

# 2022 SUSTAINABILITY REPORT



**BOQ  
GROUP**

**20  
22**

## About this report

This report provides BOQ Group stakeholders with detail of our performance on material sustainability issues, for the financial year ending 31 August 2022.

BOQ Group's 2022 Sustainability Reporting, including the BOQ Group 2022 Sustainability Report and relevant disclosures within the BOQ Group 2022 Annual Report, the BOQ Group 2022 Corporate Governance Statement and the BOQ Group 2022 Global Reporting Index (GRI 2016), has been prepared in accordance with the Global Reporting Initiative GRI Standard (2016) – Core requirements. The report also refers to the Task Force for Climate-related Financial Disclosures recommendations and the United Nations' Sustainable Development Goals.

We have engaged PwC to perform limited assurance over a number of key sustainability metrics included in this report. Refer to pages 36-38 for the assurance opinion.

## Other documents in our 2022 reporting suite

The 2022 Sustainability Report is part of a suite of external integrated communications including BOQ Group's 2022 Annual Report, 2022 Corporate Governance Statement and FY22 Investor Materials.



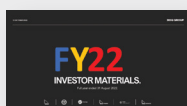
### Annual Report

Our FY22 Annual Report is available on the Annual Reports page of our website.



### Corporate Governance Statement

Our 2022 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's Corporate Governance Principles & Recommendations (4th edition) and is available on the Corporate Governance page of our website.



### FY22 Investor Materials

Our FY22 Investor Materials provide a high level overview of the Group's performance along with a detailed result analysis and a discussion on the outlook, which covers the macro environment and the Group's high level priorities. Investor Materials are available on the Financial Results page of our website.

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# BOQGROUP

We are always looking for ways to improve our reporting. Please send your questions or suggestions to our Investor Relations team at [InvestorRelations@boq.com.au](mailto:InvestorRelations@boq.com.au)

Bank of Queensland Limited  
ABN 32 009 656 740  
AFSL No. 244616  
Level 6, 100 Skyring Terrace,  
Newstead QLD 4006

Cover image (from left to right): Tracey and Innes Larkin, valued BOQ customers since 2006. They operate the award-winning Mt Barney Lodge, an eco-tourism business situated in the heart of the Scenic Rim, Queensland.

## 2022 snapshot

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**3<sup>rd</sup>** Ranked  
Net Promoter  
Score in 2022 <sup>(1)</sup>



**\$1.59m**  
Invested in community <sup>(2)</sup>



Employee  
Engagement Score  
**67%**



**37%**  
Representation  
of women in  
senior leadership <sup>(3)</sup>



Increase in lending <sup>(4)</sup>  
**\$5.5bn**



Capital investment of <sup>(5)</sup>  
**\$172m**



**90%**  
Emission reduction  
target by 2030 <sup>(6)</sup>



**Carbon  
Neutral  
Organisation**  
Received in 2021

Refer to page 34 for detailed endnotes relating to this table.



# Leadership message

Dear Shareholder

The banking landscape is evolving rapidly. We are operating in an environment of changing economic conditions, societal shifts in a post COVID world, digital disruption and the increasing impacts of climate change. Against this backdrop, BOQ is focused on building a sustainable business which is underpinned by our purpose – **'Building Social Capital through Banking'**.

This new purpose, together with a set of values which underpin it, set the key foundations in building a resilient and sustainable BOQ Group.

In FY22 we have evolved the management of the environmental, social and governance (ESG) impacts of our business. We have undertaken a thorough review of the most material ESG issues affecting our business which has enabled us to identify and elevate three key issues that matter most, customer experience, data governance and fraud and financial crime.

We have refreshed our strategic pillars to focus on four key areas – exceptional customer experience, the cloud based, digital bank, sustainable profitable growth and enriching people. This strategy addresses our key stakeholder issues with initiatives developed to ensure we are executing against these.

Our digital transformation program is central to addressing these most material issues and we have continued to make good progress during the year with the launch of the BOQ brand on our new digital banking platform. Joining VMA, we now have two brands enabled on the new platform which is delivering a superior customer experience, digitising our processes and enhancing our risk controls.

BOQ is committed to an integrated plan, supported by specialists to strengthen our financial and operating resilience and risk culture. Complementing this plan is the investment in our transformation program, which is critical to simplifying our technology and automating our processes. The ultimate aim of the program is to continue to provide better outcomes for our customers, bankers, and shareholders.

2022 tested BOQ's resilience to extreme weather events, living with COVID-19 and rising inflation costs. Our customers are also facing an environment of rising interest rates, a situation not experienced for more than a decade. We are proud of how we've supported our people, customers, shareholders and communities through these challenging times. Our Gympie, QLD and Lismore, NSW branches were severely impacted by the floods but were able to quickly adapt to ensure continued support for their communities. We have financial hardship support available and are working closely with our customers through this period.

The Group continues to take action on addressing climate change. In 2022, we have reduced our carbon emissions and built on our carbon neutral status with a new commitment to reduce our emissions by 90% by 2030<sup>(1)</sup>. We have made good progress towards our target of 100% renewable energy with 54% of the Group's energy needs now coming from renewable sources.

We have strong ties with the communities in which we operate and have continued to partner with Orange Sky Australia, Clontarf Foundation and Stars Foundation who work with some of the most vulnerable members of our community. This year we became members of Business for Societal Change (B4SI) to provide a consistent framework to measure and manage our social impact. We have invested \$1.59m during the year through five key partnerships, delivering real change.

We are confident that our new purpose and values provides us with a solid foundation to build a strong and resilient organisation as we strive to deliver our strategic priorities. We look forward to working with our people, customers, shareholders and the communities in which we operate in the coming years to bring our new purpose to life.



**Patrick Allaway**  
Chairman



**George Frazis**  
Managing Director and CEO

(1) Bank of Queensland Limited commits to reduce organisational scope 1 and 2 emissions by 90% and organisational supply chain scope 3 emissions by 40% by 2030 compared to a 2020 baseline.



# Our purpose: Building social capital through banking

BOQ Group believes in the power and potential of people. Through our suite of brands: BOQ, ME, Virgin Money Australia (**VMA**), Bank of Queensland Business (**BOQB**), BOQ Specialist (**BOQS**), and BOQ Finance (**BOQF**) we believe that banking is more than exchanging money. We believe in the development of relationships with our customers and communities.

Our Group has always understood the bigger picture – it's why we believe that people are at the heart of our business, and that there are no limits to what we can achieve when we work together.

In 2022 we introduced our new Group purpose: **Building social capital through banking**. We see 'Social Capital' forming the backbone of our values and strategic pillars.

It is our mission to build social capital for our customers, for our people, for our shareholders and for our communities.

Our purpose is our guiding light that allows everyone in the BOQ Group from the CEO to the newest employee to understand what we are all here to accomplish. A filter for decisions. A mantra that represents the DNA at the core of our company and remains true to our long-held focus on trust, empathy and making a positive difference.

During 2022, we also launched our new values. Our values articulate the behaviours we display as critical to ensuring we live our purpose every day and create long term value for our customers, shareholders and our people.

## BUILDING SOCIAL CAPITAL THROUGH BANKING

Group  
Purpose

Group  
Values

# S

**Spirited**

Be outrageously  
courageous

# O

**Optimistic**

To infinity  
and beyond

# C

**Curious**

Be truly  
madly deeply  
interested

# I

**Inclusive**

Tap the  
collective  
genius

# A

**Accountable**

Be the rubber  
that hits the  
road

# L

**Lionhearted**

Be fiercely  
caring

Strategic  
Pillars

**EXCEPTIONAL  
CUSTOMER EXPERIENCE**

Through loved brands,  
caring bankers, building  
relationships, and  
enriching communities.

**CLOUD-BASED,  
DIGITAL BANK**

With at scale unit costs,  
impactful data  
insights and fast  
innovative solutions.

**SUSTAINABLE  
PROFITABLE GROWTH**

With improving strength,  
risk and return.

**ENRICHING  
PEOPLE**

By developing curious  
bankers, building an agile  
organisation and being a  
good corporate citizen.



UN Sustainable  
Development Goals

Statement of  
commitment



**PARIS2015**  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

Paris Climate  
Agreement

Supporter (since 2008)



Financial Stability Board's  
Task Force on Climate-related  
Financial Disclosures

Align with and support



Climate  
Active Network

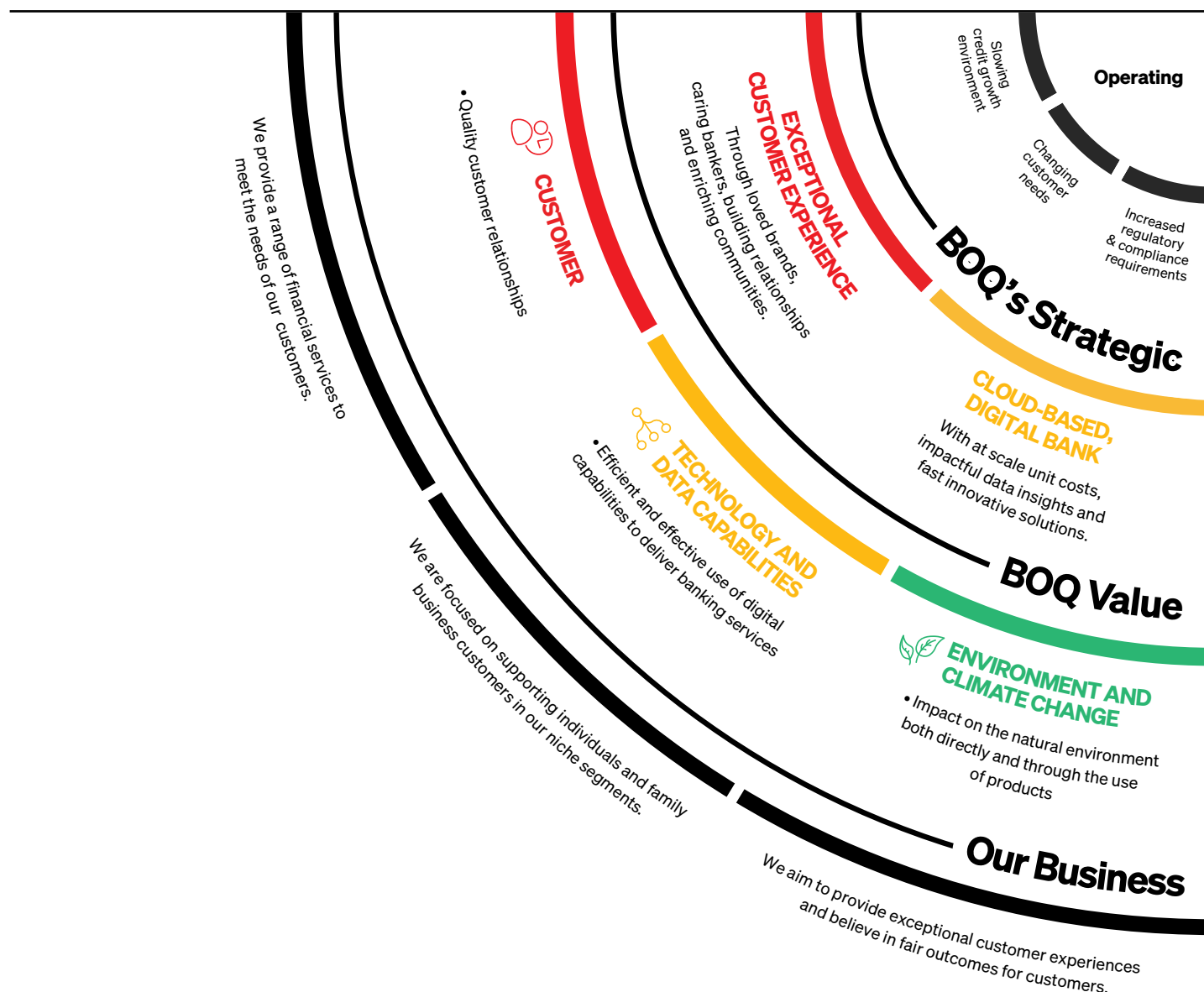
Member



Standard for  
Social Impact

Member

# How we create value



Retail and SME lending, deposits, credit cards and insurance

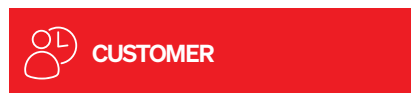


Home loans, deposits, credit cards, insurance, and superannuation



Home loans, personal loans, deposits and credit cards

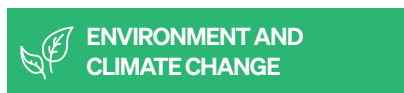
## BOQ Value



- Build trusted customer relationships with a personalised touch
- Achieve fair customer outcomes
- Support individuals and businesses to achieve their financial goals

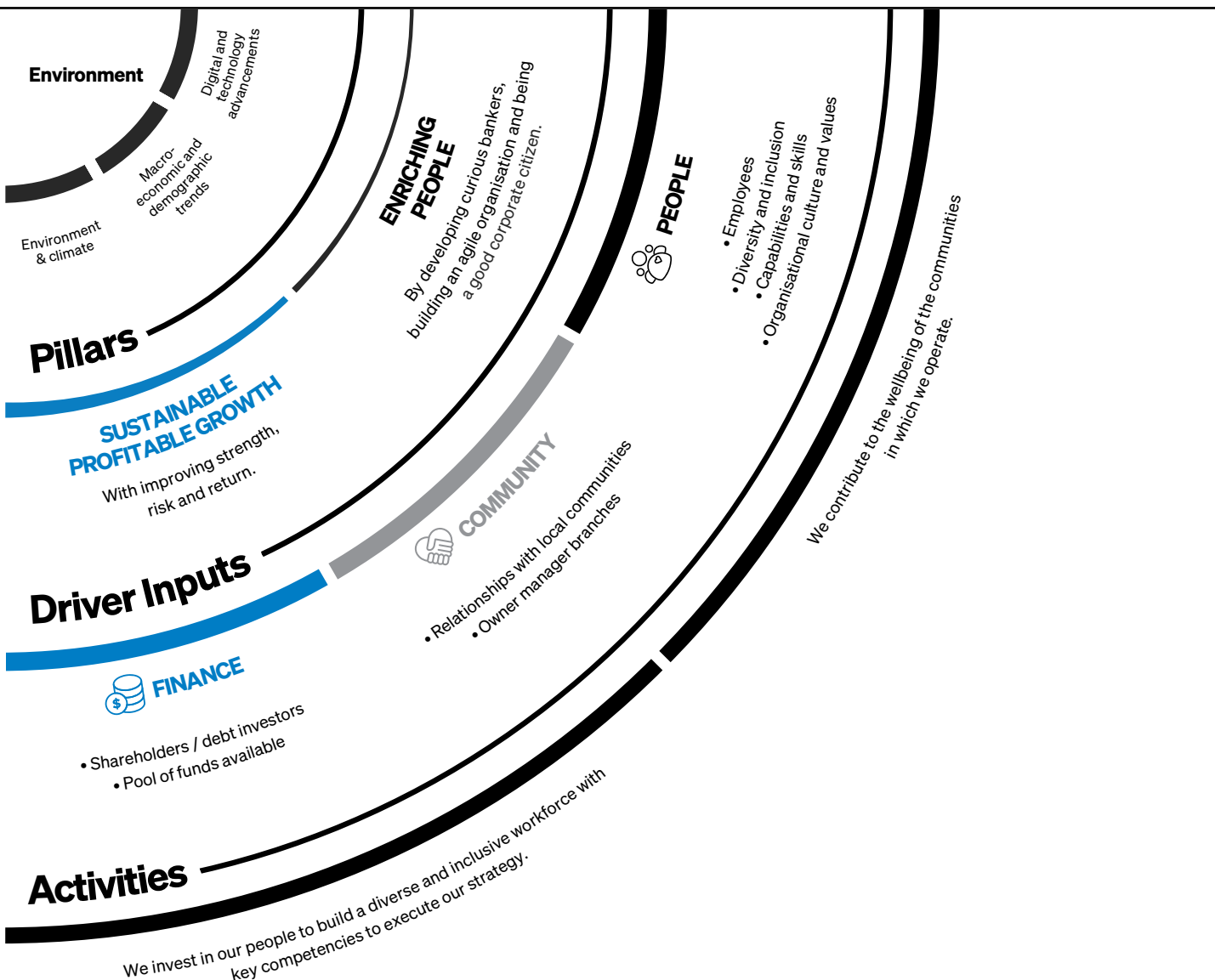


- Improve customer experience through flexible and resilient digital infrastructure
- Data insights driving customer relationships and experience
- Increase business efficiencies
- Data security, governance and privacy



- Accountability of BOQ Group's impact on the environment
- Attract customers, employees and shareholders whose values and banking choices are aligned to BOQ Group's environmental goals
- Contribute to Australia's transition to a lower carbon economy

At the core of how we create long term value for our stakeholders is our purpose-led culture and the execution of our strategy. This is underpinned by our value drivers and the associated business activities, which we undertake with the aim of delivering a set of key outcomes for our stakeholders.



