

2020 SUSTAINABILITY REPORT





ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

ABOUT THIS REPORT

This report provides stakeholders with further detail on BOQ’s performance across a range of sustainability measures for FY20. This includes detail on a number of initiatives underway across the organisation based on continually evolving community expectations.

BOQ enhanced its sustainability reporting disclosures this year by reporting in accordance with the Global Reporting Initiative (GRI) Standards: core option. The Report also refers to the Task Force for Climate-related Financial Disclosures recommendations and the United Nations Sustainable Development Goals. We have engaged KPMG to perform limited assurance over a number of key scorecard metrics included in this report. Refer to **page 35** for the assurance opinion.

OTHER DOCUMENTS IN OUR 2020 REPORTING SUITE

BOQ produces a range of reports designed to meet the evolving expectations of a wide number of stakeholders. Our 2020 annual reporting suite also includes the following documents:



ANNUAL REPORT

Our 2020 Annual Report includes an overview of BOQ’s purpose and values, strategy, operations, and the Group’s audited financial statements and other statutory disclosures. It is available on the Annual Reports page of our website.



FY20 INVESTOR MATERIALS

Our FY20 Investor Materials provides 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.



CORPORATE GOVERNANCE STATEMENT

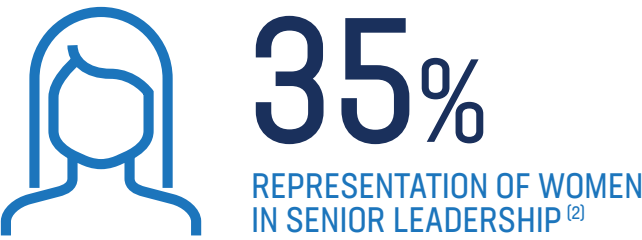
Our 2020 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council’s Corporate Governance Principles & Recommendations (4th edition) and is available on the Corporate Governance page of our website.

CONTENTS

2020 Snapshot	2	The Issues That Matter Most	10
Leadership Message	3	Sustainability Focus Areas	11
Reimagining Sustainability at BOQ	4	Non-financial Performance Measures	27
How We Create Value	5	Endnotes	33
Sustainability Balanced Scorecard	7	Independent Limited Assurance Report	35

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
Cover image (from left to right): John Lynch (Owner-Manager, Middle Park Branch), Garry, Charmaine and Chris Ashford (Founders of All Purpose Coatings & BOQ valued customers).

2020 SNAPSHOT



(1) RFI Group XPRT Report – August 2020. 6 Month Rolling Average (BOQ Retail only)
(2) Encompasses Executive Committee, General Managers, Heads of responsible for leading an organisational department, Specialist Managers and Branch Managers (with two direct reports).
(3) Community Investment measures financial contributions made by BOQ and its people to community organisations. For the years prior to FY20, community investment excludes all associated costs, and includes our workplace giving program. For FY20, community investment includes the direct costs associated with managing investment activities, and excludes our workplace giving program. Due to rounding, numbers presented may not add up to precisely to the totals provided.
(4) In FY19, BOQ Finance established a new 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.
(5) Capital investment is the total amount of investment spend which meets the eligibility criteria for capitalisation in accordance with BOQ Policy. This is the gross spend, excluding any adjustments for impairments during the period.



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

LEADERSHIP MESSAGE



Dear Shareholder

BOQ’s purpose to create prosperity for our customers, shareholders and people through empathy, integrity and by making a difference sits at the heart of our organisation. The creation of long term value is the foundation of our sustainability strategy, and we recognise the need to continually evolve and enhance our focus in this area.

In 2020, we enhanced our sustainability reporting disclosures by reporting in accordance with the GRI Standards: core option. During the year we also developed a sustainability scorecard to measure our progress and report our achievements. Our goal is to incorporate sustainability into all facets of our business. Measurement of our progress against this scorecard is key to achieving this uplift.

The recent drought, bushfires, and COVID-19 have all highlighted the important role BOQ and the financial services sector plays in supporting the resilience of the broader community. We have provided support to a large number of customers during the year and banking relief packages have been provided to more than 10,500 home loan customers and 18,000 SME customers impacted by COVID-19.

The drought and bushfires also highlighted the increasing community concerns relating to climate change and the impact that businesses can have on the environment they operate in.

An important element to our enhanced sustainability approach is the management of climate change issues. During FY20, BOQ undertook a detailed assessment of its carbon footprint and has a goal of achieving carbon neutral accreditation by the end of the 2020 calendar year.

BOQ is committed to a reduction in our carbon footprint and we are currently developing an emissions management plan to achieve this goal. This reduction is a key foundational element if we are to achieve our goal of achieving 100% renewable energy in the future.

We are very proud that BOQ has again partnered with a number of community organisations including Orange Sky, the Smith Family, Clontarf Foundation, and the Stars Foundation. These organisations play a key role in supporting vulnerable members of the community and are making a significant social impact. Through our partnership with Orange Sky we have provided funding of \$267,000, which has supported the delivery of around 315,000kg of laundry, 4,000 showers, and 51,000 volunteer hours.

Our partnerships with Clontarf and Stars has seen us contribute more than \$119,000 to support the education of Indigenous Australians. In total, more than \$714,000 has been contributed through our community program, including more than \$90,000 to the Smith Family, \$130,000 to the Red Cross, and \$50,000 to DV Connect, supporting Queenslanders to find pathways to safety, away from domestic, family and sexual violence. These partnerships allow BOQ to make a meaningful impact in the broader community.

We continue to strengthen our governance frameworks and risk management practices to ensure we are behaving ethically and meeting our regulatory requirements. We have implemented a number of the Royal Commission recommendations, progressed the development of our modern slavery statement, and we have implemented the Banking Executive Accountability Regime (BEAR) framework.

BOQ is committed to driving a sustainable business and the 2020 sustainability report explains how we are creating value and building a stronger future for our customers, people, shareholders, and broader community.

Patrick Allaway

Chairman

George Frazis
Managing Director and CEO

REIMAGINING SUSTAINABILITY AT BOQ

BOQ recognises the importance of managing its environmental, social, and governance issues and the increasing interest in these areas from stakeholders. The extreme weather events of FY20 and the COVID-19 pandemic have served to heighten the focus on climate change, the environment, and the role BOQ plays in supporting the resilience of the broader economy.

During FY20 we continued to mature our approach to the management and disclosure of our sustainability focus areas. The Group’s Board of Directors and Executive Committee have reviewed and approved the sustainability agenda and priorities as well as provided input into the material issues for FY20 based on knowledge and insights gained from stakeholder interactions.

OUR PURPOSE AND VALUES SIT AT THE HEART OF BOQ

We create prosperity for our customers, shareholders and people through empathy, integrity and by making a difference.

BOQ’S FIVE STRATEGIC PRIORITIES UNDERPIN THE SUSTAINABILITY STRATEGY

Our empathetic culture sets us apart

Distinctive brands serving attractive niche customer segments

Digital bank of the future with a personal touch

Simple and intuitive business, with strong execution capability

Strong financial and risk position, with attractive returns

FOCUSING ON THE ISSUES THAT MATTER

BOQ’s sustainability strategy focuses on the material issues that matter to our key stakeholders. In 2020, the BOQ Sustainability Working Group was established to support the business with the development and implementation of sustainability initiatives and reporting requirements. This Group is made up of representatives from across the Group who are involved in the day to day management of sustainability issues.

ENHANCING OUR DISCLOSURES

BOQ enhanced its sustainability reporting disclosures this year by reporting in accordance with the GRI Standards: core option. In the FY20 report we have strengthened disclosure relating to BOQ’s materiality assessment and material issues, as well as obtaining independent assurance over a number of key scorecard metrics.

DEVELOPMENT OF SUSTAINABILITY SCORECARD AND OUR VALUE CREATION STORY

During FY20, BOQ developed its value creation story. This will help us to better understand and communicate how BOQ creates value for stakeholders. The sustainability scorecard includes targets for a number of BOQ’s key metrics and is based on issues that matter most to our stakeholders.

ENHANCING OUR SUSTAINABILITY FOCUS GOING FORWARD

BOQ understands the strategic importance of focusing on our value drivers to create a sustainable business, as well as the role it plays more broadly in developing a sustainable economy for our stakeholders. BOQ recognises it is on a journey and will continue to mature and evolve its approach to the management of sustainability issues and associated disclosures going forward.

KEY COMMITMENTS / PARTNERSHIPS

UN Sustainable Development Goals
Statement of commitment

Paris Climate Agreement
Supporter (2018)

Financial Stability Board’s Task Force on Climate-related Financial Disclosures
Align with and support



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

- Supporting economic and customer resilience
- Responding to COVID-19
- Data protection and governance
- Customer experience and product responsibility
- Conduct, governance and culture
- Climate change, sustainable finance and environment
- Workforce empowerment and capability
- Community support and involvement
- Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

HOW WE CREATE VALUE

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.





ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

SUSTAINABILITY BALANCED SCORECARD

The targets below show 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's Sustainability strategy and will be revised in line with strategic goals.

