

*Rules 4.7.3 and 4.10.3<sup>1</sup>*

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

Bank of Queensland Limited (ASX:BOQ)

**ABN / ARBN**

32 009 656 740

**Financial year ended:**

31 August 2018

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

This URL on our website: [www.boq.com.au/aboutus\\_corporate\\_governance](http://www.boq.com.au/aboutus_corporate_governance)

The Corporate Governance Statement is accurate and up to date as at 3 October 2018 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 4 October 2018

Name of Secretary authorising lodgement: Vicki Clarkson

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Board Charter	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a></p> <p>– Bank of Queensland Limited Diversity Policy</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Nomination &amp; Governance Committee Charter</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> - pages 8 to 11 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> - pages 8 to 11 of the Annual Report ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> - pages 8 to 11 of the Annual Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Code of Conduct	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Audit Committee Charter</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> - pages 8 to 11 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Market Disclosure Policy	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Risk Committee Charter</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> pages 8 to 11 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/About-us/corporate-governance">https://www.boq.com.au/About-us/corporate-governance</a> – Bank of Queensland Limited Human Resources &amp; Remuneration Committee Charter</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report">https://www.boq.com.au/Shareholder-centre/financial-information/Annual-Report</a> - pages 8 to 11 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

2018  
CORPORATE  
GOVERNANCE  
STATEMENT

# INTRODUCTION

The corporate governance policies and practices of Bank of Queensland Limited (**BOQ**) and its wholly owned subsidiaries (collectively, the **BOQ Group**) are set out in this 2018 Corporate Governance Statement. The disclosure contained in this document follows the structure of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition) (**CGPR**). BOQ complies with the requirements of both the CGPR and the requirements prescribed by the Australian Prudential Regulation Authority (**APRA**) under Prudential Standard CPS 510 Governance.

In determining its corporate governance policies and practices, the BOQ Group is committed to delivering excellence in corporate governance. In achieving its objectives, BOQ strives to look after its employees, meet the needs and expectations of its customers, reward its security holders and partner within the community.

BOQ's Constitution, Board and Committee Charters and key corporate governance policies are available on BOQ's website at [www.boq.com.au/About-us/corporate-governance](http://www.boq.com.au/About-us/corporate-governance) (**Governance Page**).

# PRINCIPLE 1

## Lay Solid Foundations for Management and Oversight

### The Role and Responsibilities of the Board

The Board is accountable to security holders for BOQ's performance and governance.

The responsibilities of the Board include, without limitation:

- monitoring the effectiveness of BOQ's corporate governance practices;
- establishing Board Committees as required by the ASX Listing Rules;
- overseeing regulatory compliance;
- ensuring that the BOQ Group observes appropriate ethical standards;
- approving BOQ's strategy and direction, including monitoring and reviewing Management's implementation and performance against strategic, financial and operational plans;
- overseeing BOQ's financial position and the integrity of its financial and corporate reporting systems;
- overseeing the establishment of appropriate risk management systems;
- setting BOQ's risk appetite and monitoring its risk culture;
- approving BOQ's security holder reporting;
- approving and overseeing the process for complying with BOQ's continuous disclosure obligations;
- the appointment of the MD & CEO and reviewing succession plans for the MD & CEO;
- compliance with the ASX Listing Rules and CGPR; and
- establishing transparent, measurable objectives to achieve BOQ's objectives for diversity and inclusion.

The Board has adopted a Board Charter detailing the roles and responsibilities of the Board and of Management and those matters expressly reserved to the Board and those delegated to Management.

### The Role and Responsibilities of Management

Certain powers have been delegated to the MD & CEO, together with the Group Executive team, who are responsible for the day to day management of BOQ, developing and implementing BOQ's strategy, and for operating within the risk appetite that has been approved by the Board.

Group Executives are also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its role. The MD & CEO and Group Executives operate in accordance with the delegations as set out in the Board Charter.

Group Executives are expected to have the qualifications and industry experience necessary to perform their duties and responsibilities that their role requires, and to maintain those qualifications and experience while they remain in their role. They are also formally assessed under BOQ's Fit & Proper Policy on appointment and annually.

### Director Nomination, Appointment and Election

Due to BOQ's status as an Authorised Deposit-Taking Institution (**ADI**), it is required under APRA Prudential Standard CPS 520 Fit and Proper to maintain a Fit and Proper Policy which reflects the requirements of CPS 520.