Commercial lending, deposits, financial markets, insurance



Lending, deposits, credit cards, insurance for doctors and dentists



Asset Finance, Cashflow and Structured Finance solutions

## Driver Outcomes



- Returns to shareholders and capital reinvested for future growth
- Trusted to deliver sustainable returns
- Increased quality market share in niche segments
- Strengthen financial and operational resilience



- Experienced bankers anchored in the community
- Increase access to financial services and ongoing support
- Improve financial literacy and well-being of the community



- A resilient, adaptable, empowered, diverse and inclusive workforce with a strong sense of purpose and ethics
- Increase skills and capabilities of our people
- BOQ Group is seen as an employer of choice



# Sustainability balanced scorecard

The table below shows our progress in meeting our business and social commitments. They are designed to be specific and time-bound while also aligning with the United Nations Sustainable Development Goals (SDGs), where applicable. These targets support BOQ Group's sustainability strategy and will be revised in line with strategic goals.

Focus areas / sustainable development goals	BOQ value driver inputs	Target / commitment
<b>Supporting economic &amp; customer resilience.</b>   	 <b>Customer</b>   <b>Finance</b>	<p>Year on year above system quality growth in Housing and Commercial GLAs relative to comparable authorised deposit taking institutions<sup>(1)</sup></p> <hr/> <p>Sustainable growth in cash earnings per share (<b>Cash EPS</b>) from FY21 onwards<sup>(2)</sup></p> <hr/>
<b>Data protection &amp; governance.</b> 	 <b>Technology &amp; data capabilities</b>	<p>Deliver Open Banking capability by FY22<sup>(3)</sup></p> <hr/> <p>Nil significant notifiable cyber security or privacy breaches, which result in the public disclosure of data<sup>(4)</sup></p> <hr/>
<b>Customer experience &amp; product responsibility.</b> 	 <b>Customer</b>	<p>Top 3 NPS ranking for Retail and SME customers<sup>(5)</sup></p> <hr/> <p>Product simplification – halve the number of products available for sale from 202 in FY19<sup>(6)</sup></p> <hr/>
<b>Conduct, governance &amp; culture.</b>   	 <b>Customer</b>   <b>People</b>	<p>Ensure our employees complete all mandatory compliance learning modules<sup>(7)</sup></p> <hr/> <p>All relevant Royal Commission recommendations implemented by 2021<sup>(8)</sup></p> <hr/> <p>Top 3 ranking for signatories to the Banking &amp; Finance Oath<sup>(9)</sup></p> <hr/>
<b>Climate change, sustainable finance &amp; environment.</b>    	 <b>Environment &amp; climate change</b>	<p>Achieve carbon neutral accreditation by 2020</p> <hr/> <p>Ongoing participation in the Clean Energy Finance Corporation (CEFC) co-financing program<sup>(10)</sup></p> <hr/> <p>Achieve RE100 status<sup>(11)</sup></p> <hr/>
<b>Workforce empowerment &amp; capability.</b>    	 <b>People</b>	<p>Increase employee engagement to 72% (top quartile of employee engagement) by FY23<sup>(12)</sup></p> <hr/> <p>Gender diversity target on the Board of 40% female, 40% male and 20% of any gender<sup>(13)</sup></p> <hr/> <p>Senior leadership target of 40% female, 40% male and 20% any gender from FY21 onwards<sup>(14)</sup></p> <hr/>
<b>Community support &amp; involvement.</b>    	 <b>Community</b>	<p>Increase community investment to \$1m p.a. by FY23<sup>(15)</sup></p> <hr/>
<b>Innovation, transformation &amp; execution.</b>  	 <b>Technology &amp; Data Capabilities</b>	<p>Capital investment of \$100m p.a. FY20 – FY22<sup>(16)</sup></p> <hr/> <p>Launch VMA digital bank by late 2020</p> <hr/>

Refer to **page 34** for detailed endnotes relating to this table.



Below expected progress



Steady progress



Well progressed



Achieved

FY20	FY21	FY22	Progress
Housing: 0.9x system Commercial: Positive to system, which is negative for both	Housing: 1.7x system Commercial: 0.8x system	Housing: 1.0x system Commercial: 0.6x system	
49.6 cents per share (CPS) (-36% from FY19)	74.7 cps (+51% from FY20)	78.4 cps (+5% from FY21)	
In progress	Delayed but steady progress	Phases 1, 2 and 3 delivered. Work ongoing to deliver remaining compliance requirements and several other CDR requirements <sup>(17)</sup>	
Nil	Nil	Nil	
Retail: 3rd SME: Micro-3rd; Small-3rd; Medium-3rd	Retail: 3rd SME: Micro-4th; Small-2nd; Medium-6th	Retail: BOQ-3rd; ME- joint 5th SME: Micro-4th; Small-5th; Medium-4th	
15% reduction	26% reduction	9% reduction 43% reduction since 2019	
94.5%	95.5%	96.7%	
9 implemented; 1 underway; 15 government legislation or review; 51 not relevant to BOQ	10 implemented; 15 government legislation or review; 51 not relevant to BOQ	Implemented controls to comply with new breach reporting and anti-hawking obligations that commenced during 2022	
FY20 score: 158; ranked 2nd	FY21 score: 158; ranked 3rd	FY22 score: 142; ranked 3rd	
Accreditation in train	Climate Active carbon neutral accreditation complete	Climate Active carbon neutral accreditation complete - reduction targets set	
\$8.4m	\$7.5m	\$5.5m - CEFC program concluded	
In progress	In progress	In progress - 54% renewable consumed	
59%	64%	67%	
37.5%	37.5%	50%	
35%	39%	37%	
\$841k	\$867k	\$1.59m	
\$100m	\$103m	\$172m	
Family and friends launch scheduled for late 2020	VMA digital bank launched March 2021	myBOQ digital transaction accounts launched March 2022	

# Stakeholder engagement

Stakeholder engagement plays a key role in the identification and prioritisation of key sustainability focus areas for BOQ Group.

We capture the insights from a wide range of stakeholders through a range of formal and informal feedback mechanisms to make informed decisions about prioritising and acting on BOQ Group's material issues for FY22.

Stakeholder	Why they are important to us	How we have engaged
 <p>Customers</p>	<p>Delivering exceptional customer experiences through loved brands and superior customer propositions is central to BOQ Group's purpose. We partner with customers to build long term relationships and enrich communities by providing a range of financial solutions to meet their evolving needs.</p>	<ul style="list-style-type: none"> <li>• A deep understanding and ongoing monitoring of customer feedback across BOQ Group's contact centres, branches, specialist bankers and digital channels</li> <li>• Listening to customer experience feedback through surveys</li> <li>• Customer sustainability survey and materiality assessment</li> <li>• Market research on customer needs</li> <li>• Resolving customer complaints and interactions with Customer Relations specialists and Customer Advocate Office (CAO)</li> </ul>
 <p>Investors</p>	<p>BOQ Group's equity and debt investors provide an important source of funds that ultimately creates value for our stakeholders. Investors expect sustainable returns on their investment while balancing the need to reinvest generated capital to fund future growth.</p>	<ul style="list-style-type: none"> <li>• Biannual reporting and investor presentations</li> <li>• Regular management and director briefings and meetings with investors, analysts, and credit rating agencies</li> <li>• Annual governance meetings</li> <li>• Direct feedback from shareholders</li> <li>• Shareholder queries and voting preferences at our AGM</li> </ul>
 <p>Employees</p>	<p>Our employees are key to the success of our business. We value diversity and inclusion and rely on their capabilities and skills to deliver exceptional customer experiences and value for stakeholders.</p>	<ul style="list-style-type: none"> <li>• Regular workplace culture and engagement surveys</li> <li>• Leader sustainability survey and materiality assessment</li> <li>• Team meetings, town hall forums, leader presentations and webcasts</li> <li>• Internal communication channels (intranet, all-company emails, Yammer)</li> <li>• Affinity networks - employee resource groups</li> </ul>
 <p>Community and Society</p>	<p>We recognise the importance of contributing to the well-being of the wider community. Led by our passionate people and owner managers anchored in their local areas, BOQ has established good relationships with the communities in regional and metro areas in which it operates.</p>	<ul style="list-style-type: none"> <li>• Engagement with our community partners focused on financial literacy and well-being of the community</li> <li>• Community volunteering and fundraising initiatives</li> <li>• Participation in meetings, conferences and industry collaboration</li> <li>• Regular discussions with non-governmental organisations on ESG issues and Bank strategy / policy developments</li> </ul>
 <p>Government and Regulators</p>	<p>An open, trusted and productive relationship with government and regulators is essential for a strong, stable and competitive banking system that operates in the best interests of consumers.</p>	<ul style="list-style-type: none"> <li>• Ongoing engagement and prudential reporting with government and regulators</li> <li>• Meetings and committee appearances</li> <li>• Participation in policy development submissions to inquiries and consultation</li> <li>• Membership and active participation with Australian Banking Association (ABA) working groups</li> <li>• Engagement with key State and Federal political and Departmental stakeholders</li> </ul>
 <p>Suppliers</p>	<p>Developing collaborative relationships ensures our key suppliers share our values and support our goal to make a positive impact on the environment and society.</p>	<ul style="list-style-type: none"> <li>• Formal and informal discussions with suppliers and ongoing vendor consultation including ESG engagement</li> <li>• Executive level engagement for strategic partner relationships</li> <li>• Risk-based assessments through contract renewals and the tender process</li> </ul>



# The issues that matter most

In accordance with sustainability reporting best practice, BOQ Group regularly reviews the most material environmental, social, and governance issues affecting our business. These topics represent the issues that are relevant and impactful to both stakeholders and to the business.

Following the acquisition of ME Bank and launch of our new purpose we have recently undertaken an ESG materiality assessment. The process for the assessment included:

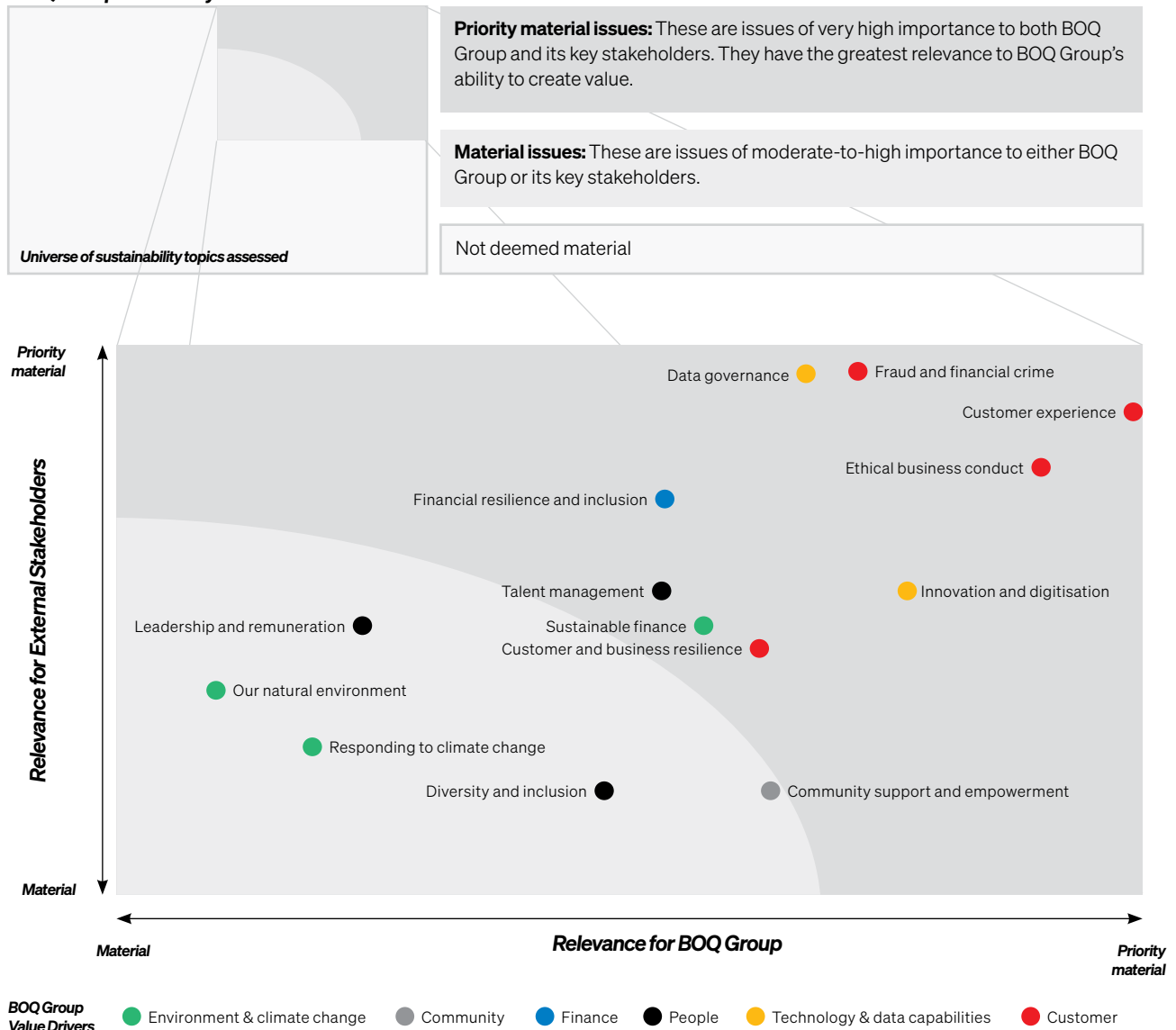
- Review of BOQ Group's strategic priorities, risks, and current emerging megatrends;
- Review of global standards (e.g. the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB);
- Regulatory review;
- Survey and interviews with BOQ senior management; and
- Stakeholder survey across our customers, people, suppliers and community partners.

