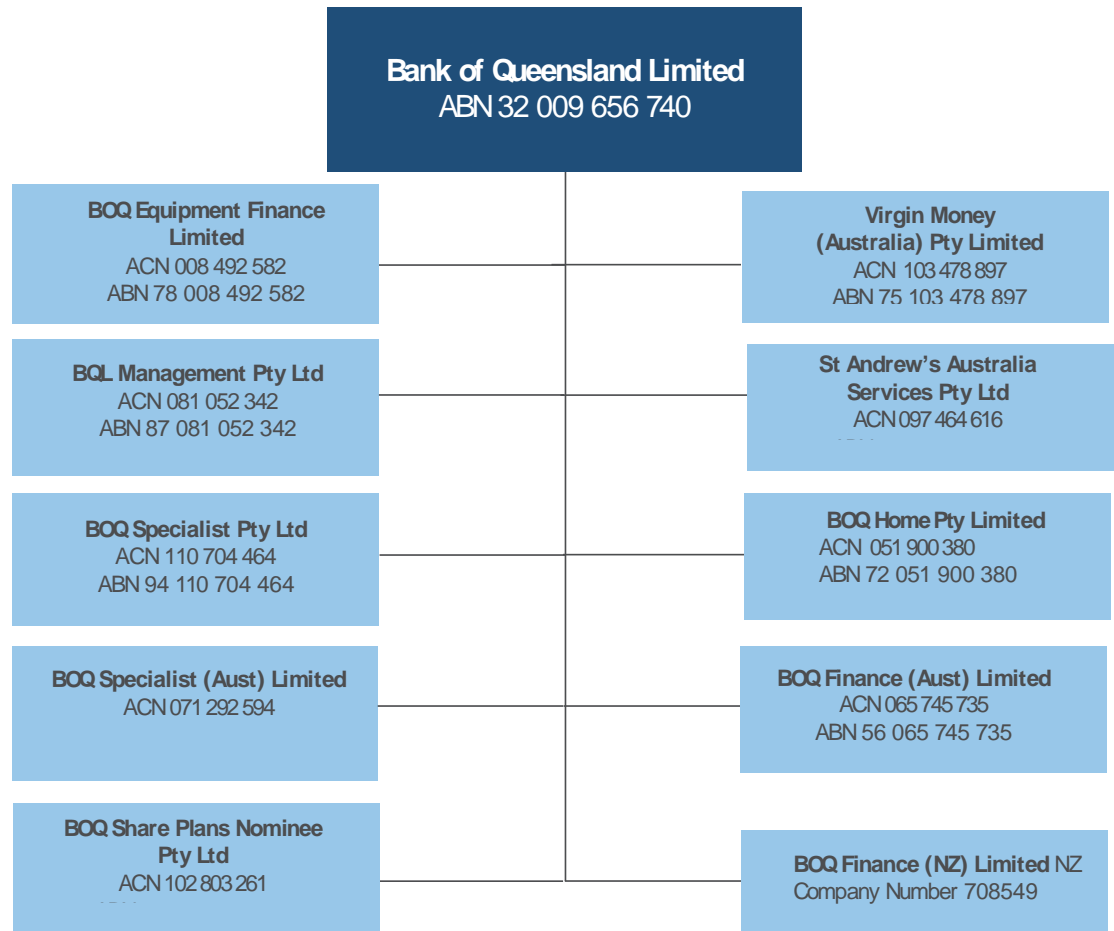


Figure 1: BOQ group structure, showing the relationship between the reporting entity and some of the other entities it owns and controls.

Overview of BOQ's operations

BOQ is one of Australia's leading regional banks, having served customers for 146 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, a network of 165 branches throughout Australia (as at 31 August 2020), accredited brokers, and contact

centres. BOQ's branches consist both of franchised Owner-Managed Branches (**OMBs**) run by local Owner-Managers and corporate branches. BOQ also has operations in New Zealand through BOQ Finance.

BOQ 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 95 OMBs and 70 corporate branches.



Virgin Money: Digital home loans, 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.

BOQ Business



BOQ Business: Small business and corporate banking, financial markets

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, cash flow and structured finance solutions through direct and intermediated channels. BOQ Finance has been operating in the Australian and New Zealand markets for more than 45 years.



BOQ Specialist: Lending deposits, credit cards, and insurance for doctors and dentists

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



St Andrew's Insurance: Mortgage & loan protection and simple life insurance products

St Andrew's is a niche insurer of personal insurance products specialising in mortgage and loan protection and simple life insurance products. From October 2019, St Andrew's has progressively closed its distribution partnership to new business as part of a strategy of transitioning to an orderly run-off.

Group Functions and OMBs

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

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

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

4 Overview of BOQ's supply chains

Within the supply chains BOQ controls and oversees, BOQ procures goods and services from more than 4000 suppliers. 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 chains include a mixture of outsourcing arrangements in relation to our core lending operations and IT infrastructure, together with relatively simple supply chains 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 products and services BOQ procures.

Procurement Categories	Example Products and Services
Information Technology	Application development services, risk management software, managed security services, infrastructure support and hardware, customer service desk
Financial Products and Services	White label arrangements with suppliers in relation to credit cards and other financial products
Corporate Services	Mail and freight, paper and printing services and training services
Marketing	Advertising and marketing services
Professional Services	Advisory and legal 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 areas 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 also has oversight over OMB recruitment in accordance with BOQ policies and processes.

5 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 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 taken steps through its systems and controls to manage its supply chain and business partnerships in this way.