BOQ's Sustainability strategy and will be revised in line with strategic goals.

Below expected progressSteady progressWell progressed					
FOCUS AREAS / SUSTAINABLE DEVELOPMENT GOALS	BOQ VALUE DRIVER INPUTS	TARGET / COMMITMENT	FY19	FY20	FY20 PROGRESS
SUPPORTING ECONOMIC & CUSTOMER RESILIENCE <div><div>1 NO POVERTY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<div>CUSTOMER</div> <div>FINANCE</div>	Year on year above system growth in Housing and Commercial GLAs relative to comparable authorised deposit taking institutions ⁽¹⁾ Sustainable growth in (Cash) earnings per share (EPS) from FY21 onwards. ⁽²⁾	Housing: 0.2x system Commercial: 1.2x system 79.6 cps (~16% from FY18)	Housing: 0.9x system Commercial: Positive to system, which is negative for both 51.1 cps (~36% from FY19)	<div></div> <div></div>
DATA PROTECTION & GOVERNANCE <div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>	<div>TECHNOLOGY & DATA CAPABILITIES</div>	Deliver Open Banking capability by FY22 ⁽³⁾ Nil significant notifiable cyber security or privacy breaches which result in the public disclosure of data ⁽⁴⁾	Project launched Nil	In progress Nil	<div></div> <div></div>
CUSTOMER EXPERIENCE & PRODUCT RESPONSIBILITY <div><div>1 NO POVERTY</div></div>	<div>CUSTOMER</div>	Top 3 NPS ranking for Retail and SME customers ⁽⁵⁾ Product simplification – halve the number of products available for sale from 202 ⁽⁶⁾	Retail: 3rd SME: Micro-5th; Small-2nd; Medium-4th N/A	Retail: 3rd SME: Micro-3rd; Small-3rd; Medium-3rd 14% reduction	<div></div> <div></div>
CONDUCT, GOVERNANCE & CULTURE <div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<div>CUSTOMER</div> <div>PEOPLE</div>	Ensure our employees complete all mandatory compliance learning modules ⁽⁷⁾ All relevant Royal Commission recommendations implemented by 2021 ⁽⁸⁾ Top 3 ranking for signatories to the Banking & Finance Oath ⁽⁹⁾	93.3% N/A FY19 Score: 109; Ranked 2nd	94.5% 9 implemented; 1 underway; 15 government legislation or review; 51 not relevant to BOQ FY20 Score: 158; Ranked 2nd	<div></div> <div></div> <div></div>
CLIMATE CHANGE, SUSTAINABLE FINANCE & ENVIRONMENT <div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>	<div>ENVIRONMENT & CLIMATE CHANGE</div>	Achieve Carbon Neutral accreditation by 2020 Ongoing participation in the CEFC co-financing program ⁽¹⁰⁾ Achieve RE100 status	N/A \$240k N/A	Accreditation in train \$8.4m In progress	<div></div> <div></div> <div></div>
WORKFORCE EMPOWERMENT & CAPABILITY <div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>	<div>PEOPLE</div>	Increase employee engagement to 72% (top quartile of employee engagement) by FY23 ⁽¹¹⁾ Gender diversity target on the Board of 40% female, 40% male and 20% either gender ⁽¹²⁾ Senior leadership target of 40% female, 40% male, and 20% either gender from FY21 onwards ⁽¹³⁾	56% 25% 36%	59% 37.5% 35%	<div></div> <div></div> <div></div>
COMMUNITY SUPPORT & INVOLVEMENT <div><div>1 NO POVERTY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div>COMMUNITY</div>	Increase community investment to \$1m p.a. by FY23 ⁽¹⁴⁾	\$471k	\$841k	<div></div>
INNOVATION, TRANSFORMATION & EXECUTION <div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div></div>	<div>TECHNOLOGY & DATA CAPABILITIES</div>	Capital investment of \$100M pa FY20 – FY22 ⁽¹⁵⁾ Launch VMA digital bank by late 2020	\$95m Program launched	\$100m Family and friends launch scheduled for late 2020	<div></div> <div></div>

Refer to page 33 for detailed endnotes relating to this table



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a key role in the identification and assessment of key sustainability focus areas for BOQ. Throughout this financial year, a number of formal and informal feedback mechanisms were utilised to capture the voice of stakeholders which determined BOQ's material issues for FY20.



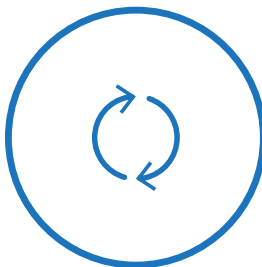
CUSTOMERS

- Sustainability survey completed by a selection of customers
- Regular engagement by branch teams and specialist bankers
- Monitoring and analysis of customer feedback and complaints through BOQ's call centres, social media, and customer relations team



SHAREHOLDERS, INVESTORS, ANALYSTS, AND CREDIT RATING AGENCIES

- Regular briefings and meetings with investors and analysts
- Investor presentations
- Annual governance meetings with proxy advisors
- Direct feedback from shareholders
- Shareholder queries and voting preferences at our AGM
- Regular meetings and presentations to credit rating agencies



SUPPLIERS

- Discussions with new suppliers through the tender process and ongoing vendor management meetings



EMPLOYEES

- Culture survey (completed every two years)
- 'Pulse' survey (focus on culture and engagement – completed every six months)
- Sustainability survey completed by leaders across the organization
- Town hall forums, team meetings, and BOQ's internal social media platform



GOVERNMENT AND REGULATORS

- Ongoing engagement with government and regulators
- Participation in policy development through lodgement of submissions to relevant government inquiries and reviews
- Engagement with key State and Federal political and Departmental stakeholders



NON-GOVERNMENTAL ORGANISATIONS

- Regular discussions on ESG issues and Bank strategy / policy developments



COMMUNITY

- Regular communication with our community partners
- Community volunteering and fundraising initiatives

THE ISSUES THAT MATTER MOST

IDENTIFICATION OF MATERIAL ISSUES

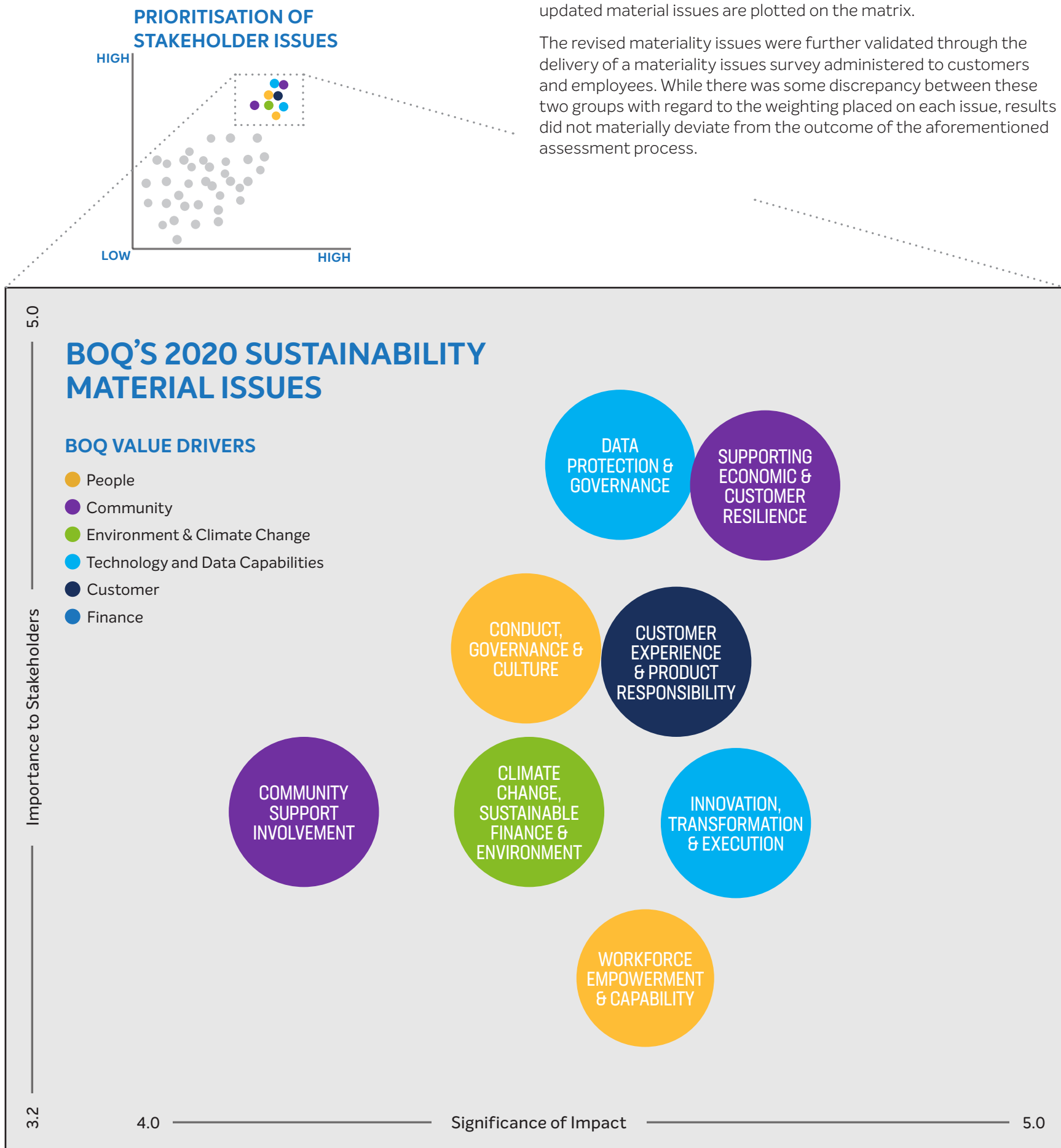
In line with best practice we undertook a review to identify the most material topics for BOQ in 2020. These topics represent the issues that are significant to both stakeholders and to the business. For example, because the impacts on the environment and/or society could be significant, or may have reputational or financial consequences and present risks and/or opportunities for BOQ.