The assessment identified 14 topics of material importance, which align to the BOQ Group value drivers. The following three key issues were elevated from the prior assessment:

- 1) Customer experience - delivering exceptional customer experiences through consistent, fair, easy-to-use and accessible-from-anywhere banking products and services;
- 2) Data governance - ensuring the ethical and safe protection of data and safeguarding systems from cybersecurity threats; and
- 3) Fraud and financial crime - ensuring that the company and its customers are protected from fraud, money laundering, tax evasion and other financial crimes.

These issues highlight the increasing importance of the digital transformation of our systems for our people and customers.

**BOQ Group Materiality Matrix**





## Customer experience and product responsibility

Sustainable development goals



Delivering exceptional customer experiences through consistent, fair, easy-to-use, and accessible-from-anywhere banking products and services that can accommodate complex customer needs with a personal touch while supporting those who are vulnerable or experiencing hardship.



**+21**  
RANKED: 3RD

Net promoter score<sup>(1)</sup>



**+17**  
RANKED: JOINT 5TH

### Why is this important?

Delivering an exceptional customer experience is fundamental to how we think about our purpose and values and helps us differentiate ourselves from our competitors.

We have a responsibility to only lend what customers can afford, to provide clear terms and conditions, and to help customers when they need it. We comply with regulatory guidance and continually evolve our policies and frameworks to uphold best practice and deliver fair customer outcomes.

**43%**

Reduction in number of BOQ products for sale since 2019<sup>(2)</sup>

**79%**

Complaints resolved at first point of contact

## Driving a customer obsessed culture

Our focus on enhancing the customer experience is core to our business and one of our four strategic pillars. We believe customers benefit from long term relationships, a great banking experience and innovative and personalised solutions. We ask our people to streamline and simplify processes, take ownership to resolve customer issues and to identify and address customer feedback. Our Chief Experience Officer and Executive Customer Committee provides strong governance to ensure we are listening and improving customer outcomes across the BOQ Group.

### Listening to what our customers want

We regularly monitor what customers tell us they need and measure our performance accordingly. We listen to our customers through Net Promoter Score (NPS) surveys, deep community engagement via our owner managers, monitoring of operational metrics such as call centre wait times, time-to-yes-loan approvals, system outages and by actively managing complaints, identifying trends and undertaking analysis to resolve issues.

During the year we experienced declines in our customer advocacy resulting from digital platform outages and increasing contact centre wait times. Our customer feedback enabled us to implement changes to improve these issues and we concluded the year with an upward trend. Retail NPS trended upward with BOQ ranked 3rd and ME joint 5th, while BOQ Business NPS declined slightly to be ranked 4th<sup>(3)</sup>.

**3%**

Increase to AFCA IDR<sup>(3)</sup> uphold rate compared to FY21<sup>(6)</sup>

**69%**

Increase in IDR<sup>(3)</sup> complaints recorded compared to FY21

**13%**

Increase in EDR<sup>(4)</sup> complaints compared to FY21

### Learning from customer complaints

We use complaints as an opportunity to learn and provide a better experience for all customers. In FY22, BOQ Group transformed complaints management through an improved complaints management system and increased training for our people to identify, report, manage and resolve customer complaints.

These initiatives have seen the total number of internal complaints recorded increase by 69%. We aim to resolve customer complaints on the spot where possible and achieved an average two day front-line complaint response time. For complicated complaints requiring detailed investigation and case management by our dedicated Customer Relations team, the average time to resolve was 13 days.

The Office of the Customer Advocate (CAO) also operates independently from BOQ business operations ensuring our customers are heard, understood and treated fairly. The CAO aims to improve our capability and processes relating to case management, customer vulnerability, fairness and stakeholder engagement.

Customer vulnerability is an increasing focus of the CAO, who were involved in 268 support and advice matters in FY22, 88% of which related to customers experiencing vulnerability. The increased training and tools provided to our front line teams is critical to the role we play in identifying and assisting these customers.

As a response to updated Australian Securities and Investments Commission (ASIC) guidance on dispute resolution (RG271) the Customer Advocate no longer reviews individual complaints. This function is now provided through the Australian Financial Complaints Authority (AFCA).

(1) Assessed on a Main Financial Institution (MFI) basis for BOQ & ME Retail.

(2) Refer to Sustainability Balance Scorecard endnote 6 on page 34

(3) IDR refers to Internal Dispute Resolution

(4) EDR refers to External Dispute Resolution

(5) Assessed on an Any Financial Relationship (AFR) basis for BOQ Business

(6) AFCA decisions in favour of BOQ increased 3% compared to FY21.

## Key customer outcomes delivered

### Digital experiences, seamless and easy banking

We've continued to deliver on our digital transformation program launching a new market-leading app, myBOQ in March 2022. This offers customers an intuitive mobile banking experience with self service capabilities, real-time NPP payments, automated savings round-up capability and personal financial management tools that we know our customers value. The launch of the myBOQ app further demonstrates our ability to develop a market-leading customer proposition through our multi-brand strategy underpinned by a common cloud-based platform reducing our cost to serve.

During the year we also rolled out a new cards management system for BOQ customers, which improves their digital experience and provides them with greater control over their spending by allowing them to block certain merchant categories, manage limits and put temporary holds on their cards. These features empower customers with real-time and transparent insights to make informed decisions to better manage their finances.

Recognising the importance of home ownership to our customers, we've focused on making the lending process quicker and easier. In FY22 we launched new portals and tools to support our broker partners, improved our home buying processes and implemented a range of initiatives, including digital signatures for ME. We also launched an online hub for first home buyers to help them on their journey and a new property report hub, which gives customers access to free property and suburb reports.

### Customer protections

We have certain obligations, such as those under the National Consumer Credit Protection Act and the Banking Code of Practice to take steps to protect our customers, and we are committed to retaining their trust. For example, we must only lend to certain customers where the loan would not be unsuitable for them, and we

always aim to provide clear terms and conditions for our customers that help them understand how our products and services work. We continually evolve our credit policies and frameworks to uphold best practice and deliver fair customer outcomes.

In FY22, the Group delivered new protections in relation to product design and distribution, consistent with new obligations overseen by ASIC. As part of this, the Group developed target market determinations for all of its relevant products and services, to help ensure that only customers in a target market acquire those products or services. The Group has also established processes and controls to comply with relevant legal and regulatory obligations, such as those set out in ASICs Regulatory Guide 234, when preparing and publishing marketing material.

To ensure we treat our customers fairly, we have updated our Facility General Conditions in FY22 to remove terms that may be considered Unfair Contract Terms (UCT) for new lending and have an agreement in place with ASIC to continue to not enforce such terms for historical contracts. We have also undertaken a review of other lending and non-lending terms and conditions with a view to removing any terms that may be considered to have a similar effect.

Throughout the year, we also enhanced our approach to responsible lending including monitoring the number of customer complaints and requests for financial hardship assistance. BOQ Group identifies customers experiencing financial hardship through training our bankers to identify signs of hardship, contacting customers in arrears and by including details of our hardship programs on our website.

BOQ customers, Innes and Tracey Larkin, are one example of how BOQ builds social capital through banking, through supporting their accredited eco-tourism award winning business, Mt Barney Lodge. Just over 16 years ago, Innes and Tracey sought funding to purchase the family property and business from their parents, with plans to grow and expand Mt Barney Lodge into a leading eco retreat located next to the World Heritage-listed Mt Barney National Park. After being turned down by other banks, the couple met with Daniel Connor, Owner Manager of BOQ Victoria Point who was curious about the then new concept of eco-tourism. Daniel listened to their idea and helped them to realise their vision and today, Tracey and Innes run an award-winning travel business.

**“Daniel Connor literally changed my life. His genuine care for us and our dream, and helping me to achieve it is a rare thing. I recommend him to anyone and everyone I can. I will never leave BOQ while I have Daniel and his awesome team to support me and my family.”**

- Tracey Larkin, BOQ customer







## Supporting economic and customer resilience

Sustainable development goals



We support the resilience of BOQ Group's customers and people with clear processes, while supporting the broader economy and continuing sustainable profitable growth.

# \$4.4bn

Increase in home lending in FY22

# \$1.1bn

Increase in business lending in FY22

### Why is this important?

Our customers and broader society have been affected this year by extreme weather events, living with COVID-19 and economic uncertainty with increasing inflation and changes to the interest rate environment.

BOQ Group is committed to supporting our customers and the wider economy. We have a range of measures to assist in navigating these challenges, particularly for customers who are facing financial difficulty and vulnerability.

While recovering from the persistent health and economic impacts of COVID-19, 2022 has also brought new resilience challenges in the form of intense weather systems that led to record rains and flooding, geopolitical instability and price inflation, and uncertainty resulting from the first increase in Australia's official cash rate in 11 years.

### Business resilience and credit risk management

BOQ Group has taken the lessons of 2020 and 2021 and ensured we continually refine our processes and systems to respond to evolving circumstances.

We continue to enhance our scenario analysis tools and models to provide insights into our portfolio's resilience and vulnerability to adverse economic conditions. These tools are utilised in capital management and stress testing exercises to understand how our portfolios could be impacted under a range of scenarios. They are also utilised in capital, liquidity, provisioning and credit strategy decisions, to ensure the Group can quickly respond to changes in the economic environment.

BOQ Group has strong capital and liquidity levels. Our portfolio is well positioned to withstand potential impacts from a rising rate environment given serviceability buffers used in loan origination assessments, prepayment buffers built up by customers and low levels of high Loan-to-Value Ratio (LVR) lending in the portfolio.

### Customer support

BOQ Group continues to work with the ABA and regulators to support customers, most recently those impacted by lockdowns in late 2021 and the severe flooding events that impacted south east Queensland and New South Wales throughout the first half of 2022.

The highly skilled Customer Assistance team provide support to customers affected by financial difficulties or hardship, reviewing over 400 applications for assistance each month across all brands.

Our bankers work closely with customers to understand their needs and support them during these uncertain times.

Customers experiencing financial difficulty or vulnerability remain a priority with a range of support options, which include loan repayment deferral, fee waivers and cash flow support. Where further deferrals or restructuring may not be in the best interest interests of a customer we will work closely with them to find a responsible and fair solution.

### Supporting disaster recovery and economic resilience in our communities and people

From December 2021 to April 2022, Australia's east coast endured a series of intense weather systems that led to record rains and flooding. Many communities received more than a year's worth of rainfall in one week and this widespread flooding impacted our operations, people, customers and the communities in which we operate.

Our critical incident Employee Assistance Program (EAP) was mobilised for our employees impacted by the floods, which provided access to up to five days paid natural disaster leave and three days volunteer leave to support flood recovery efforts.

As part of BOQ Group's response to this severe weather event, over \$180,000 was donated across multiple services who played a critical part in aiding affected local communities, including the Queensland Fire and Emergency Services, New South Wales State Emergency Service, BOQ's charity partner (Orange Sky) and donations of funds and goods to local area initiatives. Our people were able to access dollar-matching for employee donations and over 2,000 hours were accessed via community service and flood leave. Furthermore, BOQ made its Emergency Fast Track Relief assistance available for affected customers which provided relief to over 205 customers by way of loan deferrals and temporary overdraft facilities.



## BOQ branch recovery

Our Gympie and Lismore branches were entirely submerged during the flood event. These teams displayed resilience and adaptability in securing the safety of cash and documents, and establishing temporary branches, which ensured the continued support for their communities.

Gympie Owner Manager, Jellina White described the situation as a 'nightmare', but quickly responded to restore operations to support her community of 18 years, backed by the local football team that the BOQ Gympie branch sponsors.

Shortly after the flood waters had subsided, her team spun into action and adapted. They set up a marquee to deliver basic banking operations from the carpark, working with a satellite phone, newly purchased printer and other nearby BOQ branches to manage cash and coins.

Despite both Lismore and Gympie branches being severely impacted, they both remained open and available for their communities in the pouring rain and searing heat.

They also donated to community groups, assisted with 'mud army' clean-up efforts and brightened their community's Easter holidays by delivering an incredible 5,000 chocolate eggs to hubs like The Salvation Army, Vinnies and food banks. These gestures sparked tears of joy and hugs from locals.

One Gympie-based customer that will be forever grateful is Bevan's Small Engine Repair Centre. Their business was not only completely submerged by flood waters but then robbed by looters. Furthermore, their investment property was also impacted.

Owner, Rachel Fernie said: "With everything going on, we didn't have the time to travel to other towns to bank money. BOQ Gympie's temporary branch setup meant we could get paid, pay our employees and keep the lights on while we restored our properties and sorted out insurance claims.

"BOQ Gympie not only helped us bounce back but worked with us to futureproof our business. We had our eye on another business site that would be less flood prone, and when it became available, they quickly helped us to secure financing for it."

BOQ Gympie and Lismore branches remain committed to their local communities and are expected to be fully operational in their permanent sites by the end of 2022.



## Data protection and governance

Sustainable  
development  
goals



Ensuring the ethical and safe protection of data and safeguarding systems from cyber security and data privacy threats.

# Nil

Significant notifiable cyber security or privacy breaches resulting in public disclosure of data

# 98%

Of tier 1 suppliers have third party cyber security controls assessments<sup>(1)</sup>

### Why is this important?

As a cloud-enabled, digital bank, strong customer data rights and protection is our strategy and our responsibility. BOQ Group respects and protects the customer information that we are entrusted with.

To ensure security, privacy and compliance, BOQ Group utilises an information security framework aligned with industry best practice frameworks. BOQ Group utilises a secure-by-design and defence-in-depth approach to protect its security perimeter and services. We will continue to review and improve our management systems to protect the confidentiality, integrity and availability of customer information and services.

## Cyber security

Globally, the financial services sector is increasingly targeted by a higher volume of ever-more sophisticated cyber security threats. Threats and risks increased throughout the pandemic as more people transacted online and changed their shopping patterns and lifestyles. For BOQ Group, there was an increased need to protect our customers and systems from criminal activity and emerging vulnerabilities. To ensure our customers and network remains protected, BOQ Group has uplifted its cyber security maturity and capability with security by design, defence in depth and 'active defence' mechanisms to ensure security is robust and resilient.