BOQ's Fit and Proper Policy sets out the requirements that the BOQ Group must follow to assess the competencies and fitness for office of persons appointed as Directors, Group Executives, Company Secretary, responsible persons and auditor in light of BOQ's status as an ADI. All new and existing Directors are subject to an assessment of their fitness and propriety to hold office, both at the time of initial appointment, under the Independence Policy and BOQ's Fit and Proper Policy, and also on an on-going basis. The Fit and Proper Policy also applies to the St Andrew's Group, and requires an assessment of each Director's or potential Director's qualifications and experience against documented criteria for competencies.

BOQ's Independence Policy also outlines the manner in which the Board will determine whether a Non-Executive Director may be considered independent.

BOQ has formal letters of appointment in place with all Non-Executive Directors setting out the terms of their appointment and formal written agreements with all senior executives setting out the terms of their appointment.

Information relevant to the election or re-election of directors at an Annual General Meeting (**AGM**), including their professional experience and other material information, is included in the Notice of Meeting distributed each year in advance of the AGM.

### Company Secretaries

The Company Secretary reports to and is accountable directly to the Board through the Chair on matters relating to the proper functioning of the Board.

The Company Secretary attends all Board and Board Committee meetings and is responsible for providing the Directors with advice on corporate governance issues. The Company Secretary is also responsible for the operation of the secretariat function, including implementing BOQ's corporate governance framework and facilitating Board and Committee meetings.

Ms Michelle Thomsen stepped down as Company Secretary on 18 January 2018 and Ms Vicki Clarkson continued as Company Secretary.

Profiles of BOQ's Company Secretaries for the financial year ended 31 August 2018 are set out in the Directors' Report in the 2018 Annual Report.

# PRINCIPLE 1

## Lay Solid Foundations for Management and Oversight

### Diversity and Inclusion

In order to attract and retain a high performing and diverse workforce, BOQ is committed to providing an environment in which all employees are treated fairly and equitably, and where diversity, inclusion and flexibility are embraced.

In line with this commitment, BOQ has adopted a Diversity Policy and an Inclusion Policy. BOQ's Diversity Policy includes measurable objectives for achieving gender diversity and is reviewed annually to assess the effectiveness of the policy.

In FY18, BOQ's measurable objective for achieving gender diversity was 41% of women in senior management roles.

The percentage of women appointed to the Board or employed by BOQ since FY12 is set out below:

	FY12	FY13	FY14	FY16	FY17	FY18
Board who are female	25%	30%	33%	40%	30%	22%
<b>Senior Management</b>						
Senior Management <sup>1</sup> who are female	22%	23%	22%	33%	39%	41%
<b>Part-time employees</b>						
Total workforce who work part-time	10%	9.7%	10%	8%	10%	12%
Part-time workforce who are female	91%	92%	89%	90%	93%	94%
<b>Casual employees</b>						
Casual workforce who are female	76%	66%	75%	74%	72%	66%
<b>Total workforce who are female</b>	<b>57%</b>	<b>56%</b>	<b>56%</b>	<b>58%</b>	<b>59%</b>	<b>62%</b>

(1) Whilst the term "Senior Executive" is used in the CGPR, the BOQ Diversity Policy uses the term "Senior Manager", which it defines typically as "Group Executive, General Manager, Head of, and Senior Manager as classified by Levels 2-5 of the BOQ Job Grading System".

BOQ has complied with its reporting obligations under the *Workplace Gender Equality Act 2012* (Cth).

Under the *Workplace Gender Equality Act 2012* (Cth), BOQ is required to annually report to the Workplace Gender Equality Agency (**WGEA**) disclosing its "Gender Equality Indicators." These reports are filed annually in respect of the 12 month period ending 31 March. The BOQ Group's annual report to the WGEA is available at [www.wgea.gov.au](http://www.wgea.gov.au).

During FY18, BOQ completed a gender pay equity audit. BOQ is taking steps to address gaps for similar roles.

BOQ recognises that diversity and inclusion cover a range of factors such as gender, age, sexual preference, cultural background and disability. All directors, employees, prospective employees, agents, contractors, customers and suppliers of BOQ are treated fairly and equitably. Everyone is valued for their distinctive backgrounds, skills, experiences, and perspectives. Additionally, we invest in driving a culture across the organisation to support and enable diversity, inclusion and flexibility in the way we work and do business so that BOQ, our employees and customers thrive and enjoy the benefits of having a diverse workforce and inclusive culture.

# PRINCIPLE 1

## Lay Solid Foundations for Management and Oversight

### Board Performance Evaluations

BOQ conducts its business in a complex and dynamic regulatory and business environment. It is important that the Board reviews its own performance and that of its Board Committees from time to time, with the objective of achieving and maintaining a high level of performance in such an environment. Under the Board Performance Review and Renewal Policy, the Board evaluates its performance annually.