PRIORITISATION AND VALIDATION

This year we expanded upon the detailed materiality assessment that was built in 2018 and refreshed in 2019. The process was updated by assessing the current context for the Bank's activities via benchmarking and an issues scan to enable identification of new issues for consideration in FY20 and issues that had increased or decreased in priority.

A set of revised material issues were reviewed by BOQ's sustainability working group for discussion and consideration of key stakeholder feedback obtained through our stakeholder engagement program. These issues were refined, validated and prioritised, using GRI materiality test questions (see: GRI Standards 101). The set of updated material issues are plotted on the matrix.

The revised materiality issues were further validated through the delivery of a materiality issues survey administered to customers and employees. While there was some discrepancy between these two groups with regard to the weighting placed on each issue, results did not materially deviate from the outcome of the aforementioned assessment process.





ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



SUPPORTING ECONOMIC AND CUSTOMER RESILIENCE

SUSTAINABLE DEVELOPMENT GOALS



Supporting resilience in the broader economy and for BOQ's customers during and following drought, floods, bushfires, and COVID-19, while maintaining a sustainable and profitable BOQ business.

\$8.3b⁽¹⁾

TOTAL AMOUNT OF LOANS DEFERRED AS PART OF THE COVID-19 BANKING RELIEF PACKAGE

\$508m

INCREASE IN HOME LENDING IN FY20

\$345m

INCREASE IN BUSINESS LENDING IN FY20

WHY IS THIS IMPORTANT?

Like other banks, BOQ plays an important role in Australia's economy. We have responsibilities to help our customers and communities thrive by providing access to financial services that facilitate a healthy economy. At the same time, we need to pay attention to the requirements of our other stakeholders, such as employees and shareholders, many of whom rely on us for their livelihood. Finding a balance between these interests and responding to the expectations of stakeholders can sometimes be challenging.

2020 has been a truly challenging year for Australia – having faced drought, bushfires and a global pandemic. BOQ has responded with a range of measures to ensure people continue to have access to credit and fee relief.

We are committed to doing our part to ensure customers are able to continue to actively participate in the economy during times of hardship. We are committed to providing extra care for customers who are experiencing vulnerability, which may be temporary or permanent.

We measure our performance in supporting economic and customer resilience through a range of metrics including our levels of increased lending to households and businesses, the number of banking relief packages granted, the number of customers accessing hardship assistance, and the value of restructured loans for customers facing financial difficulty.



“From our first meeting with BOQ they have trusted that we know our business, that they are willing to back us and that they are in it for the long haul. They took us on during dry times and the drought has only got worse since then, but they have stuck with us – even just mentally, that’s really important to farmers.”

– *Boydell Family, Crop / Cattle Farmers and valued BOQ customers*

SUPPORTING DISASTER RECOVERY AND ECONOMIC RESILIENCE IN OUR COMMUNITIES

The start of 2020 saw many Australians come together and respond to the unprecedented weather events including drought, floods and bushfires. To support these communities and their recovery efforts, BOQ donated \$150,000 to Orange Sky Australia which was used to mobilise a number of laundry and shower vans to support people affected by bushfires across New South Wales and Victoria. We also dollar matched our employees donations to the Australian Red Cross and Foodbank organisations which totalled \$40,000.

In January 2020, BOQ activated its Emergency Fast Track Relief assistance to customers impacted by bushfires across Australia.

The Fast Track process enabled BOQ customers affected by the bushfire emergencies to urgently access financial relief across their lending and deposit products.

These financial relief options were also made available to customers experiencing financial hardship as a result of drought and floods. BOQ recognised the important role volunteers played in managing the bushfire crisis by increasing paid Natural Disaster Leave and Community Service Leave to 10 days.

(1) This figure does not include all requests as not all were eligible. Does not represent the value currently in relief as some loans have withdrawn/expired.

RESPONDING TO COVID-19



“As a bank we have a responsibility to maintain confidence in the economy and support our customers in any way we can. During these incredibly challenging times, we understand how important it is for our customers to be able to manage their household budgets and help family businesses to conserve their cash flow.”

– *BOQ Managing Director and CEO, George Frazis*

21k⁽¹⁾

CUSTOMERS GRANTED ASSISTANCE DUE TO COVID-19 RELIEF

\$18m⁽²⁾

IN SME GOVERNMENT GUARANTEED LOANS FUNDED

10.5k⁽³⁾

MORTGAGES DEFERRED

18k⁽³⁾

BUSINESS LOANS DEFERRED

Our purpose led culture, with empathy at its heart, guides us in this time of uncertainty for our customers, people and shareholders.

In these difficult times, we are here for our customers. COVID-19 has caused significant disruption and volatility in financial markets. Throughout this period, BOQ's resilience has endured by maintaining strong levels of capital and liquidity. This is crucial as it gives us the capacity to support our customers during this challenging time.

BUSINESS RESILIENCE

As a bank, we responded quickly to the evolving circumstances to ensure the stability of the BOQ business. We activated our business continuity plan, established Executive Management and Board COVID-19 management meetings and developed dashboard reporting to track leading indicators.

BOQ continues to develop scenario models to identify potential risks to our business under a range of different economic outcomes, to ensure the stability of the Bank. Our strong levels of capital and liquidity see us well positioned to weather these potential scenarios and we continue to refine the models as additional economic data becomes available.

In response to COVID-19 the Reserve Bank of Australia (RBA) has made a term funding facility available to banks. BOQ has accessed this facility to strengthen our liquidity position and our capacity to provide credit to the economy.

EMPLOYEE SUPPORT

The health, wellbeing and safety of our people is paramount for the Bank and we have taken a number of actions to look after our people and the communities in which we operate. BOQ uses the latest guidance provided by the Australian Department of Health and the World Health Organisation.

Banking has been recognised as an essential service and accordingly we have kept our branch network open throughout this period as well as maintaining our other operations. This has necessitated the introduction of a number of additional safety measures for our people. Key actions taken include:

- Extensive communications plan enacted
- Branch and corporate offices equipped with social distancing and hygiene products
- Increased remote working capabilities
- Suspension of non-essential business travel

CUSTOMER SUPPORT

BOQ worked swiftly and decisively with the Australian Banking Association (ABA), the Federal Government and regulators to establish the Banking Relief Package program for customers impacted by COVID-19. BOQ deployed 70 highly skilled individuals into the Customer Assistance Team, dedicated to assisting customers impacted by COVID-19. In addition, our Business Bankers and BOQ Specialist relationship managers have been working very closely with their customers to understand their needs during this time and to support them in accessing credit where required.

Support for Personal Customers:

To help support everyday Australians experiencing difficulty in the current environment, BOQ's retail customers can opt to either defer their mortgage repayments or switch to Interest Only repayments for an initial period of three months. At the end of this period, BOQ will work with these customers to assess if further assistance is required.

BOQ has actively been contacting customers accessing Banking Relief to determine their ability to commence repayments and to identify those who require additional support. At the end of FY20, 25% of personal customers that were on deferral arrangements,

(1) Represents total number of customers granted relief. As at August 2020 this figure had reduced to 17k.

(2) Refers to settled limits.

(3) Represents the number of accounts but does not include all requests as not all were eligible. Represents the value currently in relief as some loans have withdrawn/expired.

“Our relationship with BOQ has enabled us to continue to grow our business through difficult times. Bank managers and staff operate at a very high service level. They have a genuine understanding of where we are trying to go and a willingness to help and support our family.”

– *BOQ Customer*

had commenced partial or full repayment of their loans. BOQ will continue to work closely with those requiring additional support to determine whether their loans can be restructured or whether a further four month extension of the package is appropriate.

In addition, BOQ has supported retail customers to manage their cash flow needs through:

- Offering products that offer interest only, offset and redraw facilities
- Competitive home loan and deposit products
- Temporarily pausing spending criteria for selected deposit accounts
- Temporarily pausing Cash Management Account monthly fees

Support for Business Customers:

In an effort to back Australian businesses, the Banking Relief Package for small business enables customers to defer their repayment period for up to six months on small business loans. BOQ is working closely with small business customers, currently accessing support, to determine their capacity to resume repayments, which may include restructuring of their facilities. Customers may also be eligible for an extension of the deferral for up to four months.