The Group has been independently audited by leading cyber security audit and consulting firms, which have assessed the Bank as having a resilient, mature, and continually improving cyber security posture. BOQ Group has dedicated teams for cyber security incident response, threat management, vulnerability management, identity and access management, strategy, governance, risk management and security architecture.

### Risk Management Culture

BOQ Group is committed to driving a culture of risk management, security and privacy. All employees and contractors receive cyber security and privacy training at least annually, and our education program focuses on driving cyber security awareness in an evolving external environment. BOQ Group are members of ID-Care to help protect and support the digital identity of all Australians.

Around 98% of BOQ Tier 1 vendors have completed Third Party Cyber Security Controls Assessments on design and operating controls in line with Australian Prudential Regulation Authority (APRA) CPS234 obligations extending to SOC 2 Type 2 Audit results, ISO27001 management system alignment and certification status and adherence to best practice such as the National Institute of Standards and Technology (NIST) cybersecurity framework.

BOQ Group's cyber security governance framework ensures cyber security related issues and risks are constantly monitored in a rapidly changing landscape using efficient and effective treatment plans.

Risk assessments are conducted for all vendors and projects. Our people are trained in risk management and conduct risk assessments in their daily roles. Formal risk assessments are conducted annually in line with enterprise-wide risk management.

BOQ Group works closely with its cyber security service providers and industry-leading threat intelligence partners and security teams from other financial services organisations as part of our threat management and incident response functions.

Return on investment for cyber security investment is measured through an increasing cyber security maturity score. Indicators of our performance are measured and monitored continuously and reported regularly to specialist analysts and management. BOQ Group utilises intelligence led exercises to test and improve security team response and performance. Cyber security audits and attestations are conducted annually for regulators, SWIFT, AusPayNet, insurers and other working partners. Monitoring also includes fundamental cyber security monitoring such as vulnerability monitoring, penetration testing and controls testing.

Cyber security performance is ultimately measured by protecting the confidentiality, integrity and availability of our information and trust in our banking services. BOQ Group have had no breaches that resulted in public disclosure of data in the reporting period.

<sup>(1)</sup> Detailed questionnaires assess design and operating controls in line with APRA's CPS234 obligations. Vendors are also questioned on SOC 2 Type 2 Audit results, ISO27001 management system alignment and certification status and adherence to best practice frameworks such as NIST.



## Customer data privacy

BOQ Group is committed to respecting and protecting the privacy of our customers' personal data. Consistent with this commitment, the Group has established a range of policies, processes and controls. Our Privacy Policy explains how we collect, store, use and disclose personal information and how we comply with privacy laws.

The Privacy Policy establishes the governance structure in place for privacy management including the appointment of a designated Privacy Officer responsible for monitoring, reviewing and revising our privacy practices, procedures and systems as well as responding to privacy-related queries or concerns.

In the event of a privacy breach, BOQ Group has processes in place to ensure these risks are managed in a timely and effective way. These processes also ensure notifiable data breaches are disclosed under the Notifiable Data Breaches scheme.

The Bank has established Group-wide training to ensure that all employees understand our privacy obligations and the requirements of BOQ Group's policies, processes and controls. Training is compulsory for new starters and on an ongoing basis with consequences for non-compliance.

A copy of BOQ Group's Privacy Policy can be found on our website.

## Consumer Data Right and Open Banking

The Consumer Data Right (CDR) regime (commonly referred to as "Open Banking" in the banking sector) is overseen by the Australian Competition and Consumer Commission (ACCC) and aims to give consumers more control over their banking data and improve customers' ability to compare and switch between products and services. BOQ is committed to complying with the CDR regime, and continues to progress implementation of CDR requirements.

While BOQ (excluding ME Bank) did not initially meet the Phase 1, 2 or 3 compliance dates, on 30 June 2022 BOQ confirmed to the ACCC that all three phases had been successfully delivered. Separately, ME Bank received an exemption from the ACCC for the CDR requirements until 30 June 2022. ME Bank successfully commenced data sharing on 28 June 2022.

There are a number of further compliance requirements under the CDR regime that are due throughout 2022. This includes requirements to deliver joint account functionality by 1 October 2022, as well as secondary user capability and non-individual accounts by 1 November 2022. While BOQ is largely on track to deliver these requirements, it is likely there will be some delay, although BOQ expects to still deliver each of these requirements by the end of October and November 2022 respectively. The Group also continues to progress implementation of several other CDR requirements, including improvements to ensure that the Group's products have commensurate latency between digital channels and CDR APIs.

BOQ has a Rectification Schedule in place with the ACCC, which sets out the status of its implementation of CDR requirements. The Rectification Schedule is publicly available.

On 23 June 2022, the ACCC issued BOQ with an infringement notice in relation to non-compliance with the CDR rules. The notice includes a monetary penalty of \$133,200. It is uncertain what other actions (if any) will result following the delay in meeting other CDR requirements as set out in the Rectification Schedule.

## Regulatory reporting

BOQ Group recognises the need for a robust prudential and regulatory environment to ensure a resilient, stable and growing Australian banking industry. The Group meets its prudential and other regulatory obligations through regular reporting to financial regulators including the ACCC, ASIC, APRA and the Reserve Bank of Australia (RBA).

BOQ Group operates a comprehensive Regulatory Reporting and Data Program to ensure timely, accurate and comprehensive data is provided in regular reports to APRA that can be relied upon by peer regulators, government, Treasury and the Australian Bureau of Statistics.

We continue to invest in this program to deliver new reporting requirements to further enhance the standards of data quality and data governance and to support the Bank's ability to provide timely and accurate reporting.

## Social capital is protecting our customer data.

A comprehensive multi-year program of work has been established to deliver APRA's Comprehensive Credit Collection, designed to measure the pace of change for the banking industry. This will provide data at a more granular level that can be used for multiple purposes and moves away from traditional form-based returns.

In addition, progress is underway to deliver Basel III enhancements aimed at reinforcing the industry's 'unquestionably strong' capital position, as recommended by the Financial System Inquiry, and to improve the flexibility of the capital framework to respond during periods of stress.



## Conduct, governance and culture

Sustainable  
development  
goals



Our values and purpose underpin a positive and ethical culture across the Group, where accountability is key. We have systems in place to foster our people doing the right thing, speaking up fearlessly and ensuring the BOQ Group continues to be a good corporate citizen.



Enhanced background  
screening of our people

# 76%

Of our people feel  
safe speaking up<sup>(1)</sup>

# 81%

Of our people think risk is a core  
part of our decision-making

### Why is this important?

In banking we need to build trust by being honest, respectful and ethical every day. These are the non-negotiables for running a business like ours.

BOQ Group must hold its conduct, governance and culture to the highest standards.

Encouraging our people to speak up, be accountable and foster a strong risk culture allows us to continue providing exceptional customer experiences, while meeting community and stakeholder expectations.

## Purpose-led culture

We build social capital through banking every day. Our new purpose, values and strategic pillars articulate the why, how and what for our Group.

Creating a culture at BOQ Group that brings our purpose to life, living our values and achieving our strategic pillars is fundamental to our transformation strategy. To do this, we are continuing to build a culture where we all pursue excellence, support others, share ideas freely, embrace accountability and work effectively together to achieve our goals.

## Rebuilding trust

Living our purpose is key to rebuilding trust following the Royal Commission into Financial Services.

This includes addressing conflicts between the interests of financial institutions and their customers, ensuring customers are treated fairly and ensuring regulators have the powers and resources needed to be effective in their enforcement and supervision role.

BOQ Group has implemented controls to comply with new breach reporting and anti-hawking obligations that commenced during the 2022 financial year, in response to recommendations made by the Royal Commission. BOQ Group has enhanced its approach to identify, assess and manage new and changed laws and regulations, through the establishment of a formal, Group-wide Regulatory Change Framework.

## Accountability and transparency

One of BOQ Group's values is to be 'Accountable: Be the rubber that hits the road'. Being accountable is knowing the right thing to do, managing risk, speaking up, owning up, acting with integrity and then being 100% accountable for ensuring something gets done.

In living up to our values, the Group recognises the importance of the Banking Executive Accountability Regime (**BEAR**) program as it promotes a culture of accountability, provides clarity to accountable persons and supports strong governance practices, which ultimately enables better outcomes for our people, customers and communities.

During FY22 BOQ Group focused on maturing its BEAR program. Notable achievements included building greater awareness of BEAR throughout the organisation via training across all divisional leadership teams, implementing an enhanced approach for cascading accountabilities, refreshing procedures (including delegations to provide clarity and empower the right people to make decisions), and strengthening governance practices for management committees.

## Modern slavery

BOQ Group is committed to contributing to society's efforts to address and ultimately eliminate any exploitation of vulnerable people with which we may be involved, directly or indirectly, and to address any risk of slavery, human trafficking and forced labour. Respecting and protecting human rights across our operations and supply chains is an area of great importance to the Group, our shareholders, customers and the communities where we operate. Accordingly, the Group seeks to engage with suppliers and customers who have a similar ethical approach to doing business and has taken steps to manage its supply chain in this way.

The Group also takes its compliance obligations under the Australian Modern Slavery Act 2018 (Cth) seriously and submitted its second Modern Slavery Statement with the Australian Border Force in February 2022. This statement detailed the steps the Group has and is taking to minimise the risks of modern slavery in our operations and supply chains, including enhanced risk assessment, policies, monitoring, training and supplier attestations. The statement is publicly available on the government's online register and can also be found on our website. The BOQ Group will continue to progress its program of work on modern slavery risks, particularly in the management of third-party suppliers.

<sup>(1)</sup> 76% of our people agree or strongly agree with the statement "I feel safe speaking up" based on Sep 22 Pulse Survey.

## Corporate governance

The Board is responsible for our overall corporate governance and recognises the role it plays on behalf of shareholders and the industry. In FY22 the Board continued to oversee the cultural transformation program and has continued to monitor progress against key focus areas. The Board also completed a review of its composition to enhance its effectiveness and to ensure the right mix of capabilities to oversee the Group's performance and transformation.

The Board remains focussed on enhancing BOQ Group's risk culture and governance framework. Further detail on the Group's corporate governance can be found in the FY22 Corporate Governance statement available on our website.

BOQ is committed to an integrated plan, supported by specialists to strengthen our financial and operating resilience and risk culture. Complementing this plan is the investment in our transformation program, which is critical to simplifying our technology and automating our processes. The ultimate aim of the program is to continue to provide better outcomes for our customers, bankers, and shareholders.

## Remuneration

The BOQ Group responsibly remunerates its people and Owner Managers.

A key component of BOQ Group's remuneration framework is that no cash variable reward components are paid to Group Executives, with all performance-based remuneration delivered using deferred equity. Around 60% of total variable reward is subject to performance against the Group scorecard, which includes a number of environment, social and governance indicators such as customer advocacy, employee engagement, diversity, turnover, climate change, simplification and productivity enhancement, strong risk position and sustainable growth in profits.

Further information can be found in the FY22 Remuneration Report.

## Social capital is trusting your team.

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### Ethical Banking

BOQ Group maintains a high standard of ethics and transparency across the organisation.

We have high expectations that our people will act in alignment with our purpose and values, defined in our Code of Conduct, which sets out how we do business, how we deal with stakeholders and ensures we comply with applicable laws and regulations. The Code equips our people to make good decisions that make a positive difference. Significant matters are escalated through our risk and compliance committees and consequence management forums.

In 2022, the Group enhanced the screening of new hires and the rescreening of existing people to ensure backgrounds were verified, supported by Fit2work, the largest and most reliable provider of police and background screening checks in Australia.

In addition, our operational risk and compliance committees have an ongoing focus on embedding risk culture, ensuring there is divisional accountability and that we build a risk culture where risk is everyone's business.

The Group is committed to providing an environment where our people can feel safe to report any behaviour or conduct outside the parameters set out in the Code. This is reinforced by BOQ Group's Speak Up Standard and Whistleblower Policy, which operates a private and confidential service alongside the Code of Conduct and encourages team members to speak up when they feel something isn't right.

Reportable breaches and their outcomes are measured and we continually seek to improve on these processes. Further information on both the Code of Conduct and the Whistleblower Policy can be found on our website.

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# 44

Breaches of Code or Policy  
in FY22

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# 20

Terminations

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# 5

Whistleblower Reportable  
Conduct Reports in FY22

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## Workforce empowerment and capability

Sustainable development goals



At BOQ Group we are focused on creating the workforce of the future by enriching our people. We support flexible working and workforce well-being, while attracting, retaining and developing our people to become the leaders of tomorrow.



Recognised as WGEA employer of choice for gender equality

# 67%

Employee engagement score

# 38%

Representation of women in leadership<sup>(1)</sup>

### Why is this important?

Building culture and human capital is crucial for BOQ Group to deliver an exceptional customer experience and sustainable profitable growth as we accelerate our digital transformation.

We seek to build a diverse and inclusive workforce that reflects our customer base and feels connected to our purpose and values and risk culture. We support our people to work in an agile way, to grasp future opportunities and be good corporate citizens.

## Culture and engagement

Our commitment to cultural transformation is demonstrated by our continued investment in globally-recognised, evidence-based diagnostic tools that ensure accountability at all levels. The findings of these surveys are used to develop our culture action plan, which included launching our Achievement Approach that ensures each employee is accountable for performance goals that align to the broader strategy. In addition, we have focused on leadership capabilities so that our people can achieve their goals with the support of coaching and feedback. Underpinning our approach is a focus on well-being and embracing individual diversity. The Group's 2022 culture survey results showed improvements in all culture dimensions, a strong result given COVID, integration and business transformation challenges.

The Group also conducts engagement and pulse surveys to track progress on engagement, risk culture indicators, leadership and other cultural focus areas. In FY22, the Group engagement score increased to 67% (up from 64% in FY21). While the improvement is encouraging, we recognise we have more to do to achieve our target of top quartile engagement levels.

To support this, we have recently updated the Culture Change Action Plan to focus on five activation streams to create a culture where everyone works together to ensure exceptional customer experiences, is clear about what excellence looks like for them, and how to consistently achieve this success.

## Talent and capability

BOQ Group continued to future-proof its talent pipeline in 2022. We continued to attract high-calibre senior talent, promote our internal people to expanded or new roles across all levels of the organisation and access high-potential early career talent through our intern program.

All employees participate in career and development conversations on a regular basis and we hold talent forums annually in order to profile high-potential talent, identify succession opportunities and agree on development activities to help our talent to reach their potential.

During the year we have refreshed our operating model as we brought together the BOQ and ME teams. This process adopted a 'best of breed' approach, providing us with access to talent from across both legacy businesses and enabling us to promote internal talent to more senior or expanded roles. The ME integration has also provided large numbers of people the opportunity to be involved in an integration program, providing experiential development opportunities at all levels.