The Chair also meets periodically with each individual Director to discuss Board and Committee performance and the individual Director's performance. The Chair also meets with the MD & CEO on a formal basis at least twice a year to discuss the Board's view of Management's performance and Management's view of the Board's performance.

Periodically, the Board engages an independent external facilitator to assist in the review of Board and Committee performance during the financial year. A comprehensive confidential report, detailing the findings of the review and recommended areas for discussion and improvement, is presented to the Board for discussion. The Chair and the Board continue to discuss and explore ways to improve Board and Committee performance.

In FY18, the Board engaged an independent external facilitator to conduct an evaluation of the Board and informal feedback was provided by the Chair in respect of the Committees and individual directors. Other directors provided feedback to the Chair on his performance during FY18.

In addition to the above, the Board also includes a meeting evaluation at the conclusion of each Board meeting to enable timely feedback on potential opportunities for improvement in respect of the meeting process and Board performance.

### Group Executive Performance Evaluations

The Board undertakes an annual formal performance review of the MD & CEO in accordance with key financial and non-financial performance indicators and risk-related measures set by the Board which are aligned with BOQ's strategy.

Management has a program of formal half and full year performance reviews for all employees. This commences with the annual setting of Key Performance Indicators (**KPIs**) by the MD & CEO for his direct reports at the start of the financial year. These KPIs are then cascaded down into individual KPIs for each employee.

A formal evaluation of each individual's performance against their KPIs is undertaken following the conclusion of the half year and the full financial year. The results of this process are then incorporated into the annual remuneration review.

BOQ has a written agreement with each of its Group Executives which sets out the contractual terms of their employment. A performance evaluation of the Group Executives is completed annually and has been completed in respect of FY18.



# PRINCIPLE 2

## Structure the Board to Add Value

### Board Committees

The Board has established the following Committees:

- **Audit Committee;**
- **Risk Committee;**
- **Human Resources & Remuneration Committee;**
- **Nomination & Governance Committee; and**
- **Information Technology Committee.**

A separate Charter has been prepared for each Committee and the Charters are reviewed annually.

The Board has also established an Investment Committee which may be convened by the Board as required to consider significant capital projects or investments. As the purpose and mandate of the Investment Committee is determined by the Board as the case requires, the Committee does not have a separate Charter. The Board also establishes ad hoc Committees from time to time, to support the Board in carrying out its responsibilities.

Details of the current membership of the Board Committees and the number of meetings of each Committee during FY18 are contained in the Directors' Report in the 2018 Annual Report.

An overview of the role and responsibilities of each Committee is set out in the Committee Charters which are available on BOQ's Governance Page. Each Committee reports to the Board and makes recommendations to the full Board for its consideration.

### Nomination & Governance Committee

In accordance with the requirements of the CGPR, BOQ has established a committee with responsibility for nominations, being the Nominations & Governance Committee.

BOQ's Nomination & Governance Committee monitors the skills and experience of existing Directors, and the balance between this experience and any new skills which may be required and which may lead to consideration of appointments of new Directors. It also has responsibility for succession planning for the Board Chair and MD & CEO.

During FY18, the Nomination & Governance Committee has at all times been comprised of at least three independent Non-Executive Directors and it continues to be so comprised. It was and remains chaired by the Chair of the Board.

The names and qualifications of those appointed to the Nominations & Governance Committee, and number of meetings held during FY18 are set out in the Directors' Report in the 2018 Annual Report.

The Charter of the Nomination & Governance Committee, which details its duties, objectives, responsibilities and membership requirements, is available on the Governance Page.

### Board Composition and Board Skills Matrix

BOQ's Constitution sets out the Board's composition as follows and provides that there must be a minimum of three Directors and a maximum of 10 Directors. A resolution seeking to increase the maximum number of directors to 12 will be included in the 2018 AGM Notice of Meeting.

The Board Charter sets out that a majority of the Board must be independent Non-Executive Directors.

As at 3 October 2018, the Board had 9 directors, 8 of whom were independent Non-Executive Directors, and the MD & CEO. Details of the Directors, including their qualifications, experience and length of service can be found in the Directors' Report in the 2018 Annual Report. The Directors' Report also sets out membership of Board Committees and a record of attendance at meetings.

The Board seeks to ensure that its members have a diverse range of skills and experience that reflect the breadth of operation of BOQ's business and its future strategy. Accordingly, the Board has been structured to include suitably qualified men and women with experience in treasury, financial markets, insurance, banking, funds and wealth management, strategy, superannuation, information technology and agribusiness. Several members also hold directorships on other ASX listed entities.