However, it is important to recognise that, unfortunately, a number of businesses will not recover from the impacts of COVID-19 and further deferrals or restructuring may not be in their best interest. In these circumstances BOQ will work closely with our customers to find the best solution for them.

BOQ also made a number of changes to the business product offering to support customers in managing their cash flow needs during COVID-19. These include:

- Eligible customers have access to an unsecured overdraft of up to \$250,000 with no repayments for six months
- Reduced interest rates on Term Loans and Business Overdrafts
- Monthly account maintenance fees waived for six months on business transactional bank accounts
- Customers can apply for merchant terminal fees to be waived for three months
- Bonus interest spending criteria for business saving accounts were temporarily paused.

MANAGING OUR CREDIT RISK

BOQ is continuing to monitor the credit quality of the portfolio to assess economic impacts due to COVID-19. The full year COVID-19 collective provision overlay was increased to \$133 million to account for the future economic loss as a result of the pandemic. BOQ has undertaken scenario modelling and detailed portfolio analysis to assess provisioning levels and potential credit quality impacts due to COVID-19. This analysis revealed a high level of concentration in loan deferrals to the healthcare industry, particularly dentistry. While the healthcare sector was significantly impacted at the initial outset of the pandemic, the status of customer deferrals for this segment are indicating signs of recovery. BOQ has limited exposure to high risk industries of accommodation, food, tourism, education and arts and recreation. BOQ will continue to monitor and assess the adequacy and appropriateness of the COVID-19 collective overlay.



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



DATA PROTECTION AND GOVERNANCE

SUSTAINABLE DEVELOPMENT GOALS



The systems and processes BOQ applies to govern the ethical collection and use of the growing quantities of data used in its business and our enhanced data analytics capabilities, as well as our management of cyber security and data privacy.

NIL

SIGNIFICANT NOTIFIABLE CYBER SECURITY OR PRIVACY BREACHES RESULTING IN PUBLIC DISCLOSURE OF DATA

75%

OF TIER 1 SUPPLIERS HAVE ISO 27001 CERTIFICATION ⁽¹⁾



ON TRACK FOR LAUNCH OF OPEN BANKING CAPABILITY IN FY22

WHY IS THIS IMPORTANT?

As BOQ pivots to digital banking, we are sharpening our focus on systems and processes to govern the collection and use of data. Data protection includes management of cyber security risks and protection of customer privacy. The management of data collection, analytics and use is important for BOQ as customers increasingly expect transparency around how their data is used. The shift to digital transactions through the COVID-19 lockdown period has emphasised the importance of appropriately managing risks in this area.

BOQ is committed to respecting the privacy of our customers' data and personal information and is continuing to develop robust systems and processes for data governance.

Our Privacy Policy explains how we collect, store, use and disclose personal information (including credit information and credit eligibility information) and what steps we take to comply with privacy laws. In terms of informing customers about how we collect, store, use and disclose their data, as part of our customer on-boarding and product application processes, we outline our Privacy Policy and also provide customers with the ability to opt-out of receiving certain communications such as marketing materials.

CYBER SECURITY

Cyber security continues to be a growing operational risk for organisations across the globe. Cyber crime represents a major threat to the protection of customer data and, ultimately, to the profitability and reputation of BOQ. The digital era sees banks transforming their business models and leveraging technology to improve the customer experience and increase productivity through automation. BOQ has ever increasing access to customer data which can be utilised to provide a more personalised service.

In light of this, BOQ continues to enhance the control environment related to cyber security to ensure we can withstand the ever increasing cyber-attacks we are experiencing across the financial services sector in Australia and keep our customer data secure.

During FY20, we have managed the elevated cyber risk environment by strengthening our cyber security function. We have uplifted the in-house capability to retain IP and talent as well as enhancing our security technologies to stay aligned to our threat landscape. Importantly, our cyber risk management framework ensures BOQ's cyber security rapidly evolves to keep pace with more sophisticated cyber threats.

BOQ has a cyber governance framework in place which ensures cyber related issues and risks are managed in an efficient and effective way.

In addition to our internal controls we have implemented a number of changes to our procurement processes to ensure our suppliers also have the necessary controls in place. Cyber security assessments are completed for all vendors with cyber risks and contract terms enhanced to include information security provisions.

We track our progress in the cyber security area by monitoring the number of successful and failed cyber-attacks on our business as well as conducting regular penetration tests to assess the effectiveness of our controls and to identify areas for further development. BOQ discloses the total number of significant notifiable cyber security or privacy breaches that result in the public disclosure of data in the Non-Financial Performance Table at the back of this report.

BOQ works closely with its cyber security service providers and industry leading threat intelligence partners and security teams from other financial services organisations to keep abreast of trends related to cyber-criminal activities.

CUSTOMER DATA PRIVACY

BOQ is committed to respecting the privacy of our customers' personal data. Our privacy policy explains how we collect, store, use and disclose personal information and the steps we have taken to comply with privacy laws. We take all reasonable steps to protect this information including using appropriate technology and processes, restricting access, implementing physical security measures, technology security, and destroying information no longer required subject to legal obligations.

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

BOQ takes privacy complaints very seriously, and the Privacy Policy includes details of internal and external complaints avenues available to customers. A copy of BOQ's [Privacy Policy](#) can be found on our website.

Our customers are also exposed to data privacy risks through scams and identity fraud. BOQ educates its customers on these risks through notifications on our internet banking logon screens and through our ongoing customer interactions.

OPEN BANKING

Open Banking is the first stage of the Consumer Data Right system in Australia which is envisaged to become economy wide and provide for the secure transfer of consumer data. The ability to share data is intended to provide consumers with easier access to their data and compare the best products for their needs.

Under the Open Banking system customers will be able to direct their bank to share their data on product terms and conditions, account data and transaction use with other banks and non-bank financial service providers. It is expected that this will in turn improve customer focus, create innovation in the sector, and drive competition.

On 1 July 2020, Open Banking was rolled out by the major banks. Customers of those banks can now request their bank to share their data for deposit and transaction accounts as well as credit and debit cards. This will be expanded to home loans, investment loans, personal loans, and joint accounts from 1 November 2020.

In December 2019 revisions to the Open Banking timeline were announced which means BOQ will be required to commence providing account and transaction data for deposit and transaction accounts and credit and debit cards from 1 July 2021 with full data transfer for consumers expected to be available from 1 February 2022.

BOQ commenced its Open Banking program in 2019. During FY20, BOQ has refreshed its Enterprise Information Management and Data Governance strategy, frameworks and governance model, recognising the critical role that data will play in delivery of the Group strategy. This approach will continue to be evolved and matured in the periods ahead.

REGULATORY REPORTING

Regular reporting to financial regulators is required as part of BOQ's prudential and other regulatory requirements. One element of this is the collection of economic and financial statistics (EFS) – a series of reporting requirements administered on behalf of the Australian Bureau of Statistics (ABS) and the RBA (collectively, the Agencies by APRA. The collection focuses on the Australian (domestic) operations and activities of authorised deposit-taking institutions (ADIs) and Registered Financial Corporations (RFCs).

The EFS collection has been introduced in three phases progressively over FY19 and FY20. The EFS collection materially increased the quantity of data required from ADIs and RFCs, and has resulted in heightened scrutiny regarding the quality and governance supporting the relevant data.

BOQ has commenced a material program of work aimed at lifting the standards of data quality and data governance to support the Bank's ability to provide timely and accurate EFS data to APRA on behalf of the Agencies. This includes the automated provision of data and enhanced controls relating to data mapping. The program is expected to deliver further enhancements in data quality and governance throughout FY21.

Kiara Wakefield, Sales Manager,
All Purpose Coatings – valued BOQ customer since 2012.

(1) 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.