Like most organisations across Australia and in the financial services industry, we have experienced an increase in voluntary turnover in FY22. This is attributed to the challenging labour market conditions and the impacts of integration and change activity across the Group. The Group has plans in place to address turnover through building a strong employee value proposition, proactively sourcing talent, and encouraging internal talent mobility through planned development moves, greater visibility of internal vacancies, and offering the flexibility to work across our various locations.

As we transition to a future operating model underpinned by a digital bank, we are identifying new era banking capabilities and supporting our existing workforce to develop these skills.

Building the capability of our people is an important lever for driving our cultural change. During the year we have completed the following:

- Leadership and coaching programs designed to develop our people to lead in a way that is built on a foundation of trusted relationships, where it's safe to speak up, and where well-being and engagement is supported in what we do every day. In our 2022 Pulse Survey, 88% of our people agreed with the statement 'my leader genuinely cares about my well-being'.
- Mandatory training portfolio delivered to ensure everyone at BOQ Group is equipped to deliver to our regulatory and moral obligations. Refresher training is completed annually and in FY22 we launched new mandatory programs in response to regulatory changes.

(1) Women in Leadership: encompasses Executive Committee, General Managers, Heads of Department, Senior Managers and Specialist Managers.



- Frontline capability and talent development remained a key focus in FY22 with 192 team members supported to work towards globally-recognised banking accreditation with FINSIA.
- Ongoing lender accreditation programs and upskilling through our self-employed and commercial lending programs.
- We implemented the Owner Manager Preparation Pathway, supporting 36 high-potential team members to develop the skills required to be a BOQ franchise Owner Managers. Around 35% of participants have become Owner Managers to date.
- We executed 26 initiatives to support more women to join, grow and thrive as Owner Managers through our Women in Franchise Development Program. The program won the 2022 Women in Banking and Finance (**WiBF**) National Awards in the Diversity and Inclusion Initiative category.

## New enterprise agreement

BOQ Group respects the important role work plays in our people's overall health and wellness and therefore consults with employees when deciding upon or altering key workplace terms and conditions. The Group is currently bargaining for a single Enterprise Agreement to cover the majority of Group employees. This will provide consistent terms and conditions and reduce the number of supporting Standards and Guides across the Group, making it simpler for our employees and leaders. The Enterprise Agreement is also considering new and the best policies from BOQ and ME's former agreements, including Parental Leave, Gender Affirmation Leave, Cultural Leave and First Nations Leave and is a key aspect of the bringing together of both BOQ and ME under the same industrial instrument.

## Diversity and inclusion

In FY22, inclusion was cemented into the Group's shared values so our people feel they can be themselves, and the business can harness the diverse skills, experiences and perspectives that different individuals bring.

While we foster inclusion of all our people, our employee affinity networks currently focus on gender equality, First Nations reconciliation, LGBTQIA+, multicultural communities and early career talent.

As a participating organisation in the Australian Workplace Equality Index (**AWEI**), we are continually progressing and elevating our policies and practices to create an inclusive workplace, in particular for our LGBTQIA+ community. Our commitment to LGBTQIA+ inclusion has been demonstrated by our ongoing sponsorship of the Melbourne Queer Film Festival, internal educational events for Wear It Purple Day, and the launch of our Group ally guide and all-gendered bathrooms in our Sydney office.

## Gender equality

A key part of our BOQ Group Inclusion Plan is our commitment to gender equality and ensuring all of our people have equal opportunities to reach their potential. Over the past year, we have continued to drive gender equality through key levers such as building an equitable talent pipeline, promoting flexible working, supporting carers (regardless of gender) through their parental leave journey, conducting gender pay reviews each remuneration cycle and measuring our progress through KPIs on gender targets.

Despite a gender equality focus through our recruitment and internal talent pipeline, internal and external factors have affected retention and sourcing of female talent. This has led to our overall representation of women in leadership in FY22 sitting at 38% (1% decrease since FY21). The BOQ Group Board has met its gender diversity target with a 50/50 split. The representation of women in the Group Executive Team is 40%.

In 2022, we have seen several initiatives grow gender diversity within our talent pipeline, including the establishment of our Women in Franchise Development Program and BOQ's Internship Program.

Furthermore, we are proud to be recognised as an employer of choice for gender equality through the Workplace Gender Equality Agency (**WGEA**). A full copy of the 2022 compliance report is available on [our website](#).

## First Nations reconciliation

BOQ is currently finalising its second Reconciliation Action Plan (**RAP**), integrating efforts from across the Group. Throughout FY22, we have continued working closely with Aboriginal and Torres Strait Islander communities, partners and organisations to establish empathetic, positive and reciprocal relationships. This is exemplified by our ongoing partnerships with the Clontarf Foundation, Stars Foundation, Supply Nation and our sponsorship of the business category in the Queensland Reconciliation Awards and our support of the CareerTrackers intern program. Pleasingly, three interns have taken on permanent roles with the Group in 2022.

This year, the Group also ran internal education sessions to enhance awareness of First Nations culture and our shared histories with local Traditional Owners and young men from the Clontarf Academy.

BOQ branches proudly recognise the lands of their Traditional Custodians and now symbolically display an Acknowledgment of Country Plaque.







## Climate change, sustainable finance and environment

Sustainable development goals



Helping Australia respond to climate change and environmental sustainability and proactively engaging with the opportunities of a low carbon future.



Commitment to cease funding equipment directly involved in the extraction of fossil fuels by FY24

# 90%

Emission reduction target by 2030

# 54%

Renewable electricity - 100% target by 2025

### Why is this important?

The imperative for climate change action is strengthened by the evidence of visible impacts on our customers, our suppliers and society more broadly.

The changes we make today in managing our operational footprint, and assessing and managing risks of our lending activities means we are playing our role in minimising the future impacts of unabated climate change and how it affects liveability, our economic and physical resilience and natural capital.

We influence the transition to a low carbon economy by engaging with our customers and suppliers.

We manage our climate-related risks and environmental impact through scenario analysis and risk assessments, becoming a carbon neutral organisation and assessing the impact of our lending activities.

More information about our approach to managing the risks inherent in climate change can be found in our FY22 Annual Report.

## Climate change

Climate change is a risk to BOQ Group and its customers, and to the broader Australian economy, society and environment. We recognise that experts find that human influence has warmed the atmosphere, ocean and land, resulting in widespread and rapid changes to our climate.

We support taking action on climate change and the transition to a net zero carbon economy consistent with the Paris Agreement to keep global warming well below 2 degrees Celsius and striving to limit warming to 1.5 degrees Celsius above pre-industrial levels.

The BOQ Group is a proud part of communities in regional areas across Australia and understands that many customers in these communities are reliant on income from carbon intensive industries. Such as, we recognise that the Group has a role to play in supporting our customers through the transition to a lower carbon economy.

We have maintained carbon neutral operations through participating in the Australian Government Climate Active certification program<sup>(1)</sup>. We achieve a balance between the greenhouse gas emissions associated with running our business and the emission reduction activities we support. Supporting accredited projects that reduce emissions and produce verified offsets is part of the solution, but we are also acting to reduce our footprint.

As part of our commitment to climate action, BOQ Group commits to reduce organisational scope 1 and 2 emissions by 90% and organisational supply chain scope 3 emissions by 40% by 2030 compared to our 2020 baseline.

We are well progressed on these targets achieving a 19% reduction in total operational emissions in 2022.<sup>(2)</sup>

Since 2019 BOQ has integrated climate change considerations into governance, risk management and strategy processes in alignment with the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). These are outlined in the FY22 Annual Report. We acknowledge that we are still in the early stages of our climate reporting journey and will continue to evolve our approach going forward.

## BOQ Group's approach to offsetting

BOQ Group purchases carbon offsets from accredited projects that are carefully aligned with our values.

Projects supported in Australia include indigenous savanna burning in the Kimberley region and human-induced regeneration of native forests in Queensland. Emission reduction activities supported in India harness wind and solar electricity generation to displace fossil power generation leading to sustainable economic and environmental development.

Full details on the projects supported by the BOQ Group carbon neutral certification is outlined on the Climate Active [website](#).

(1) BOQ Group's Climate Active certification includes operations from BOQ Retail (including branches), Virgin Money Australia, BOQ Business, BOQ Finance, and BOQ Specialist. ME has a separate Climate Active certification that will be consolidated into BOQ's certification in 2022.

(2) 19% reduction relates to FY21 emissions re-baselined on proforma basis inclusive of ME using the same operational boundary as the BOQ Climate Active certification.

## Sustainable business

BOQ Group aims to minimise its impact on the environment and maximise opportunities to play a role in a more sustainable future.

Across our operations we are introducing new initiatives, such as electric and hybrid vehicles into our fleet and implementing a commitment to source 100% of our electricity needs from renewable sources by 2025.

The Group operates its major Brisbane, Sydney and Melbourne support centres on renewable electricity, and entered into GreenPower 100% certified renewable energy contracts for all sites where the Group can choose its energy supplier.

Upstream supply chain emissions remain an opportunity to reduce operational emissions and implementation of our Supplier Code of Conduct and undertaking climate engagement with our suppliers has delivered an 16% reduction in emissions in FY22.

The consolidation of our Sydney workforce into a single building provided an opportunity to incorporate leading collaboration, energy efficiency, and circular economy design principles. In addition to the excellent base building sustainability ratings of 5.5 Star energy and 5 Star water NABERS ratings, we have used healthy and environmentally friendly materials and construction techniques to increase user health and promote the reduction and reuse of materials. This sustainability focus saved 275 tonnes of CO<sub>2</sub>e through the removal and reuse of materials and resulted in a 44% reduction in energy per m<sup>2</sup> of space. The goods and services consumed on-site are offset to provide a carbon-neutral fitout in operation.

## Lending emissions and lending to fossil fuels

BOQ Group recognises that measuring financed emissions is an important consideration in managing climate-related risks and opportunities.

In FY22 the carbon intensity of the loan book was 0.23kg of CO<sub>2</sub>-e per \$1 loaned, a reduction of 25% largely driven by improved accuracy of measurement and alignment with internationally recognised measurement approaches.

BOQ Group's lending portfolio has no exposure to fossil fuel power generation and minimal direct exposure to fossil fuels extraction. The Group has committed to cease funding equipment directly involved in the extraction of fossil fuels by 2024. As at 31 August 2022, our exposure to this industry was \$9.1 million, representing 0.01% of lending.

## Sustainable finance

BOQ offers a range of sustainable financing options across our BOQB, BOQF, and BOQS suite of products.

Through BOQF, customers can finance a range of energy-efficient assets including no or low emission light or heavy vehicles that are either electric or plug-in hybrid electric.

As part of the existing BOQS asset finance suite of products, customers can finance the purchase and installation of solar panels on their medical practice premises. BOQS offers competitive interest rates to support customers to acquire the solar panels to reduce their energy consumption.

The BOQB suite of corporate lending services includes the provision of finance to a range of sustainable activities including the construction and operation of recycling assets and development of new commercial infrastructure or property assets that have a high independent environmental ratings, such as NABERS and Green Star.







## Community support and involvement

Sustainable  
development  
goals



Supporting well-being through philanthropy, partnerships, and strong relationships and investments in local communities.



BOQ Group's social impact is the result of our long-term connections with our communities

**\$1.59m**

Invested into communities

**5**

Key partnerships delivering change to the community

### Why is this important?

Connection to the community is an integral part of our identity, core to our customer-centric culture and supports our vision to build social capital. We build deep relationships with the community and understand what matters to them.

We have built a partnerships program, which focuses on supporting vulnerable Australians, providing them with the opportunity to prosper and advancing those who are not supported with mainstream programs. Our focus on partnerships allows us to create meaningful relationships with our community partners and enables our people to get involved and make a valuable impact.

## Our approach

BOQ Group's community investment builds long term relationships with our community partners creating deep engagement with our people. In 2022 we became members of Business for Societal Change (**B4SI**), to provide a consistent framework to measure and manage our social impact.

Advancing outcomes for vulnerable Australians

Partnership with Orange Sky Australia, the world's first free mobile laundry service for people experiencing homelessness.

Funding research and community building in health

Major sponsor of the Women in Super Mother's Day Classic (**MDC**), proceeds of which are donated to the MDC Foundation supporting breast cancer research. In addition, one cent from every tap payment transaction with ME's pink debit card is donated to the National Breast Cancer Foundation (**NBCF**).

Empowering First Nations youth

Community Partnerships with Clontarf Foundation and Stars Foundation, who both provide mentoring support and improved educational outcomes for young First Nations men and women.

BOQ Group recognises the role it plays in supporting communities when they need it most. As floods devastated large parts of Australia, we raised funds on behalf of Red Cross Australia, accepting over the counter donations for their floods appeal, including matching these contributions dollar for dollar. We also supported the Secret Sounds Festival events across Australia to raise important funds for flood-affected communities.

## Local grassroots community investment

Our Owner Managers are truly embedded in their local communities - one of the unique elements of our model.

## Social capital is doing good in the community.

They live and work locally and play a big role in their communities by supporting local organisations through donations and fundraising for charities and sponsorships of sporting clubs.

Our history is built on long term relationships, and we recognise we have a role to play in supporting the communities in which we operate. We know our OM's and BOQ Group employees are active in their own community organisations, and we are proud to help bolster that involvement with our dollar matching program, allowing our people to make real make social impact in their own backyards.

## Support for breast cancer research

Breast cancer research and prevention is one of our key community support areas.

ME is a long term supporter of both the National Breast Cancer Foundation (NBCF) and the Mother's Day Classic (MDC) Foundation (proceeds of which go to the NBCF). Together with ME's support, the NBCF has saved over 50,000 lives, and increased breast cancer survival rates by 16 % in the past 28 years due to the improvements in prevention, early detection, treatment, and care.

We enable our customers to contribute to the cause through our pink debit card, which donates one cent from every tap payment to the NBCF. Since its inception, ME's pink card has raised over \$1.5 million for the NBCF to better detect and manage breast cancer recurrence.

ME is a major sponsor of the Mother's Day Classic event which raises funds for the MDC Foundation. ME's sponsorship supports activities to leverage additional funds through major on the day activations. Alongside signage and activations, this year, ME recruited buskers to entertain participants in Melbourne, Sydney and Brisbane who raised a total of \$7,800 for breast cancer research. ME was pleased to be able to support these entertainers, especially as the industry has been hit hard by the COVID-19 pandemic.

Internally, over 400 employees, their family and friends registered for the MDC – the largest participation rate by any organisation in Australia. Our teams raised over \$18,000 through social events, sales and donations.

We're proud of these long-term relationships which make a real impact in our communities and help save lives.