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 and controls:

- Supplier and Third Party Management Framework;
- Code of Conduct;
- Diversity and Inclusion Policy;
- Ethics Committee;
- Whistleblower Program; and
- Supply Chain management for items procedure by BOQ (excluding low value in Branch purchases) including seeking confirmation from suppliers via an annual review process and supplier site visits to ensure operations and supply chains do not contain indicators of modern slavery practices.

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

6 Risks of modern slavery

BOQ's Operations

BOQ's assessment is 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 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. In addition, as part of its AML program, BOQ has a restricted and prohibited list which already requires additional due diligence to be conducted on higher risk industries. Modern slavery typologies will be incorporated into this monitoring.

BOQ's Supply Chains

In this reporting period, BOQ has conducted an initial modern slavery risk assessment over its supply chains using recognised modern slavery risk indices, as well as commencing country and industry risk analysis. This initial risk assessment has focussed on procurement conducted at a corporate office level. The majority of our 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.

However, BOQ 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. Through our risk assessment, 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 insight 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 insight over the suppliers that provide the materials and goods that comprise the goods and services, such as laptops. Similarly, our white label credit card arrangement is with an established supplier based in Australia but we do not currently have oversight of the suppliers that, for example, provide the raw materials to manufacture the credit cards.

In the next reporting period, BOQ will identify those higher risk suppliers and customers and will conduct additional due diligence.

Further, while not required to report on the modern slavery risks associated with the operations and supply chains of the franchised OMBs, as they are independent legal entities in their own right, BOQ recognises the influence it can have as the franchisor and is committed to encouraging the franchisees to adopt best practice in addressing modern slavery. BOQ has started with its own supply chain and will work with the franchisees in the coming reporting periods. As part of this, BOQ will be developing a workplan that includes providing training and template documents to assist franchisees to manage their modern slavery risks in their own operations and supply chains.

7 How BOQ has acted to reduce Modern Slavery risks

Following the completion of our initial operations and supply chain risk assessments, we are focussed on three key areas to mitigate the risks of modern slavery in our operations and supply chain. These are:

- vendor and supplier engagement;
- customer insights; and
- BOQ's employment practices.

1. Vendor and supplier engagement contractual controls introduced:

BOQ has updated its template services agreements to include modern slavery clauses. This means that all new engagements, renewals and variations will include modern slavery clauses.

2. Supplier due diligence and initial risk assessment implemented:

As part of formalising its approach to assessing modern slavery risks in its supplier management processes, BOQ developed a due diligence questionnaire which was sent to its key suppliers, with a series of questions designed to identify modern slavery risks. In the next reporting period, BOQ will work with those suppliers that are off-shore or have off-shore operations that have been identified as having higher modern slavery risks, to develop appropriate controls to manage and mitigate modern slavery risks. To further understand and address our entire supply chain risks, we intend to extend this assessment beyond these key suppliers in the subsequent reporting periods.

In addition, BOQ has implemented an annual review process for its key suppliers which will require confirmation that their business operations and supply chains do not contain or support any modern slavery practices. In subsequent reporting periods, this annual review process will be supported by a program of work to automate key due diligence steps in the management of our supply chain.

3. Strengthening BOQ's Policy Framework:

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 drafting a Supplier Code of Conduct (the **Code**). The Code will apply to all supply chain partners of BOQ, including business partners and suppliers and their sub-contractors and suppliers within their own supply chain, regardless of the value of the goods or services provided.

The Code was developed to outline the minimum standards BOQ expects from third parties 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. The Code outlines BOQ's expectations for suppliers who provide goods and services to the BOQ Group. This extends beyond just meeting legislative and regulatory requirements but also ensuring a shared commitment to delivery against the following operating principles:

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

In the next reporting period, the Code will be published across the BOQ Group and implemented across the BOQ supply chain.

Customer insights

4. Business lending customer review and risk assessment:

BOQ has commenced a review and risk assessment into the 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. We are currently focusing on

lending practices in the higher-risk sectors and industries. BOQ intends to complete this work in the next reporting period.

BOQ's employment practices

5. E-Learning module:

In this reporting period, BOQ has commenced development of employee training on modern slavery, to be implemented through our E-Learning modules. The goal of the training is to increase employees' awareness of modern slavery risks in BOQ's operations and supply chains.

The eLearning module will be available to BOQ employees in the next reporting period.

6. Employment Practices Risk Assessment

BOQ commenced a risk assessment of employment practices in relation to its recruitment partners. A modern slavery clause has also been inserted into BOQ's standard Recruitment Services Agreement for its recruitment partners.

Other actions taken by BOQ

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

During this reporting period BOQ has actively participated 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.

8 Assessment of effectiveness

BOQ will continue to develop systems and processes to assess the effectiveness of its modern slavery risk management. To date, 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.

Effectiveness will also be measured through the number of key supplier contracts that have been updated with appropriate modern slavery clauses and training attendance records in future reporting periods. BOQ has a number of suppliers that must also lodge their own modern slavery statements and BOQ will monitor these annually.

In FY20, conduct, governance and culture was identified as a key sustainability focus area through the materiality assessment process. Fostering an ethical and responsible culture, robust governance, and ensuring BOQ's conduct is in line with community expectations and its values is an essential part of maintaining trust, supporting future sustainable growth and driving competitive advantage. BOQ's actions to minimise the risks of modern slavery in our operations and supply chains form part of this.

9 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 Exco Risk Committee, which includes representatives from the various subsidiaries and by the full Board.

10 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 8 December 2020.



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Patrick Allaway
Chairman, Bank of Queensland Limited

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14 December 2020

Date