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

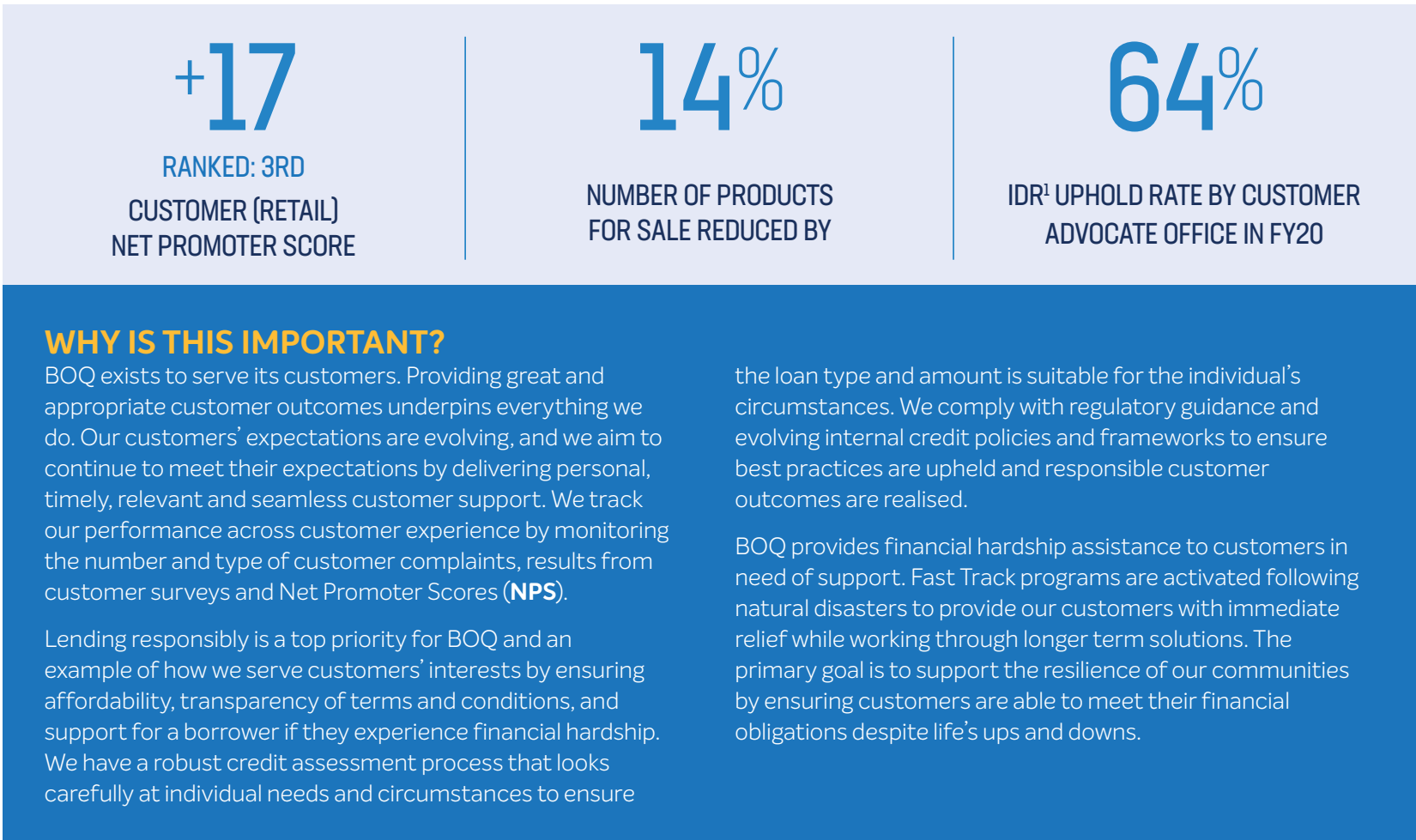


CUSTOMER EXPERIENCE AND PRODUCT RESPONSIBILITY

SUSTAINABLE DEVELOPMENT GOALS



Delivering a consistently superior experience for our customers through understanding their needs to provide the right products and services, and supporting vulnerable customers and those experiencing hardship.



SHIFTING CUSTOMER EXPECTATIONS

Customer expectations are continuing to evolve through the digital revolution and the increasing influence of millennials. Customers are now judging their experience, products, and services against experiences across the market, not just within one industry. They want to be able to bank where, how, and when they choose and expect a seamless experience across channels. High quality mobile apps and internet banking functionality are key hygiene factors.

ENHANCING OUR CUSTOMER EXPERIENCE

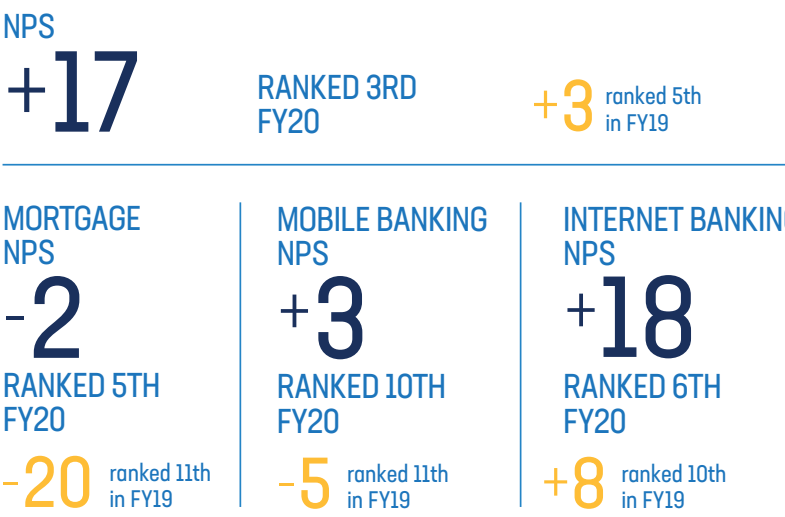
BOQ understands the importance of providing a superior and consistent experience for our customers. Our products and services are designed with our customer at the core, through listening to customer feedback and utilising customer centred design methodologies.

During FY20 BOQ's Home Buying Transformation program was established to make our home loan process simpler and faster for customers looking to buy or refinance their property. Timeliness of decision and the certainty that brings are key factors in this experience. Through the program, BOQ has simplified and streamlined the process while ensuring we continue to meet our regulatory requirements which has significantly improved turnaround times for home loan approvals.

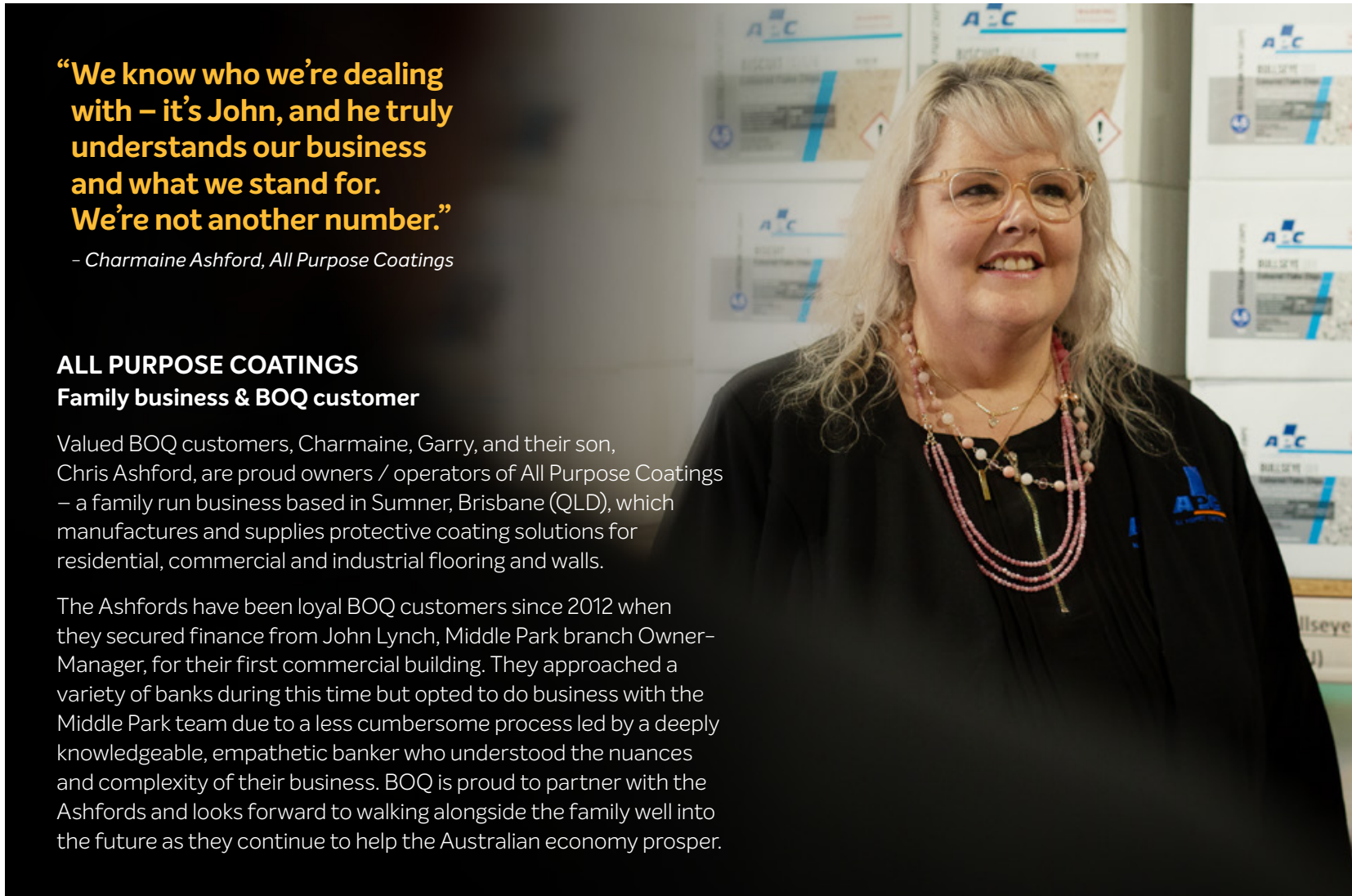
A number of other customer initiatives have been delivered during FY20 including a new contact centre telephony platform, a new Customer Relationship Management (CRM) tool, and the development of a broker portal, which have all enhanced the customer experience.