## Orange Sky Australia

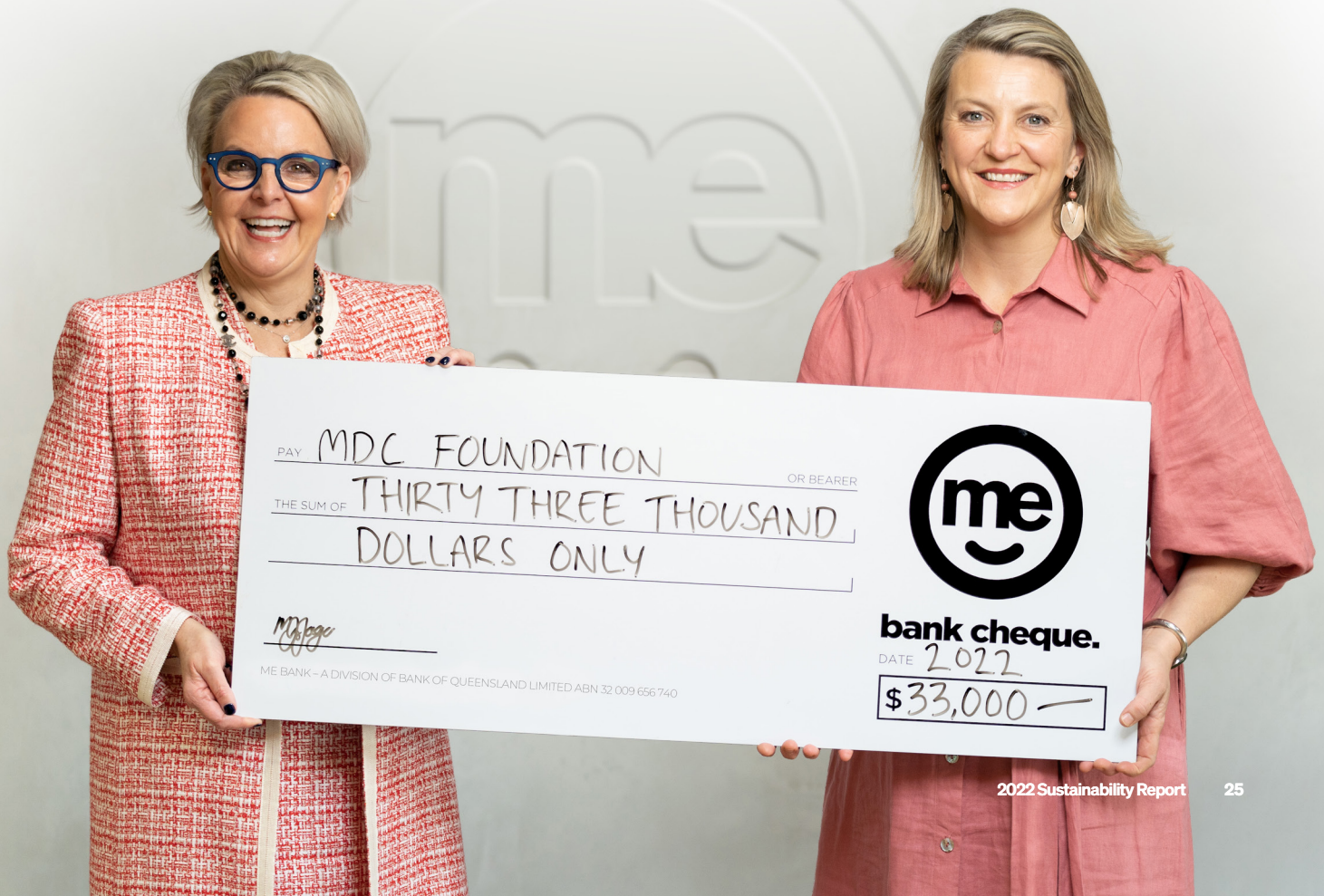
At BOQ we're committed to helping more Australians into their own homes and we believe in supporting people every step of the way. Since 2019, BOQ Group has been the proud national fundraising partner of Orange Sky Australia (OSA). Founded in Queensland by two 20-year-old mates, OSA supports everyday Australians to connect through a regular laundry and shower service and genuine and non-judgemental conversation. This simple but crucial formula creates a safe, positive and supportive environment for people who are too often ignored or who feel disconnected from the community.

This year, BOQ Group raised and contributed more than \$150,000 for OSA - equivalent to more than 6,200 laundry loads and warm showers, and more than 520 shifts for the volunteers of OSA.

**“Fundraising for organisations like Orange Sky are so important to supporting our own backyard.”**

- BOQ Parramatta Owner Manager, Emilia Chechelski

Along with our annual Orange Sky July fundraising campaign, BOQ Group also contributed \$10,000 towards OSA's community recovery program to support their flood recovery efforts in Gympie and northern New South Wales. OSA were able to support flood-affected communities by washing more than 10,000 loads of laundry.







## Innovation, transformation and execution

Sustainable development goals



Our digital transformation will provide benefits for our customers, our people and shareholders.



# \$172m

Capital investment in FY22<sup>(1)</sup>



First phase of digital bank launched

# \$30m

In productivity benefits delivered in FY22

### Why is this important?

The Group continues to make progress on transforming and modernising its technology to deliver a cloud-based bank. This will provide a simpler, faster, and enhanced experience for our customers and people. Customers have changed the way they are choosing to interact since the pandemic, and BOQ Group's digital transformation is critical to ensuring that our products and services add value and improve access for customers.

New technologies are enabling the Group to operate in a more efficient and sustainable manner, by digitising legacy processes and modernising services, reducing manual handling and the need for paper-based statements or forms. This in turn reduces risk, costs and improves the customer experience.

## Digital transformation

Throughout FY22, BOQ Group made substantial progress in transforming its technology, operations and back-end systems. The transformation means we are improving the banking experience for our customers by digitising and automating legacy processes and integrating ME's architecture and systems to align with the broader Group.

BOQ Group also advanced its 'Banker X program', designed to improve technology and systems for employees across the Group with a focus on removing duplication, improving collaboration and productivity, and increasing security and internal risk controls.

### Cloud-based core banking

Building on the launch of the VMA digital bank in FY21, BOQ Group continued to align the Bank's core banking systems into a modern cloud offering. A key milestone has been the March 2022 release of the new myBOQ app, providing a step-change in BOQ's digital customer experience and a key proof point in the multi-brand digital bank strategy. The app provides customers with an enhanced experience including real-time payments, in-app chat, budgeting and savings features.

The next phase of the retail bank transformation involves the development and migration of ME to the core banking platform. A single retail cloud platform will significantly simplify our architecture, accelerate change and reduce costs.

### Application rationalisation

BOQ is aiming to radically simplify its digital ecosystem as part of the migration of its retail and business banks to cloud-based core platforms. Following the completion of the transformation roadmap, BOQ expects to halve the number of back-end systems and applications across the Group as the single core will enable applications to be shared across the brands.

We have commenced application rationalisation as part of the initial migration of VMA and BOQ and will continue to reduce application numbers as we complete the roadmap.

### Digitising legacy processes

As part of the digital transformation, work has commenced to uplift processes across the Group, digitising them where possible, to uplift risk controls, efficiency and improved customer outcomes. In FY21, ME home loan origination processes were reengineered to provide a more frictionless experience for customers, reducing risk and costs.

New functionality made possible through the use of APIs has helped to remove duplication and streamline processes to provide an end-to-end digital experience in our VMA and myBOQ apps. In redesigning processes for the new apps, 43 of 64<sup>(2)</sup> customer processes for transactions and savings accounts were digitised end-to-end, enabling customers to open an account in under five minutes.

Work is also continuing to reengineer processes in the home lending origination space, and there were significant improvements made to reduce the 'time-to-yes-loan' during FY22.

(1) Excludes partner funded capital investment. Includes ME.

(2) Customer facing only

## Providing a better banking experience

The launch of the myBOQ app is a major milestone in BOQ Group's digital transformation strategy.

The myBOQ app is built on the Temenos cloud-based digital banking platform and is the second phase of the transformation, following the successful launch of the VMA app in 2021. Importantly, the addition of myBOQ is a key proof point in the ability to operate multiple brands on the single core platform and was a critical step towards the goal of being a fully cloud-based digital bank.

**“When we first unveiled our digital transformation, we promised to incorporate all our retail brands. A year after digitising Virgin Money, we've delivered an improved experience with myBOQ.”**

- BOQ Group Managing Director and CEO, George Frazis

The digital bank apps allows BOQ customers to open an account in under five minutes and take advantage of 'no fuss' banking with near real-time payments thanks to Osko and PayID as well as instant digital debit card issuance.

Across BOQ Group, we have a well progressed, comprehensive and ambitious digital transformation. At the heart of this is leveraging the latest technologies to simplify, strengthen and transform so we can build our capabilities and drive innovation for customers.

### Virgin Money Australia app:

- Launched in March 2021
- Average of under five minutes to open an account
- 41% of deposit customers under the age of 35
- 70% of FY22 deposit customers are new to bank
- Average balance \$18k per deposit customer
- 43 of 64 customer processes digitised
- \$0.6bn balances on new VMA platform

### myBOQ app:

- Launched in March 2022
- Average of under four minutes to open an account
- 54% of FY22 deposit customers are new to bank
- 66% of deposit customers under the age of 35
- Average balance \$30k per deposit customer
- 43 of 64 customer processes digitised
- \$0.9bn balances on new BOQ platform

## Innovation and partnerships

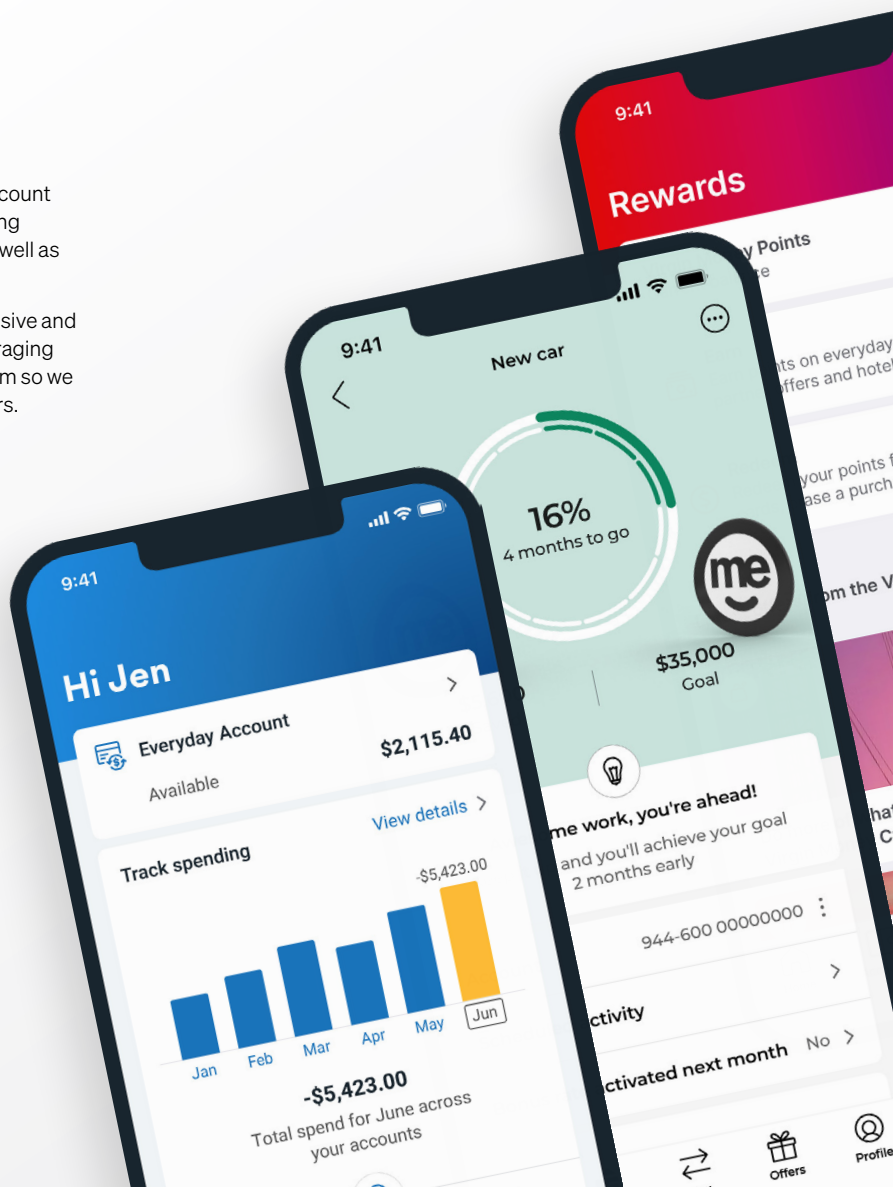
Partnerships are a critical foundation to the digital transformation program, and during FY22, the bank formed and reaffirmed several key strategic partnerships with domestic and international innovators.

### Microsoft

In August 2022, the Group agreed a new five-year strategic partnership with Microsoft to help fast-track the bank's digital transformation. Under the strategic partnership, the Group plans to consolidate six hosting environments into our target Microsoft Azure Cloud. BOQ Group will be the first domestic financial institution leveraging the industry specialised ecosystem, the Microsoft Financial Services Cloud, which will sit across the Group's Azure based intelligent data platform. The partnership will see both parties co-develop solutions to optimise the customer experience in the Australian market.

### Temenos

FY22 saw the Group's relationship with Temenos further strengthened, with the Group increasing its footprint in the Temenos digital core environment. BOQ Group continues to work closely with Temenos to develop a common cloud-based core banking platform. The partnership sees senior executives from both companies meet regularly to oversee direction of the transformation and ensure the program remains on track.