To assist in identifying the areas of focus and to continue to maintain an appropriate mix of skills and diversity in the Board's composition, a board skills matrix is used which addresses factors such as age, gender, location of residence, professional network, and professional experience and qualifications, in order to promote a diverse range of skills and experience.

BOQ's Directors must also satisfy the requirements of APRA Prudential Standard CPS 520 Fit and Proper. Directors are assessed prior to their appointment and thereafter annually with ongoing monitoring throughout the year.

# PRINCIPLE 2

## Structure the Board to Add Value

The Board Skills Matrix as at 3 October 2018 is set out below:

	Board	Audit Committee	Human Resources & Remuneration Committee	Information Technology Committee	Risk Committee	Nomination & Governance Committee
<b>Total Directors</b>	9	5	5	4	6	4
<b>EXPERIENCE</b>						
<b>Corporate Leadership</b>	9	5	5	4	6	4
Experience in Senior Leadership roles, CEO experience in a listed entity and/or non-executive director experience (including Committee Chair roles)						
<b>Relevant Industry Experience</b>	9	5	5	4	6	4
Relevant industry (Retail Banking, Banking (Other), Financial Services (Other), Retailing or Franchising, Treasury, Agribusiness)						
<b>Functional Skills</b>	9	5	5	4	6	4
Experience in the areas of Risk Management, Digital/Technology, Marketing, Accounting/Audit/Tax, Regulatory, Strategy, People & Culture, Acquisitions						
<b>GENDER</b>						
Female	2	1	2	1	1	1
Male	7	4	3	3	5	3
<b>TENURE</b>						
0-3 years	4	2	2	1	1	0
3-6 years	1	1	0	1	1	1
6-9 years	3	1	2	2	3	2
10-12 years	1	1	1	0	1	1

The Board has succession arrangements in place and plans ahead to ensure that its composition contains a diverse range of skills and experience that are relevant to the business undertaken by BOQ, both now and into the future.

### Independence

The Board assesses a potential Non-Executive Director's independence prior to their initial appointment, on an annual basis, and from time to time depending on disclosures made by individual Directors.

It is the responsibility of the Board to determine the independence of Directors in accordance with the Policy on Independence of Directors (**Independence Policy**). The Board has assessed the independence of all Non-Executive Directors in accordance with the Independence Policy and determined that all Directors remain independent. As such, that no Directors have any relationship, association, interest or position of the type described in Box 2.3 of the ASX Principles that were determined as having an impact on a Director's independence.

In reaching its decision regarding individual Director's independence, the Board reserves the right (except in the case of the Audit Committee membership) to consider a Director to be independent even though they may not meet one or more of the specific thresholds or tests set out in the Independence Policy, having regard to the underlying policy of the independence requirement and the qualitative nature of the Director's circumstances.

Furthermore, the Board Charter requires that all Directors bring an independent mind to bear on all matters coming before the Board for consideration. BOQ does not consider that the length of service on the Board of any of the independent Directors is currently a factor affecting the Director's ability to act independently and in the best interests of BOQ and its security holders. The Board generally judges independence against the ability, integrity and willingness of the Director to act. The date of appointment of all Board members, from which their tenure can be calculated, is set out within the Directors' Report in the 2018 Annual Report.

## PRINCIPLE 2

### Structure the Board to Add Value

#### Board Chair

The Board Chair is an independent Non-Executive Director elected by the Board. Roger Davis has been a Director of BOQ since August 2008, and was elected as Chair in 2013. Mr Davis is the Chair of the Nomination & Governance Committee, member of the Risk Committee, the Audit Committee and the Investment Committee, and is an attendee of all other Board Committees.

The Chair's responsibilities are to establish and maintain an effective working relationship with the Board and Management in order to ensure that the Board fulfils its objectives under its Board Charter. The role and responsibilities of the Chair are set out in the Board Charter.

#### Directors' Induction Training and Continuing Education

BOQ delivers a formal induction program to assist and introduce all new Directors to the working environment of BOQ. As part of the induction, new Directors are given a detailed overview of the BOQ Group's business operations, copies of all material BOQ Group policies and procedures, and information on the functions and responsibilities of the Board, Board Committees and Management. Meetings with new Directors and members of the Group Executive team, and other senior managers are also held as part of the induction program.

During the course of a financial year, education sessions are provided to the Board on topical matters. Specific sessions are scheduled around Board meeting dates and BOQ provides other appropriate development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.