CUSTOMER SATISFACTION AND ADVOCACY

BOQ recognises the importance of providing great experiences for our customers. Through specialist bankers focused on niche segments BOQ enjoys high levels of overall customer advocacy. However, BOQ's mortgage NPS, mobile banking NPS, and internet banking NPS are areas where we identified the need to improve our offering to customers. The Home Buying Transformation program has delivered a material uplift in mortgage NPS with further initiatives in train. The Virgin Money digital bank is a foundational investment to deliver a best in class mobile app experience which will subsequently be leveraged by the BOQ brand. Phase 1 of the Virgin digital bank is due to be completed in late 2020.



Source: RFI XPRT August 2020 report based on a 6 month rolling average



“We know who we’re dealing with – it’s John, and he truly understands our business and what we stand for. We’re not another number.”

– Charmaine Ashford, All Purpose Coatings

ALL PURPOSE COATINGS

Family business & BOQ customer

Valued BOQ customers, Charmaine, Garry, and their son, Chris Ashford, are proud owners / operators of All Purpose Coatings – a family run business based in Sumner, Brisbane (QLD), which manufactures and supplies protective coating solutions for residential, commercial and industrial flooring and walls.

The Ashfords have been loyal BOQ customers since 2012 when they secured finance from John Lynch, Middle Park branch Owner-Manager, for their first commercial building. They approached a variety of banks during this time but opted to do business with the Middle Park team due to a less cumbersome process led by a deeply knowledgeable, empathetic banker who understood the nuances and complexity of their business. BOQ is proud to partner with the Ashfords and looks forward to walking alongside the family well into the future as they continue to help the Australian economy prosper.

PRODUCT SIMPLIFICATION

Product simplification is a core part of BOQ's refreshed strategy and is focused on having the right products to meet the needs of our customers, while enhancing the product knowledge of our distribution teams, reducing risk, and increasing the speed of BOQ's transformation through a simplified product set.

BOQ is well progressed with its product simplification program. During the year we have reduced the number of retail products available for sale by 14% and removed the St Andrew's insurance products from sale to new customers. This program will continue in FY21 with the aim of reducing our products available for sale by 50%.

LENDING RESPONSIBLY

BOQ aims to meet the financial needs of our customers and to act in their best interests. When lending to customers we carefully assess loan serviceability to ensure the loan product and amount of credit extended is suitable based on an assessment of the individual's circumstances. BOQ is committed to meeting its obligations under the National Consumer Credit Protection Act and the Banking Code of Practice to ensure responsible customer outcomes are realised.

We manage and evaluate our approach to responsible lending through a number of mechanisms including monitoring the number of customer complaints and requests for financial hardship assistance. BOQ identifies customers who may be experiencing financial hardship through contacting customers in arrears and by including details of our hardship programs on our website. Our frontline teams are also trained to identify financial hardship and to provide guidance to customers on how to access support.

ADVOCATING FOR VULNERABLE CUSTOMERS

COVID-19 has escalated the need for BOQ's Vulnerability program, with an increased need for simple, yet robust processes to support our customers experiencing vulnerability. Building on existing commitments under the Banking Code of Practice, BOQ has rolled out the first wave of extra care services and solutions including a centralised knowledge management tool for staff to access information, guidelines and processes to support our vulnerable customers.

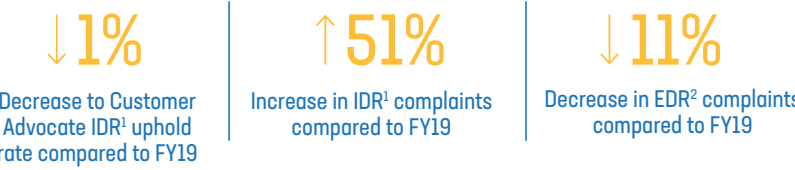
BOQ was also proud to launch its Domestic & Family Violence customer assistance program which includes a Domestic & Family BOQ Resource Guide to support customers experiencing financial abuse as a result of domestic and family violence. BOQ recognises the inherent complexities of vulnerability and the need to respond to emerging issues, changing community expectations, and legal and regulatory changes in this space. Additional waves of extra care services and solutions are planned for FY21.

RESOLVING CUSTOMER COMPLAINTS

BOQ adopts a 'find it, fix it' complaints culture with the aim of empowering our frontline teams and customer relations specialists to resolve customer complaints quickly. This focus has seen the total volume of complaints resolved at the point they are received in Customer Facing teams increase by 151% in FY20 compared to FY19. We encourage the reporting of complaints internally to enable the early identification of trends and issues that may require broader resolution or remediation.

The BOQ Customer Advocate Office provides further checks and balances when dealing with customer complaints. During the year the CAO resolved 50 cases that had already been reviewed by our specialist complaints team with 64% reaching the same outcome.

Complaint details are reviewed by Management and the Board on a regular basis. BOQ's culture of frontline resolution, focus on providing fair outcomes in our specialist complaints team and support from our Customer Advocate Office has led to 11% fewer issues progressing to external dispute resolution this year in the context of industry wide increases to complaints received by AFCA.



1 IDR refers to Internal Dispute Resolution
2 EDR refers to External Dispute Resolution



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



CONDUCT, GOVERNANCE AND CULTURE

SUSTAINABLE DEVELOPMENT GOALS



BOQ strives to maintain a positive and ethical culture across all its workforce and workplaces. We are focused on accountability for decisions and management of inappropriate, unethical, or unlawful behaviour which may have ramifications for our stakeholders.



158 BOQ SIGNATORIES TO THE BANKING & FINANCE OATH



9 ROYAL COMMISSION RECOMMENDATIONS IMPLEMENTED WITH 1 IN PROGRESS



ON TRACK FOR FIRST MODERN SLAVERY STATEMENT BY FEBRUARY 2021

WHY IS THIS IMPORTANT?

As an essential part of the economy, banks rely on their reputation and trust amongst customers, communities and shareholders. Fostering an ethical and responsible culture, robust governance, and ensuring our conduct is in line with community expectations and our values is an essential part of maintaining trust, supporting future sustainable growth and driving competitive advantage. BOQ has continued to focus its efforts on building trust by cultivating an ethical culture that drives the decisions and behaviours necessary to

do the right thing by our customers, people and the broader community. We are committed to improving conduct and culture within the banking industry. We believe this starts by setting the right tone at the top with sound corporate governance. Additionally, our code of conduct and an ongoing effort to maintain transparency and good communication with all stakeholders, helps to foster a culture where our people feel comfortable to call out any behaviours that do not meet the standards we expect.

PURPOSE-LED CULTURE

BOQ's purpose is to create prosperity for our customers, shareholders, and people through empathy, integrity and by making a difference.

BOQ endeavors everyday to make a positive difference to the lives of our customers, shareholders and people. Our revised purpose and values launched in FY20 provide clarity to guide our business goals and behaviours. BOQ is building the BOQ Way, through empathetic interactions, building strong relationships, and creating prosperity for our stakeholders and acting with integrity.

We aim to have inclusive leaders who foster a trusting environment where our people speak up. We continue to evolve our purpose-driven culture in everything we do, whether it be helping more Australians buy their first home, backing small business, delighting customers in the moments that matter most to them or delivering sustainable returns for our shareholders.

We recognise we have more to do to ensure all our interactions and decisions have empathy at the core, but it is an aspirational target for BOQ.

REBUILDING TRUST

Like all banks, BOQ is focused on rebuilding trust following the poor behaviours highlighted by the Royal Commission. Working with the ABA, BOQ has implemented the recommendations from the ABA's six point plan, the Sedgwick Review, and the Revised Code of Banking Practice. These changes have included the establishment of our Customer Advocate Office, strengthened whistleblower protections, changes to our remuneration framework, development of a new franchisee remuneration structure, and process changes to deliver additional consumer protections. We are currently working through the implementation of all relevant Royal Commission recommendations which we anticipate will be completed in FY21.



10

actions completed or underway

15

government legislation or review

51

not relevant to BOQ⁽¹⁾

ABA's six point 'Better Banking Program'

Recommendations from the Sedgwick Review

Revised Code of Banking Practice

Royal Commission recommendations

(1) Excluding St Andrew's

ACCOUNTABILITY AND TRANSPARENCY

To support reform in the industry, it is critical that an open and transparent flow of information exists within organisations and industry bodies. BOQ has continued to build on relationships with Government and Regulators over the year through an open engagement approach which is evident in the open and transparent relationship developed with Australian Prudential Regulation Authority (APRA).

The recently introduced Banking Executive Accountability Regime (BEAR) has provided a valuable framework to further strengthen accountability and the way BOQ governs itself. This continues to be a focal point at BOQ and was called out as one of the key learnings from the Royal Commission for financial institutions. BOQ will continue to leverage this framework and look to extend the accountability regime beyond the Executive level to broader management levels.