## Non-financial performance measures 2022

Metric	2022
Percentage of employees who have completed mandatory training <sup>(1)</sup>	96.7%
Number of relevant Royal Commission recommendations implemented <sup>(2)</sup>	Implemented controls to comply with new breach reporting and anti-hawking obligations that commenced during 2022
Number of signatories to the Banking and Finance Oath and ranking <sup>(3)</sup>	Signatories: 142; Ranking 3rd
Vulnerability program delivery progression <sup>(4)</sup>	Phase 3 delivered, Phase 4 (ME integration and uplift) delivered.
NPS ranking for Retail and SME customers <sup>(5)</sup>	Retail: BOQ-3rd; ME- joint 5th SME: Micro-4th; Small-5th; Medium-4th
Overall Retail Net Promoter Score (NPS) <sup>(6)</sup>	BOQ: +21 ME: +17
Mortgage NPS Score <sup>(7)</sup>	BOQ: +3 ME: +1
Mortgage NPS Rank <sup>(7)</sup>	BOQ: 5th ME: 6th
Mobile Banking NPS Score	BOQ: +19 ME: +10
Mobile Banking NPS Rank	BOQ: 11th ME: 12th
Internet Banking NPS Score	BOQ: +21 ME: +15
Internet Banking NPS Rank	BOQ: 8th ME: 12th
SME customer NPS Score	Micro: +1 Small: -5 Medium: +5
SME customer NPS ranking	Micro: 4th Small: 5th Medium: 4th
Product simplification - Annual change in the number of products for sale <sup>(8)</sup>	9% reduction
SME government-guaranteed loans funded	\$208m
Modern Slavery Statement progression	Submitted in February 2022 and on track for February 2023 delivery
Total customers ('000) <sup>(9)</sup>	BOQ – 601 VMA – 236 BOQS – 34 BOQF – 79 ME – 347
Number of customers actively using internet banking <sup>(10)</sup>	216,478
Number of customers actively using mobile banking <sup>(10)</sup>	236,465
Product application submissions received via website (year-on-year change) <sup>(10)</sup>	+183%
Total fans / followers across social media channels <sup>(10)</sup>	111,256
Number of branches <sup>(11)</sup>	154
Number of Owner-Managed branches (OMB)	111
Number of Owner Managers <sup>(12)</sup>	138
Number of Corporate branches	36
Number of Transaction Centres	7
Number of ATMs	225 BOQ; 2156 atmx/allpoint
Customer complaints (year-on-year % change)	69%
Percentage of complaints resolved within five business days	84%
Customer complaints referred to external dispute resolution (year-on-year % change)	13%
Number of financial difficulty applications approved <sup>(13)</sup>	4097

2021	2020	2019	2018
95.5%	94.5%	93.3%	-
10 implemented 15 government legislation or reviews; 51 not relevant to BOQ	9 implemented; 1 underway; 15 government legislation or reviews; 51 not relevant to BOQ	-	-
Signatories: 158; Ranking 3rd	Signatories: 158; Ranking 2nd	Signatories: 109; Ranking 2nd	Signatories: 72; Ranking 4th
Phase 2 delivered, Phase 3 underway	Phase 1 delivered	-	-
Retail: 3rd SME: Micro-4th; Small-2nd; Medium-6th	Retail: 3rd SME: Micro-3rd; Small-3rd; Medium-3rd	Retail: 5th SME: Micro-5th, Small-2nd, Medium-4th	Retail: 3rd SME: Micro-3rd, Small-2nd, Medium-5th
+23	17	3	8
+4	-2	-20	-
=4th	5th	11th	-
+17	3	-5	8
11th	10th	11th	10th
+19	18	8	11
=10th	6th	10th	7th
Micro: +8; Small: +5; Medium: +4	Micro: +8; Small: 0; Medium: +2	Micro: -5; Small: +10; Medium: +1	Micro: +13; Small: +8; Medium: -1
SME: Micro-4th; Small-2nd; Medium-6th	Micro: 3rd; Small: 2nd; Medium: 5th		
26% reduction	15% reduction	-	-
\$30m	\$19m	-	-
Submitted in December 2020	On track for February 2021 delivery	-	-
BOQ – 572	BOQ – 573	BOQ – 576	-
VMA – 195	VMA – 202	VMA – 216	-
BOQS – 35	BOQS – 35	BOQS – 34	-
BOQF – 87	BOQF – 86	BOQF – 86	-
ME - 581			
219,690	222,100	222,300	216,700
204,912	197,500	190,000	175,000
-23.60%	-1.8%	130.08%	19.58%
134,982	122,400	113,000	102,000
163	165	167	183
103	95	95	99
130	119	122	129
53	63	65	77
7	7	7	7
569 BOQ; 765 rediATM	566 BOQ; 993 rediATM	571 BOQ; 1,604 rediATM	596 BOQ; 2,789 rediATM
73%	51%	55%	13%
90%	78%	76%	77%
-6%	-11%	7%	4%
3,199	2,240	2,592	3,000



## Non-financial performance measures 2022 (continued)

### Community

Metric	2022
Total community investment ('000) <sup>(14)</sup>	\$1,592
Support for homelessness ('000)	\$166
Support for education ('000)	\$242
Support for health ('000)	\$638
Support for other causes \$'000)	\$285
Dollar matching ('000)	\$25
Other costs ('000)	\$236
Money donated through Workplace Giving program ('000)	\$23

### People

Employee engagement score <sup>(15)</sup>	67%
Percentage of women on Board <sup>(16)</sup>	50%
Percentage of women on the Executive Team	40%
Percentage of women in senior leadership <sup>(17)</sup>	37%
Percentage of women in leadership <sup>(18)</sup>	38%
Employee numbers <sup>(19)</sup>	3,500
Employee numbers excluding contractors	3,295
Franchise network employees	908
Percentage of workforce full time <sup>(20)</sup>	88%
Percentage of workforce part time <sup>(20)</sup>	9%
Percentage of workforce casual <sup>(20)</sup>	1%
Percentage of Max Term contractors <sup>(20)</sup>	2%
Percentage of women in the workforce <sup>(20)</sup>	52%
Casual Female/Male/non-binary or undeclared headcount <sup>(20)</sup>	21/9/0
Maximum Term Full Time Female/Male/non-binary or undeclared headcount <sup>(20)</sup>	34/26/1
Maximum Term Part Time Female/Male/non-binary or undeclared headcount <sup>(20)</sup>	9/2/0
Permanent Full Time Female/Male/non-binary or undeclared headcount <sup>(20)</sup>	1390/1495/2
Permanent Part Time Female/Male/non-binary or undeclared headcount <sup>(20)</sup>	266/15/0
Percentage of employees over 55	11%
Average tenure (years)	5.2 years
Average days absenteeism per employee per year (excludes OMBs)	7.0 days
Voluntary turnover (excludes OMBs, contractors)	26.5%
WH&S incidents reported within 24 hours and investigated within 48 hours	78%/57%
Lost time injury (number of incidents)	6
Employees under an enterprise bargaining agreement <sup>(20)</sup>	1580 (48.0%)

2021	2020	2019	2018
\$867	\$841	\$471	\$636
\$197	\$267	-	-
\$313	\$210	\$315	\$260
\$50	\$131	\$70	\$299
\$40	\$51	\$30	\$30
\$19	\$27	\$42	\$35
\$248	\$156	-	-
\$1	\$30	\$15	\$12
64%	59%	56%	53%
37.5%	37.5%	25%	30%
44%	43%	43%	29%
39%	35%	36%	33%
38%	38%	40%	41%
2,760	2,444	2,495	2,564
2,488	2,320	2,387	-
833	747	749	788
80%	79%	77%	73%
11%	12%	12%	11%
4%	5%	5%	5%
4%	4%	7%	11%
57%	59%	59%	59%
55/17/-	65/26/-	41/26/-	-
72/62/-	52/39/-	42/40/-	-
9/3/-	17/8/-	14/9/-	-
1,053/960/-	997/867/-	1,054/896/-	-
236/21/-	227/20/-	242/23/-	-
16%	13%	11%	11%
4.33 Years	4.70 years	4.62 years	4.22 years
4.0 days	4.4 days	5.4 days	4.9 days
19.90%	15.30%	17.10%	19.90%
72%/58%	85% / 96%	92% / 99%	95% / 98%
2	8	3	3
861 (34.6%)	841 (36.3%)	823 (34.5%)	-

## Non-financial performance measures 2022 (continued)

### Environment & Climate Change

Metric	2022
Carbon neutral accreditation	Climate Active carbon neutral accreditation complete - reduction targets set
Total financed amount through CEFC partnership <sup>(21)</sup>	\$5.5m - CEFC program concluded
RE100 status <sup>(22)</sup>	Program underway - 54% renewable
Exposure to fossil fuel extraction equipment <sup>(23)</sup>	\$9.13m
Scope 1 Emissions (tonnes CO <sub>2</sub> -e) <sup>(24)</sup>	423
Scope 2 Emissions - purchased electricity (tonnes CO <sub>2</sub> -e) <sup>(25)</sup>	2,597
Scope 3 Emissions (tonnes CO <sub>2</sub> -e) <sup>(26)</sup>	35,025
Organisational carbon footprint (tonnes CO <sub>2</sub> -e) <sup>(27)</sup>	38,045
Energy usage - purchased electricity (GJ) <sup>(28)</sup>	22,467
Fuel consumption for work vehicles (kL) <sup>(29)</sup>	177
Air travel ('000 kms)	4,730
Paper usage (reams)	24,064

### Finance <sup>(30)</sup>

BOQ growth in Housing and Commercial GLAs relative to comparable authorised deposit taking institutions <sup>(31)</sup>	Housing: 1.0x system Commercial: 0.6x system
Cash earnings per share ( <b>Cash EPS</b> ) and Change in Cash EPS (%) <sup>(32)</sup>	78.4 cps (+5% from FY21)
Capital investment for the year <sup>(33)</sup>	\$172m
Growth in Home lending	4,391
Growth in Commercial lending	1,064
Productivity benefits	\$30m

### Technology & Data

VMA digital bank delivery	myBOQ digital transaction accounts launched March 2022
Open Banking capability delivery <sup>(34)</sup>	Phases 1, 2 and 3 delivered. Work ongoing to deliver remaining compliance requirements and several other CDR requirements
Number of significant notifiable cyber security or privacy breaches resulting in public disclosure of data <sup>(35)</sup>	Nil
Percentage of Tier 1 suppliers with ISO 27001 certification <sup>(36)</sup>	98%

2021	2020	2019	2018
Climate Active carbon neutral accreditation complete	Accreditation in train	-	-
\$7.54m	\$8.4m	\$240k	-
Renewable energy strategy endorsed	In progress	-	-
\$12.7m	~\$16m	~\$31m	~\$32m
429	558	-	-
4,583	5,769	-	-
41,896	48,642	-	-
46,908	54,969	-	-
21,327	26,330	18,368	16,685
178	236	121	122
5,133	6,967	12,510	13,467
28,782	6,967	36,314	41,286
Housing: 1.7x system Commercial: 0.8x system	Housing: 0.9x system Commercial: Positive to system, which is negative for both	Housing: 0.2x system Commercial: 1.2x system	Housing: 0.4x system Commercial: 1.2x system
74.7 cps (+51% from FY20)	49.6 cps (-36% from FY19)	77.0 cps (-16% from FY18)	91.5 cps (-3% from FY17)
\$103m	\$100m	\$95m	\$71m
Home: 9%	Home: 2%	Home: 0.5%	Home: 2%
Commercial: 4%	Commercial: 3%	Commercial: 1%	Commercial: 6%
\$30m	~\$30m	-	-
VMA digital bank launched March 2021	Program launched	Family and friends launch scheduled for October 2020	-
Delayed but steady progress	Project in train	Project launched	-
Nil	Nil	Nil	-
79%	75%	-	-



# Endnotes: 2022 snapshot from page 3 and sustainability balanced scorecard from pages 8-9

## 2022 Snapshot

- (1) RFI Group XPRT Report - August 2022. Six month rolling average (BOQ Retail and ME only).
- (2) Community Investment measures contributions made by BOQ to community organisations or activities. Community investment consists of monetary contributions to charitable organisations or activities, social sponsorship of cultural events or institutions, matching employee fundraising - BOQ contributions only, time contributions, and direct costs associated with managing community investment activities including salaries, memberships and subscriptions, professional advice, travel and subsistence whilst travelling. Due to rounding, numbers presented may not add up to the totals provided.

The calculation of community investment in FY22 has been guided by the B4SI framework, with social sponsorship of cultural events or institutions included within Community Investment for the first time (and not included within the reported performance between FY18 and FY21). Aligned to the B4SI framework, where activities that deliver a community benefit also deliver a direct commercial benefit, community investment has been recognised only where the community benefit was the primary driver for the contribution, with a proportional attribution applied based on the relative community versus commercial driver for the contribution.

Contributions are included only where sufficient information is available to support both the community benefit attribution and the input value of the contribution made (exclusive of relevant taxes where applicable).

FY22 represents BOQ Group inclusive of ME. Reported performance between FY18 to FY21 excludes ME. Reported performance does not include community contributions made by BOQ owner-manager franchisees.

- (3) Senior Leadership encompasses the Executive Committee, General Managers and Heads of Department.
- (4) Growth in GLAs.
- (5) Capital investment consists of total expenditure on information technology (IT) intangible expenses, capitalised in accordance with BOQ's Policy for Capitalisation for Fixed (Tangible) and Intangible Assets for the relevant financial year as reported in the financial accounts. Excludes partner funded capital investment. Represents Group inclusive of ME Bank.
- (6) Bank of Queensland Limited commits to reduce organisational scope 1 and 2 emissions by 90% and organisational supply chain scope 3 emissions by 40% by 2030 compared to a 2020 baseline.

## Sustainability balanced scorecard

On 1 July 2021, the BOQ Group acquired ME. Values represented for FY20 and FY21 exclude ME. The Sustainability Balanced Scorecard FY22 metrics presented within this report relates to the operations of BOQ Group including ME unless specifically stated.

- (1) GLA (housing) refers to housing gross loans and advances as reported in the financial statements. The percentage growth is calculated as the percentage movement in the GLA figure for the period 1 September to 31 August for the relevant year. Housing system growth is calculated as the percentage increase in housing loans as reported in APRA's monthly authorised deposit-taking institution statistics for the period 1 September to 31 August for the relevant year. Housing loans is calculated as the total of "Housing: Owner-occupied" and "Housing: Investment" in the APRA statistics. The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period.
- GLA (commercial) refers to commercial gross loans and advances as reported in the financial statements. The percentage growth is calculated as the percentage movement in the GLA figure for the period 1 September to 31 August for the relevant year. Commercial system growth is calculated as the percentage increase in commercial loans as reported in APRA's monthly authorised deposit-taking institution statistics for the period 1 September to 31 August for the relevant year and have been adjusted for balance reclassifications made during the period. Large institutional banks have been excluded for the purposes of calculating system growth. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses", "Loans to community service organisations", and "Loans to financial institutions". The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period. Prior periods have not been adjusted.
- (2) Cash earnings per share (**Cash EPS**) is calculated by dividing the cash earnings after tax attributable to ordinary shareholders by the average weighted number of shares on issue. Cash earnings after tax attributable to ordinary shareholders is calculated as the Statutory profit of the BOQ Group (prepared in accordance with the *Corporations Act 2001* and the *Australian Accounting Standards*) adjusted for non-cash reconciling items and declared distributions or returns on other equity instruments.

- (3) Open Banking capability refers to the ability to provide account and transaction data for phase 1, 2, and 3 products, as defined by the Consumer Data Right regime.
- (4) Any instance of unauthorised access to a customer's personal information in a BOQ system that was determined as reportable by the Breach Review Committee to APRA or the OAIC, that is also significant and resulted in disclosure of that personal information to the public.
- (5) Retail Net Promoter Score (NPS) ranking refers to relative Main Financial Institution (MFI) NPS Score of BOQ and ME Bank individually in comparison to an agreed competitor set of ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, CBA, ANZ, NAB and Westpac.

Retail NPS benchmarking research is conducted by RFI Group (third-party research provider). Results are based on a six month rolling average of consumer responses, where they identify BOQ or ME as their main financial institution.

SME NPS ranking refers to BOQ's relative Any Financial Relationship (AFR) NPS Score in comparison to an agreed competitor set of ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, CBA, ANZ, NAB and Westpac.

SME NPS benchmarking research is conducted by DBM Consultants (third-party research provider). Results are calculated based on a 12-month rolling average of business customer responses for AFR.