## PRINCIPLE 3

### Act Ethically and Responsibly

#### Code of Conduct

BOQ's Code of Conduct sets out the principles and conduct which all Directors, Group Executives, employees, agents, contractors and owner-managers (and their employees and contractors) are expected to uphold in order to promote the interests of BOQ and its security holders.

The Code of Conduct sets out BOQ's expectations in relation to matters including acting with honesty and integrity, compliance with laws, conflicts of interest, privacy and confidentiality, and workplace health and safety. All employees receive periodic training in the Code of Conduct and there is on-going monitoring of the Code of Conduct to ensure all employees promote ethical and responsible decision-making in the performance of their roles. The Code of Conduct is available on the Governance Page.

## PRINCIPLE 4

### Safeguard Integrity in Corporate Reporting

#### Audit Committee

The Board has established an Audit Committee which assists Directors in discharging their responsibilities with respect to the oversight and governance of financial and audit matters.

The Audit Committee comprises five independent Non-Executive Directors, namely Mr Richard Haire (Committee Chair), Mr Roger Davis (the Board Chair), Mr Bruce Carter, Ms Karen Penrose and Mr Warwick Negus.

The names, qualifications and experience of those appointed to the Audit Committee and the number of meetings of the Audit Committee held during FY18 are set out in the Directors' Report in the 2018 Annual Report.

A copy of the Audit Committee Charter is available on the Governance Page.

#### Financial Reporting and Management Declarations

The Board receives regular reporting from Management on BOQ's performance, including details of all key financial and business results.

Prior to approving BOQ's financial statements for the half year ended 28 February 2018 and full year ended 31 August 2018, the Audit Committee and Board received written attestations from the MD & CEO and the Chief Financial Officer that, in their opinion the:

- financial records of the entity have been properly maintained; and
- financial statements comply with appropriate accounting standards and give a true and fair view of BOQ's financial position and performance of the entity.

The MD & CEO and Chief Financial Officer also attest that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### External Auditor

BOQ has an Auditor Independence Policy, which is available on the Governance Page and requires the External Auditor to comply with the requirements of the *Corporations Act 2001* (Cth), APRA Prudential Standard CPS 510 Governance, and Accounting Professional and Ethical Standards Board APES 110 – Code of Ethics for Professional Accountants, section 290 Independence.

The Auditor Independence Policy requires that the Lead Partner and Review Partner of the External Auditor is rotated so that neither role is performed by the same partner for more than five years, or more than five years out of seven successive years. The Audit Committee Charter sets out BOQ's process for the selection and appointment of the External Auditor.

The External Auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

Information about BOQ's internal audit function (referred to as Group Assurance) is set out on page 11.

## PRINCIPLE 5

### Make Timely and Balanced Disclosure

#### Market Disclosure Policy

The Board has adopted a Market Disclosure Policy which provides a framework to assist BOQ in providing timely and balanced disclosure and to comply with its continuous disclosure obligations under the ASX Listing Rules. The policy requires that BOQ's directors, officers and employees notify the designated Disclosure Officer if they become aware of information that may require release to the market. The Company Secretary is the Disclosure Officer and is also responsible for communications with the ASX.

In support of the above, a continuous disclosure confirmation is also included as a standing agenda item at all Board and Committee meetings. Directors are also provided with copies of all ASX announcements immediately following release.

All announcements made by BOQ to the ASX are accessible via its website.

A copy of the Market Disclosure Policy is available on the Governance Page.

# PRINCIPLE 6

## Structure the Board to Add Value

### Access to Corporate Reports and Corporate Governance Policies

BOQ aims to ensure that all security holders are able to readily access corporate reporting documents (including ASX announcements), charters and corporate governance policies by making these documents available via the Governance Page and BOQ's Shareholder Centre.

The Shareholder Centre includes the following:

- links for security holders to view details of their holding through BOQ's share registry provider's secure website, as well as access to contact details for the share registry;
- links for security holders to view details on historical dividend payments and information on BOQ's Dividend Reinvestment Plan;
- a financial calendar for the key events in the upcoming year, including results announcements, the AGM and dividend payments;
- BOQ ASX announcements;
- details of AGMs, which are webcast on BOQ's website. At AGMs, security holders have the opportunity to ask questions or make comments regarding BOQ's performance, including ahead of the meeting if they cannot attend the meeting in person via the share registry provider's secure website; and
- details of BOQ's preference shares and previous capital raisings.