MODERN SLAVERY

The Modern Slavery Act was passed by Parliament on 29 November 2018 and the reporting requirement entered into force on 1 January 2019. BOQ will submit its first Modern Slavery Statement to the Minister of Home Affairs by the end of February 2021. This statement will detail the steps we are taking to minimise the risks of modern slavery in our operations and supply chains from the 2021 financial year onwards. BOQ's commitment to human rights can be found on our [website](#).

CORPORATE GOVERNANCE

The Board recognises the role it plays on behalf of shareholders and the industry. Accordingly, the Board has implemented a number of changes during the year including a cultural transformation program based on BOQ's refreshed purpose and the three key values of empathy, Board integrity, and making a difference. The Board also implemented a code of conduct and refreshed the Board skills matrix to enhance the effectiveness of the Board and to ensure the right composition of capabilities.

ETHICAL BANKING

BOQ has an established ethics framework and an Ethics Management Committee that addresses and manages issues as they arise. In the 2020 Culture Survey, 86% of staff thought BOQ did the 'right thing' and was building an ethical culture.

Our people are cognisant of the need to identify, report and manage risks in a timely manner. To further improve transparency and visibility, BOQ has established divisional Operational Risk and Compliance Committees to increase the focus on risk and ensure there is divisional accountability for the management and mitigation of identified risks.

BOQ's Code of Conduct outlines expectations of how our people deal with each other and our stakeholders, ensures we comply with applicable laws and regulations, as well as acting ethically. BOQ's Code of Conduct is regularly reviewed ensuring it remains relevant and robust for our organisation.

The Code of Conduct is complemented by our Whistleblower Policy and reinforces our culture of open communication, doing what is right, and supporting our people to report Reportable Conduct. Further detail on both of these policies is available on our website.

BOQ measures its performance in these areas by tracking the number of reported breaches and Reportable Conduct Reports and the outcomes of these.

The Board's focus on non-financial risk including our AML program has increased through the introduction of new reporting to the Board on key risk metrics and through an engagement program which has seen the Board increase their interactions with stakeholders including frontline teams.

We continue to report a monthly Risk Culture Index score as part of our Risk Appetite Statement which measures the risk of losses due to the behaviour of individuals or groups failing to identify, understand, openly discuss and act on current and future risks.

BOQ are focused on improving the three lines of defence principles by providing a simple and clear definition of roles and responsibilities across the three lines. An updated matrix is being developed and planned for implementation early in FY21 which will provide further clarity on the roles of the first and second lines of defence as well as strengthening current gaps.

Further detail on BOQ's Corporate Governance can be found in the FY20 Corporate Governance statement.

REMUNERATION

Following the Sedgwick review, BOQ has continued to incorporate the Retail Banking Remuneration recommendations. Throughout the year we have introduced an updated remuneration framework across the Corporate Retail branch network to better reflect a focus on customer outcomes through a combination of non-financial and financial metrics.

Additionally the Bank varied the remuneration framework within the OMB Agency Agreement from 1 January 2020 to simplify and remove any elements which did not align with the Sedgwick review. Currently 95% of branches have transitioned to the new OMB Revenue Share structure, and we are working with the remainder to transition them as soon as possible. The Balanced Scorecard which applies to the 5% that have not yet transitioned to the new agreement, has also been updated so that it aligns to our purpose and values.

39

Breaches in FY20

Leading to

8

Terminations

16

Whistleblower Reportable Conduct Reports since policy was put in place, July 2019.

BOQ continues to identify areas for improvement as follows:

- More proactive approach in handling emerging risks and issues
- Improved consequence management processes
- Encouraging feedback and promoting constructive challenge
- Better education and training on awareness of risk culture
- Making customers more prominent in our approach and decision making



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



CLIMATE CHANGE, SUSTAINABLE FINANCE AND ENVIRONMENT

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

A sustainable future that considers the impact of BOQ’s activities on the environment, BOQ’s role in supporting sustainable finance, and the impacts of climate change on our business.

ON TRACK FOR CARBON NEUTRAL ACCREDITATION IN 2020

COMMITMENT TO CEASE FUNDING EQUIPMENT DIRECTLY INVOLVED IN THE EXTRACTION OF FOSSIL FUELS BY FY24

BUILDING A ROADMAP TO 100% RENEWABLE ENERGY

WHY IS THIS IMPORTANT?

The impacts of climate change pose financial risks for both BOQ and our customers – and both financial and non-financial risks more broadly to society. Likewise environmental performance and management provides risks and opportunities for us as a business, but also helps to sustain Australia’s economy and lifestyle. As a financial institution we recognise we must take a broad and holistic view as our ability to influence the transition to a low carbon economy extends beyond BOQ’s direct operations, to our customers and suppliers. We manage and identify our climate related risks and environmental impact through risk assessments, understanding our organisational footprint across the value chain, reporting mechanisms, scenario analysis, our financing decision making and tracking the resources we utilise directly. In the future we are looking to better embed climate related risks into BOQ’s policies and processes and uplift our management approach.

More information about our approach to managing the risks inherent in climate change can be found in our FY20 Annual Report on pages 52–57.

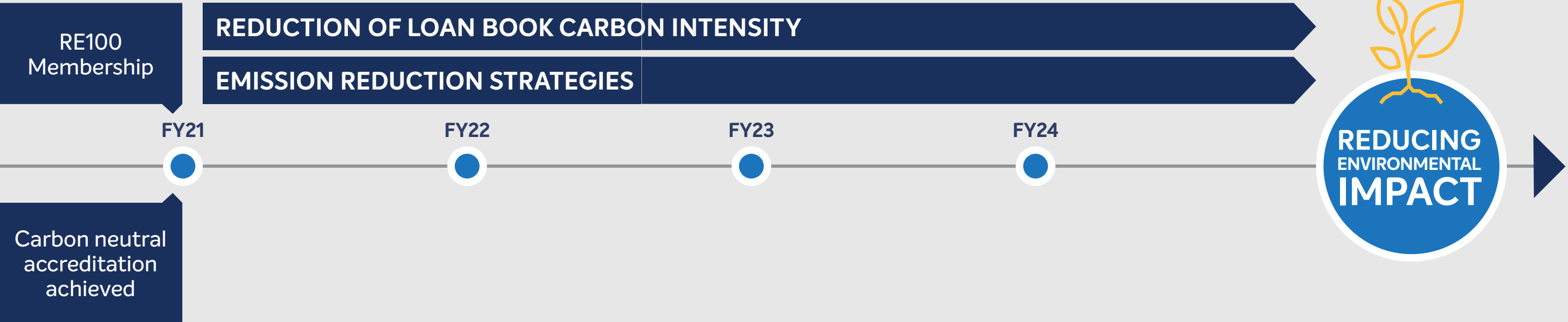
CLIMATE CHANGE

BOQ supports the transition to a net zero carbon economy consistent with the Paris Agreement to keep global warming well below 2 degrees Celsius, striving to limit it to 1.5 degrees Celsius above pre-industrial levels. Public interest on this issue continues to intensify and financial regulators have also identified it as a systemic risk to the industry. BOQ has a role to play in supporting the transition to a lower carbon economy both through our direct consumption of resources, and through our financing activities.

Accordingly, during the year BOQ has completed a review of its current approach to managing climate related risk and has developed a roadmap and set of recommendations aimed at reducing emissions and achieving carbon neutrality.

LOOKING FORWARD

The drought and bushfires experienced in Australia in 2019 and 2020 has led to an increase in public expectations of the role of companies in managing climate change and the associated environmental impacts. In response, BOQ’s sustainability road map includes the following commitments:



ENVIRONMENTAL PERFORMANCE

To better understand the impact BOQ’s operations have on the environment and climate change, we have undertaken a high-level assessment of our carbon footprint which cover our scope 1, 2, and 3 emissions. In this scope, we have included emissions associated with BOQ’s lending portfolio because we know our financing decisions have the ability to support Australia moving to a low carbon economy. In FY20 the carbon intensity of the loan book was 0.29kg of CO2 per \$1 loaned.

At BOQ we are continually striving to reduce the amount of waste we produce. As a financial institution, our most significant waste stream is paper. Through technology enhancements and automation we are making progress with reducing paper usage and have a secure and certified shredding service in all our corporate head offices and branches.

EMISSION REDUCTION STRATEGIES

BOQ’s climate change roadmap includes the development of an Emissions Management Plan aimed at reducing our emissions through staff behavioural change, introducing ‘green’ supply chain standards, and selecting reputable, carbon neutral products. BOQ is working toward securing RE100 membership in FY21 per the road map below. RE100 is a global leadership initiative led by The Climate Group in partnership with the Carbon Disclosure Project (CDP), bringing together the world’s most influential businesses that have committed to go 100% renewable.

ALIGNMENT WITH TCFD FRAMEWORK

To emphasise our commitment to climate change and transparency of reporting, in FY20 BOQ further evolved its reporting in alignment with the final recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). This detail is contained in pages 52–57 of the FY20 Annual Report. BOQ acknowledges it is still in the early stages of our climate reporting journey and will continue to work towards alignment with future TCFD recommendations.