For SME NPS benchmarking Micro is defined as businesses with a turnover of up to \$1m, Small is defined as businesses with a turnover of \$1m - <\$5m, and medium is defined as businesses with a turnover of \$5m - <\$40m (reported from 2019 onwards).

Competitors agreed for NPS benchmarking are periodically reviewed and were most recently updated in 2020 to provide relevant industry comparison..

- (6) Product is defined as the Product Category level within the Group's formal Product Register, being a set of standard products available for sale that retain the same product features that are easily distinguishable and differ from other products within the same product class (for example within the home loans or retail deposits classes). For instance, a product category can include products that have various contract lengths and apply to either individuals or investors.
- The number of products excludes ME-branded retail and ME treasury-related products, and BOQ Treasury bespoke funding instruments. Per cent reduction refers to annual reduction compared to the previous year.
- (7) Percentage of employees who have completed the mandatory compliance learning modules required for a role as specified in the BOQ Group employee matrix or are within 30 days from their start date or enrollment date for refresher training.

Includes BOQ employees, contractors (excluding third-party contractors), and Owner-Managed Branch employees but excludes those on long-term leave.

- (8) Relevant Royal Commission recommendations refer to those applicable to the BOQ Group and excludes recommendations relating to business lines in which BOQ does not operate such as wealth management and excludes St Andrew's.
- (9) Calculated as the total number of BOQ Group signatories to the Banking and Finance Oath (including Owner Manager branch staff and ME) as at 16 September 2022 based on publicly available membership data from the Ethics Centre. Previous performance is reported as at 31 August 2021 (FY21) and 30 June (FY18-FY20).
- (10) In FY19, BOQ Finance established the Energy-efficient Equipment Finance Program, by joining the Clean Energy Finance Corporation (CEFC) co-financing program. The CEFC is a government entity established to facilitate increased flows of finance into renewable energy, energy efficiency and low emissions technology. The reported performance for the total amount financed through CEFC partnership represents the contract amount financed through the Energy-efficient Equipment Finance Program, not the contract net investment, for contracts issued in the relevant financial year.
- (11) Following conversations with RE100, BOQ understands that RE100 is currently focusing on new membership limited to large electricity consumers in order to drive the most significant impact. Accordingly, while RE100 membership is not currently available, BOQ is committed to achieving 100% renewable energy by FY25. The 100% renewable target by FY25 also applies to ME.
- (12) Employee engagement is determined through the use of annual employee engagement survey using the Qualtrics platform.
- (13) The Board of Directors encompasses Executive and Non-Executive directors.
- (14) Refer to 2022 Snapshot Endnote (3).
- (15) Refer to 2022 Snapshot Endnote (2).
- (16) Refer to 2022 Snapshot Endnote (5).
- (17) Refer to Page 17 for more detail on Open Banking.

# Endnotes: non-financial performance measures 2022 from pages 28-35

On 1 July 2021, the BOQ Group acquired ME. Values represented for FY18 to FY21 exclude ME unless otherwise stated. The Balanced Sustainability Scorecard FY22 metrics presented within this report relates to the operations of BOQ including ME unless specifically stated.

- (1) Refer to Sustainability balanced scorecard Endnote (7)
- (2) Relevant Royal Commission recommendations refer to those applicable to the BOQ Group and excludes recommendations relating to business lines in which BOQ Group does not operate such as wealth management.
- (3) Refer to Sustainability balanced scorecard Endnote (3)
- (4) BOQ Group's Vulnerability program consists of a number of initiatives aimed at supporting customers experiencing vulnerability. Phase 2 involved process improvements and the deployment of additional staff training to deliver a more empathetic customer experience and better outcomes. Phase 3 includes development of a platform making it easier for customers experiencing significant life events to contact us and to know what we can do to help.
- (5) Refer to Sustainability balanced scorecard Endnote (5)
- (6) The Overall Retail Net Promoter Score (NPS) is calculated as an average Retail NPS score for BOQ and ME Bank weighted based on the number of customers surveyed for each.
- (7) Mortgage NPS ranking refers to relative MFI mortgage product NPS Score in comparison to the agreed competitor set, including BOQ, ME, ING, Bendigo Bank, Suncorp, St. George, BankWest, CBA, ANZ, NAB and Westpac.
- (8) Refer to Sustainability balanced scorecard Endnote (6)
- (9) The methodology to determine customer numbers was changed in FY22 post ME Bank integration to allow to better alignment across the brands & Bank's strategy.
- (10) Excludes BOQF, BOQS, VMA and ME. Number of customers and fans / followers represents annual averages.
- (11) Includes: Corporate branches, Owner-Managed Branches including Service Centres, and Transaction Centres.
- (12) Some branches have more than one Owner-Manager.
- (13) Does not include requests approved under the Banking Relief Package or lockdown relief.
- (14) Refer to 2022 Snapshot Endnote (2)
- (15) Refer to Sustainability balanced scorecard Endnote (12)
- (16) The performance of women on Board is calculated as the number of female Executive and Non-Executive directors as a proportion of the total number of Executive and Non-Executive directors.
- (17) Refer to 2022 Snapshot Endnote (3).
- (18) Leadership encompasses Executive Committee, General Managers, Heads of Department, Senior Managers and Specialist Managers.
- (19) Includes: permanent, maximum term & casual employees; and contingent workers (agency and independent contractors). Excludes Owner Managed Branch employees.
- (20) Excludes Owner-Managed Branch employees and contractors. Prior to FY22, gender was only captured as female or male.
- (21) Refer to Sustainability balanced scorecard Endnote (10)
- (22) Following conversations with RE100, BOQ understands that RE100 is currently focusing on new membership limited to large electricity consumers in order to drive the most significant impact. Accordingly, while RE100 membership is not currently available, BOQ is committed to achieving 100% renewable energy by FY25. The 100% renewable target by FY25 also applies to ME.
- (23) BOQ Group committed to no further funding of equipment used directly in the extraction of fossil fuel in 2018. Current loans will run off by the end of 2024.
- (24) Scope 1 emissions represents direct greenhouse gas emissions from fuel combustion for BOQ Group corporate operations including branches and support centres (including ME) based on GHG Protocol using standard emissions factors in accordance with the Climate Active accreditation program.
- (25) Scope 2 emissions represents indirect greenhouse gas emissions from consumption of electricity for BOQ Group including branches and support centres (including ME Bank) in Australia and NZ using market based standard emission factors in accordance with the Climate Active accreditation program.
- (26) Scope 3 emissions represents indirect greenhouse gas emissions from the BOQ Group supply chain including embodied emissions from data centres, IT software and hardware, capital works and repairs to buildings, communications, office equipment, furniture, legal and insurance, consultants supporting BOQ Group strategy and head office operations, business travel, waste disposal, employee commuting, and work from home emissions. Emission estimates include ME and are prepared in accordance with the Climate Active accreditation program.
- (27) Reduction in FY22 organisational greenhouse gas emissions from a combination of enhanced climate engagement with major supply chain vendors for more accurate reporting, implementation of fleet efficiency measures, and implementation of our renewable energy strategy.
- (28) Values presented in FY20 to FY22 represents all locations and states including landlord supplies including ME. Years prior to FY20 excludes ME and facilities where electricity is supplied by the landlord.
- (29) One kilolitre (1kl) is equal to one thousand litres (1,000l). Values prior to 2020 exclude ME.
- (30) Full financial measures contained within the FY22 Annual Report. Values prior to 2020 exclude ME.
- (31) Housing growth in FY21 and prior excludes ME. GLA (housing) refers to housing gross loans and advances as reported in the financial statements. The percentage growth is calculated as the percentage movement in the GLA figure for the period 1 September to 31 August for the relevant year. Housing system growth is calculated as the percentage increase in housing loans as reported in APRA's monthly authorised deposit-taking institution statistics for the period 1 September to 31 August for the relevant year. Housing loans is calculated as the total of "Housing: Owner-occupied" and "Housing: Investment" in the APRA statistics. The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period.  
  
GLA (commercial) refers to commercial gross loans and advances as reported in the financial statements. The percentage growth is calculated as the percentage movement in the GLA figure for the period 1 September to 31 August for the relevant year. Commercial system growth is calculated as the percentage increase in commercial loans as reported in APRA's monthly authorised deposit-taking institution statistics for the period 1 September to 31 August for the relevant year and have been adjusted for balance reclassifications made during the period. Large institutional banks have been excluded for the purposes of calculating system growth. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses", "Loans to community service organisations", and "Loans to financial institutions". The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics, divided by the percentage growth in system for the relevant period. Prior periods have not been adjusted.
- (32) Refer to Sustainability balanced scorecard Endnote (2)
- (33) Refer to 2022 Snapshot Endnote (5).
- (34) Open Banking capability refers to the ability to provide account and transaction data for phase 1, 2, and 3 products as defined by the Consumer Data Right regime. Values represented for FY18 to FY21 excludes ME.
- (35) Refer to Sustainability balanced scorecard Endnote (4)
- (36) ISO 27001 is an international standard for information security management that sets out standards for protecting confidentiality, integrity, and availability of information in an organisation. Tier 1 suppliers are defined as being the most critical to the Bank in terms of value, risk and opportunity.



## Independent Limited Assurance Report to the Directors of Bank of Queensland Limited

### What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the Selected Subject Matter within the *BOQ Group 2022 Sustainability Report* has not been prepared, in all material respects, in accordance with the Reporting Criteria. This conclusion is to be read in the context of what we say in the remainder of our report.

### What we did

Bank of Queensland Limited (**BOQ**) engaged us to perform a limited assurance engagement on:

- BOQ's assertion that its sustainability reporting, including the *BOQ Group 2022 Sustainability Report* and relevant disclosures within the *BOQ Group 2022 Annual Report*, the *BOQ Group 2022 Corporate Governance Statement* and the *BOQ Group 2022 Global Reporting Index (GRI 2016)* (together, the **BOQ Group 2022 Sustainability Reporting**), has been prepared in accordance with the Global Reporting Initiative GRI Standard (2016) – Core requirements;
- the reported 2022 performance for the following sustainability performance metrics (the **Selected Subject Matter**) disclosed within the *Non-financial performance measures 2022* section of the *BOQ Group 2022 Sustainability Report*:

#### Customer

- Percentage of employees who have completed mandatory training: 96.7%
- Number of signatories to the Banking and Finance Oath and ranking: Signatories – 142, Ranking – 3<sup>rd</sup>
- NPS ranking for Retail and SME customers:
  - Retail – BOQ: 3<sup>rd</sup>
  - Retail – ME: joint 5<sup>th</sup>
  - SME – Micro: 4<sup>th</sup>
  - SME – Small: 5<sup>th</sup>
  - SME – Medium: 4<sup>th</sup>
- Overall Retail Net Promoter Score (NPS):
  - BOQ: +21
  - ME: +17
- SME customer NPS Score:
  - Micro: +1
  - Small: -5
  - Medium: +5
- Product simplification - Annual change in the number of products for sale: 9%

#### Community

- Total community investment ('000): \$1,592

#### People

- Employee engagement score: 67%
- Percentage of women on board: 50%
- Percentage of women in senior leadership: 37%

#### Environment & Climate Change

- Total financed amount through CEFC partnership: \$5.5 million

#### Finance

- Cash earnings per share (**Cash EPS**) and Change in Cash EPS (%): 78.4 cps (+5% from FY21)
- Capital investment for the year: \$172 million

#### Technology & Data Capabilities

- Number of significant notifiable cyber security or privacy breaches resulting in public disclosure of data: Nil

Our assurance does not extend to information in respect of earlier periods or to any other information included in the *BOQ Group 2022 Sustainability Reporting*.

**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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## Independent Limited Assurance Report to the Directors of Bank of Queensland Limited

### Reporting Criteria

The Selected Subject Matter needs to be read and understood together with the **Reporting Criteria**, being the

- boundaries, definitions and methodologies contained within the *Endnotes* disclosures of the BOQ 2022 Sustainability Report; and
- Global Reporting Initiative GRI Standards (2016) (the **GRI Standards**);

which BOQ is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

### Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibilities

#### PricewaterhouseCoopers

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Subject Matter is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of BOQ.

#### Bank of Queensland Limited

BOQ's management are responsible for:

- preparing the Selected Subject Matter as well as the 2022 BOQ Sustainability Report in its entirety, including making estimates that are reasonable in the circumstances;
- the prevention and detection of fraud and error in relation to the Selected Subject Matter;
- the design and operation of controls to ensure the completeness and accuracy of information within the 2022 BOQ Sustainability Report, including but not limited to the Selected Subject Matter; and
- determining suitable reporting criteria for reporting the Selected Subject Matter within the 2022 BOQ Sustainability Report and publishing those criteria such that they are available to expected users of the report.

### What our work involved

We conducted our work in accordance with the following Australian standards on assurance engagements:

- Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (Revised); and
- Other relevant assurance standards, as issued by the Auditing and Assurance Standards Board, Board (together, the **Assurance Standards**).

The Assurance Standards require that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.



## Independent Limited Assurance Report to the Directors of Bank of Queensland Limited

### Main procedures performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Subject Matter. Our procedures included:

- making enquiries regarding the processes and controls for capturing, collating and reporting the performance data within the Selected Subject Matter;
- making enquiries to understand and assess the appropriateness of the assumptions and estimates used within the calculation of the Selected Subject Matter;
- testing the arithmetic accuracy of a sample of calculations of the Selected Subject Matter;
- reviewing a sample of relevant management information and documentation supporting the Selected Subject Matter;
- testing of activity data utilised to calculate the Selected Subject Matter. This involved a combination of analytical procedures and substantive tests of details of a sample of BOQ and third-party records and other relevant underlying information;
- reconciling the selected subject matter to underlying data sources and calculations;
- inspecting other supporting evidence to assess the completeness of BOQ activities and facilities and the selected subject matter overall;
- obtaining an understanding of BOQ's materiality process and assessing it against the GRI Standards requirements;
- reviewing a sample of supporting documentation and conducting interviews with management to assess whether the outputs of BOQ's materiality process fairly represent the material issues identified by stakeholders;
- reviewing the BOQ 2022 Sustainability Report to assess whether it meets the disclosure requirements of the GRI Standards;
- reviewing the Selected Subject Matter to assess whether it has been prepared as described in the reporting criteria; and
- reviewing the BOQ 2022 Sustainability Report as a whole to assess any inconsistencies with our understanding obtained from the assurance procedures performed.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Adam Cunningham  
Partner

PricewaterhouseCoopers  
Melbourne  
11 October 2022

### Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

### Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of BOQ in accordance with the agreement between us, to assist the Directors in reporting BOQ's sustainability performance and activities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and BOQ for our work or this report except where terms are expressly agreed between us in writing.

We permit this report to be disclosed in the BOQ 2022 Sustainability Report to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Subject Matter.

### Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Professional standards require us to use negative wording in the conclusion of a limited assurance report.



**BOQGROUP**