The Shareholder Centre can be accessed from the BOQ website at [www.boq.com.au/Shareholder-centre](https://www.boq.com.au/Shareholder-centre)

### Investor Relations Program

BOQ operates an ongoing investor relations program to facilitate effective two-way communication with investors on BOQ's market activities which involves:

- half-year and annual results briefings (made available via webcast on BOQ's website) which allow for questions from market participants;
- annual or semi-annual meetings with key proxy adviser groups;
- meetings with domestic and international institutional investors;
- presentations to institutional and retail brokers and their clients (with any new information being released to the ASX in advance of communication with investors at such meetings); and
- responding to ad-hoc queries from analysts and investors (institutional and retail), as well as financial media, on the market releases made by BOQ.

These initiatives represent an opportunity for BOQ to provide investors, market participants and the general public with a greater understanding of BOQ's business, financial performance, governance and prospects, whilst also providing investors and other market participants the opportunity to express their views to BOQ on matters of concern or interest to them. These views are gathered and communicated to the Board, wherever appropriate.

Security holders may elect to receive communications from BOQ and its share registry electronically via the share registry's secure website which is accessible from the Shareholder Centre on BOQ's website at <https://www.boq.com.au/Shareholder-centre/my-shareholding> or by contacting the share registry by phone on 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia). Security holders may contact the BOQ Investor Relations team by e-mail at [InvestorRelations@boq.com.au](mailto:InvestorRelations@boq.com.au) and BOQ's share registry can be contacted by email at [boq@linkmarketservices.com.au](mailto:boq@linkmarketservices.com.au)

# PRINCIPLE 7

## Recognise and Manage Risk

### Risk Committee

Risk management is critical to the long-term success of BOQ. Management of risk is overseen by the Board and the Board's Risk Committee.

The Risk Committee is responsible for performing the duties and responsibilities set out in its Charter, including making recommendations to the Board on the effective discharge of its responsibilities for key risk areas and for the management of BOQ's compliance obligations.

The Risk Committee comprises of six independent Non-Executive Directors, namely Mr Bruce Carter (Committee Chair), Mr Roger Davis (the Board Chair), Mr Richard Haire, Ms Michelle Tredenick, Mr David Willis and Mr John Lorimer.

The names and qualifications of those appointed to the Risk Committee, and number of meetings of the Risk Committee held during FY18 are set out in the Directors' Report in the 2018 Annual Report.

A copy of the Risk Committee Charter is available on the Governance Page.

### BOQ'S Risk Management Framework

BOQ has an integrated Risk Management Framework in place to identify, assess, manage and report risks on a consistent and reliable basis. This framework has been developed to accord with the tolerance levels set out in the BOQ Risk Appetite Statement. The Risk Management Framework is reviewed annually to ensure that the Risk Committee satisfies itself that it remains sound. A review of the Risk Management Framework was completed in FY18.

The Risk Management Framework requires each business area to optimise the outcome of its risk-taking activities and allows it to benefit from the resulting risk-adjusted returns.

### Group Assurance

Group Assurance, BOQ's internal audit function, provides independent assurance to key stakeholders regarding the adequacy and effectiveness of BOQ's system of internal controls, compliance, risk management procedures and governance processes. It is responsible for reviewing risk management frameworks (at least annually) and the business division practices for risk management and internal controls.

To maintain independence, the Head of Group Assurance has a reporting line to the Chair of the Audit Committee. The Group Assurance strategic plan is monitored by the Audit Committee and reviewed by the Audit Committee before proceeding to Board for approval.

### Material Exposure to Economic, Environmental and Social Sustainability Risks

BOQ continues to address economic, social and environmental sustainability risks and monitor the increasing expectations from investors for greater transparency on these matters so that they can properly assess investment risk.

BOQ's day to day operations involves managing a range of material business risks. The following categories of risk have been identified as the material business risks of BOQ under its Risk Management Framework:

Risk	Description
<b>Compliance Risk</b>	The risk to earnings and capital arising from violations of or non-compliance with laws, rules, regulations, prescribed practices or ethical standards. It also includes overseeing the establishment and maintenance of risk-based controls to mitigate the risks associated with money laundering and terrorism financing. The policies adopted to manage Compliance Risk include a Conflicts of Interest Policy, Whistleblower Policy and Breach & Incident Management Process. BOQ employees also undertake a range of compliance training to manage Compliance Risk, including in relation to Consumer Credit Insurance, Consumer Protection, Code of Banking Practice, National Consumer Credit Protection and Anti-money Laundering & Counter Terrorism Financing.
<b>Credit Risk</b>	The risk that a debtor or transactional counterparty will default and/or fail to meet their contractual obligations, and includes the risk of loss of value of assets due to deterioration in credit quality and credit concentration risk. This risk primarily arises from BOQ's lending activities and the holding of various financial instruments for investment or liquidity purposes. BOQ has a set of well documented credit risk policies to manage these risks within the limits set by the Board. They include the Treasury Credit Policy, Large Exposures Policy, Sector Risk Concentration Policy, the Delegated Approval Authority Policy, and specific credit policies for each customer segment and their respective lending products.
<b>Insurance Risk</b>	The risk that BOQ incorrectly assesses its risk of exposure to financial loss and inability to meet its liabilities due to inadequate or inappropriate insurance product design, claims management or reinsurance management.

# PRINCIPLE 7

## Recognise and Manage Risk

Risk	Description
<b>Liquidity and Funding Risk</b>	The risk that BOQ, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. BOQ's Liquidity and Funding Policy and Contingency Funding Plan are used to manage this risk.
<b>Market Risk</b>	This includes Traded Market Risk (the risk that the value of an investment will decrease due to moves in market factors such as foreign exchange rates, interest rates, equity prices, commodity price and credit spreads) and Non Traded Market Risk (the risks arising from the various structural dimensions of the balance sheet including Interest Rate Risk in the Banking Book, Liquidity, Funding, Securitisation and Capital Risk). BOQ has adopted a number of Treasury Risk Policies to manage Market Risk.
<b>Operational Risk</b>	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk management covers a wide variety of risks including legal risk, franchise risk, environmental sustainability, Enterprise Continuity Management (comprising business continuity management, crisis management and disaster recovery, IT Security and technology/system risk) and human resources risk management. BOQ has implemented a number of systems and policies to address operational risks including a Code of Conduct, Outsourcing Policy (including off-shoring of services), Product Development Policy, Information Security Policy and IT risk management policies, Workplace Health & Safety Policy, Workplace Rehabilitation Standard and Harassment, Discrimination & Bullying Standard.
<b>Contagion Risk</b>	The risk that problems arising in BOQ's subsidiary companies may compromise the financial and operational position of BOQ as an ADI.
<b>Reputation Risk</b>	The risk to earnings and capital arising from negative public opinion resulting from the loss of reputation, public trust or standing, and is considered to be a risk derived from business activities and is considered in conjunction with the underlying risks resulting from those activities.
<b>Securitisation Risk</b>	The risk to earnings in the event of a major disruption in market demand for asset backed securities thereby increasing BOQ's funding costs as the BOQ Group seeks alternative, more expensive, funding sources. This may have an impact on net interest margin, profitability and may limit securitisation as a funding and capital management tool.
<b>Strategic Risk</b>	The potential for financial loss associated with the vulnerability of business earnings to changes in the strategic environment.
<b>Cyber Security Risk</b>	The risk arising from failure to secure and protect computers, networks, programs and data from unintended or unauthorised access.
<b>Conduct Risk</b>	The risk of inappropriate, unethical or unlawful behaviour by Management or employees, which could have significant ramifications for our customers, shareholders, clients, counterparties and the markets in which BOQ operates.

The above material business risks include economic sustainability issues such as market and credit risk. BOQ's material business risks also include social sustainability risks such as reputation risk. BOQ continues to manage its social sustainability issues by engaging with a number of stakeholders for ongoing feedback including regulators, customers, investors and employees.

# PRINCIPLE 8

## Remunerate Fairly and Responsibly

BOQ has determined it has no material exposure to environmental sustainability issues that compromise the health of the ecosystem in which BOQ operates over the longer term. BOQ has a limited physical footprint which includes an energy efficient head office. BOQ's lending activities are guided by an Ecological Care and Sustainability Policy which strengthens controls when lending in a range of industries that have the potential for environmental impact. As at 31 August 2018, BOQ's direct commercial lending exposure to the mining industry remains at less than 1% of BOQ's total loan portfolio. In addition to its material business risks, BOQ takes a broader lens to sustainability and manages its exposure across a broad range of sustainability issues, not all of which are material to its long term performance.

In FY18, BOQ undertook an assessment to identify which sustainability issues are key focus areas for BOQ's operations, performance and stakeholders. This assessment identified the following themes which will form the basis of BOQ's sustainability focus areas for the FY19:

- conduct and trust;
- customer experience;
- adapting to change; and
- workplace culture.

For more information on BOQ's assessment including how it is managing its key sustainability issues, please view the 2018 Sustainability Report or the sustainability section of BOQ's website at [www.boq.com.au/Shareholder-centre/sustainability](http://www.boq.com.au/Shareholder-centre/sustainability). BOQ monitors all its sustainability issues on an ongoing basis, with the priority areas assessed on an annual basis.

### Human Resources & Remuneration Committee

The Board has established a Human Resources & Remuneration Committee that is responsible for assisting the Board to discharge its responsibilities regarding the public reporting of remuneration information, remuneration policies, Directors' Fees and entitlements and other matters such as diversity and inclusion.

The Human Resources & Remuneration Committee comprises five independent Non-Executive Directors, namely, Mr David Willis (Committee Chair), Ms Karen Penrose, Ms Michelle Tredenick, Mr Richard Haire and Mr Warwick Negus as its current members. The Board Chair is an attendee at all meetings of the Human Resources & Remuneration Committee. Ms Margaret Seale ceased as a member of the Human Resources & Remuneration Committee on 28 June 2018.

The names and qualifications of Directors appointed to the Human Resources & Remuneration Committee, and the number of meetings of the Human Resources & Remuneration Committee held during FY18 are set out in the Directors' Report in the 2018 Annual Report.

The Human Resources & Remuneration Committee Charter is available on the Governance Page.

### Remuneration Policies and Practices

The Board has approved a Remuneration Policy which forms part of BOQ's human resources and risk management system in accordance with the APRA requirements set out in APRA CPS 510 Governance.

The Committee Chair, the Board Chair and the Head of Investor Relations meet with institutional shareholders and corporate governance agencies throughout the year to discuss BOQ's remuneration framework and seek feedback on the Remuneration Report.

### Structure of Remuneration

Non-Executive Directors' remuneration is distinguished from the remuneration of the MD & CEO and Group Executives. Non-Executive Directors are remunerated by fees which reflect the time commitment and responsibilities of their role. They do not receive performance-based or equity-based remuneration.

The MD & CEO and Group Executives are provided with remuneration packages which incorporate a balance of fixed and performance based remuneration. The performance-based remuneration is based on specific performance targets which are aligned to short and long-term performance, and comprise cash and equity-based elements.

Further detail in relation to the quantum of remuneration for Non-Executive Directors, the MD & CEO and Group Management are provided in the Remuneration Report in the 2018 Annual Report. Short term incentives will be deferred when they meet the Board's threshold amount and could take the form of cash, Deferred Award Rights (**DARs**), Performance Award Rights (**PARs**) or Restricted Shares.



# PRINCIPLE 8

## Remunerate Fairly and Responsibly

All positions are benchmarked with respect to their total remuneration. Any employee found not to have complied with risk, compliance and/or appropriate behaviour standards may, at Board discretion, become ineligible for an award in addition to any other appropriate measures that may be taken by BOQ in such cases. Where applicable, such employees remain ineligible for awards in any further periods until such time as the matter is resolved to the Board's satisfaction.

The Board has set a deferral period of up to three years for the MD & CEO and Group Management and two years for other employees where the short term incentive is above the threshold. Vesting of deferred short term incentives is subject to Board approval with the Board receiving input from the Chief Risk Officer in making its decision.

Long term incentives are delivered either as DARs, PARs or a combination of the two. Following the end of FY15, DARs are no longer offered as part of Key Management Personnel remuneration packages. For 2018, the vesting period for PARs has been extended from three years to four years. Awards of long term incentives are contingent upon compliance with BOQ's risk and compliance standards and forfeiture and claw back procedures similar to those for short term incentives apply. On occasion, the Board may award restricted shares to new employees as a means of attracting them to BOQ and in recognition of any short and long term remuneration forfeited at their previous place of employment.

The Board has approved changes to both the LTI and the STI deferral for KMP and other Accountable Persons. In summary, the vesting period for LTI grants has been extended from three to four years and the STI deferral has been extended from two years to three years. This will ensure that the plans are compliant and meet the Banking Executive Accountability Regime test for mid-sized ADIs, twelve months in advance of the July 2019 timing requirement.

The Board has also approved enhancements to employee remuneration which are consistent with the Sedgwick recommendations and reflective of the particular circumstances of BOQ's Owner Manager model. For our BOQ employees, we have removed sales commission within our BOQ-owned retail branch network and are reviewing sales commissions within BOQ Business.

The Human Resources & Remuneration Committee Charter is available on the Governance Page.

### Securities Trading Policy - Hedging

BOQ's Securities Trading Policy provides a framework to assist Directors, Group Executives, employees, owner managers, agents and contractors of BOQ to understand their legal obligations with respect to insider trading and trading in BOQ securities.

The Securities Trading Policy also provides that all employees are strictly prohibited from entering into hedging arrangements (the use of financial products to protect against or limit the risk associated with equity instruments such as shares, securities or options) in relation to any employee shares, securities or options received as part of their performance-based remuneration, whether directly or indirectly.

The Securities Trading Policy meets the requirements of the ASX Listing Rules and is available on the Governance Page.