BOQ’s past stress testing scenarios included a severe flood scenario in South-East Queensland with inundation to a level of seven metres, a severe long-term drought scenario, and a long-term sea level rise analysis. The financial impact to BOQ of these scenarios was immaterial in terms of the direct physical impact on BOQ’s lending portfolio.

However, we note that these scenarios could have a material impact on our customers and their businesses and consequently on BOQ.

LENDING TO THE FOSSIL FUEL MINING SECTOR

BOQ committed to cease funding equipment directly involved in the extraction of fossil fuels by 2023. As at 31 August 2020, our exposure to this industry decreased to \$16.4m. During the year an extension was granted in relation to an existing contract which has pushed the expiration of the contract out to 2024 at which point BOQ’s exposure to fossil fuel extraction will reduce to nil. BOQ is a proud supporter of regional areas and understands that many customers in these communities are reliant on income from the mining industry. We recognise the role we play in supporting our customers to build sustainable businesses.

SUSTAINABLE FINANCE

BOQ recognises the role it can play in helping to transition Australia to a lower carbon economy. BOQ considers the economic, environmental and social sustainability of customers who are looking for finance and we work closely with them to understand how they are managing their sustainability risks and reducing their impact. Where we are not satisfied that these risks are being appropriately considered and managed BOQ will decline to be involved.

In FY19 BOQ Finance joined the Clean Energy Finance Corporation (CEFC) co-financing program to establish BOQ’s Energy Efficient Equipment Finance Program. With the backing of the Australian Government, the CEFC invests in technologies and projects to cut emissions across the Australian economy.

An increasing number of our customers are seeking clean energy alternatives, and the CEFC partnership enables BOQ to provide competitive equipment finance for our SME customers when purchasing energy efficient equipment, clean energy assets such as solar, and green vehicles.

In addition to lending, BOQ has also invested in both social bonds and sustainability bonds, and has issued a green unsecured bond.



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



WORKFORCE EMPOWERMENT AND CAPABILITY

SUSTAINABLE DEVELOPMENT GOALS



At BOQ we are focused on creating the workforce of the future, increasing our emphasis on flexible working and workforce wellbeing, while attracting, retaining, and developing our people to become the leaders of tomorrow.

59%

EMPLOYEE ENGAGEMENT SCORE

35%

REPRESENTATION OF WOMEN IN SENIOR LEADERSHIP

ThankQ

EMPLOYEE RECOGNITION PROGRAM LAUNCHED

WHY IS THIS IMPORTANT?

At BOQ, supporting our workforce and empowering them to respond to the opportunities and challenges we face now and into the future is critical. By increasing staff empowerment and capabilities and their connection to our purpose and values, we can provide the best service and support for our customers. A major priority during the year has been to enable our workforce to respond to the challenges of the COVID-19 pandemic, including providing flexible working arrangements and carefully managing the transition of employees coming back to the office. The health and wellbeing of our people is a top priority for us.

We are focused on building a diverse workforce that reflects our customer base and an inclusive workplace that values and leverages difference. Gender equality remains a key focus area for us and we continue to set key performance indicators to drive the achievement of gender diversity. Our other primary inclusion initiative is our Reconciliation Action Plan, aimed at advancing reconciliation and an inclusive workforce that celebrates Aboriginal and Torres Strait Islander culture.

CULTURE AND ENGAGEMENT

In FY20 BOQ conducted a comprehensive cultural diagnostic aimed at ensuring we have a culture that can achieve our strategic aspirations including continuing to engage our people to make a positive difference to our customers, shareholders and each other. We launched the first of our pulse surveys in August 2020 aimed at tracking the impact of our culture change initiatives and to ascertain current levels of employee engagement.

BOQ's engagement score for FY20 is 59% up from 56% in FY19. Whilst we are pleased at the increased level of engagement our people have, we are keen to it rise further and have developed a culture program in response. It is anchored in the following:

Customer-connected, enabled by strong individual connections

Inclusive leadership with impact

Transformation and execution excellence

Performance-focused; accountability for decision making and outcomes

Reward and recognition is another key focus for us, and in June 2020 we launched our new Group-wide Recognition program, 'ThankQ', with the objective of recognising our people that make a significant contribution to our strategy and role model our purpose and values. This will be a key enabler to reward outstanding performance and reinforce behaviours aligned to our culture.

TALENT AND CAPABILITY

Earlier this year, we launched a refreshed approach to senior talent and succession to ensure our efforts are focused on attracting and retaining the best talent to deliver to our strategy.

Employee capability remained a key focus throughout FY20. We have identified the workforce capabilities required to deliver the Group strategy which will form the basis for our capability framework going forward. During FY20 we have also had a specific initiative to lift the capability of our frontline teams. The initial focus of this program has been on lender capability with the aim of increasing our understanding of customer needs and providing a better experience for these customers.



"Bank of Queensland has been employing Career Trackers interns since the summer of 2016 and so far 22 students have started their career at BOQ. When an employment partner like BOQ makes a commitment to take Career Trackers' interns, they are investing in long term change, real progress and contributing to reconciliation in a way to be proud of. We're super excited to continue working together."

—Jess Bulger, Director of Engagement, Career Trackers

DIVERSITY AND INCLUSION

BOQ's Diversity and Inclusion strategy was reviewed this year with a focus on creating a diverse workforce that reflects our customer base and an inclusive workplace that values and leverages difference. Our primary focus areas in FY20 have been gender equality and our Reconciliation Action Plan (RAP). The next stage of our strategy will see us promote inclusive behaviours that will foster an even more diverse workplace culture.

GENDER EQUALITY FOCUS AREA

Gender equality remains a key inclusion focus for BOQ. We have continued to set KPIs on gender targets, conduct a gender pay review each remuneration cycle, and promote flexible working for our employees, support our people through the parental leave journey and build an equitable talent pipeline. BOQ is working to address the gender pay gap through an annual gender pay review process and regular reporting on these metrics.

BOQ lodged a public report with the Workplace Gender Equality Agency (WGEA) on 30 July 2020 in accordance with the requirements of the Workplace Gender Equality Act 2012. A copy of the report is available [here](#).

Further details on our gender strategy can be found in our Managing Director and CEO's statement on our [website](#).



FY20 WOMEN IN LEADERSHIP

37.5%

Women on the Board

43%

Women on the Executive Committee

35%

Women in senior leadership⁽¹⁾

42%

Women in leadership⁽²⁾

(1) Senior Leadership encompasses our Executive Committee, General Managers and Heads of responsible for leading an organisational department.
(2) Women in Leadership: Encompasses Senior Leaders (definition above), Specialist Managers and Branch Managers (with 2 direct reports).



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



COMMUNITY SUPPORT AND INVOLVEMENT

SUSTAINABLE DEVELOPMENT GOALS



BOQ supports grass roots initiatives in local communities through developing and maintaining strong relationships and investments that contribute to the community, as well as supporting vulnerable or disconnected community members with access to suitable and affordable financial services and support.

\$841k⁽¹⁾

INVESTED INTO COMMUNITIES

KEY PARTNERSHIPS DELIVERING CHANGE TO THE COMMUNITY

93

OWNER MANAGERS WITH AN AVERAGE TENURE OF 12 YEARS WHO LIVE AND WORK IN THEIR COMMUNITIES

WHY IS THIS IMPORTANT?

An integral part of BOQ's identity is its connection to local communities which also supports our approach to customer service. We aim to form strong relationships with communities, understanding what matters to them and ensuring people feel connected and included. Our presence in communities creates employment opportunities and we contribute to the community wellbeing through our partnerships, workplace giving program and volunteering initiatives. Our principal activity is providing financial services to the community and we strive to incorporate education around responsible use of financial products and services. We also have programs that support vulnerable or disconnected community members to access suitable and affordable financial services.

BOQ recognises that maintaining a social license to operate demands a commitment to creating shared value for the communities in which we operate. At BOQ, we have been banking and serving communities for 145 years. We recognise that we only succeed when our customers and communities prosper. An integral part of the BOQ story has been and will continue to be fostering strong and enduring relationships with our communities.

COMMUNITY PARTNERSHIPS

BOQ's history is built on long term relationships, and we recognise we have a role to play in supporting the communities in which we operate. Through BOQ's community investment approach, Project Fair Go, BOQ aims to support vulnerable Australians, providing them with the access and opportunity to prosper and advancing those who are not being supported by mainstream programs. Project Fair Go consists of three pillars: a national fundraising partner, community partnerships and employee engagement programs.

In addition, BOQ is committed to assisting customers experiencing vulnerability. We have launched new training programs to help our front-line teams identify these customers, and to better assess their needs. We do this through empathetic conversations and by ensuring we have appropriate products available to meet their needs. Our Customer Advocate Office also plays a key role in supporting these customers.

Our community partnerships focus on creating real change for key groups of vulnerable Australians. BOQ offers financial and non-financial support. We believe that providing time can be just as valuable as providing a monetary donation. That's why we've partnered with the Clontarf Foundation, Stars Foundation and The Smith Family to create a difference.

(1) Community Investment measures financial contributions made by BOQ and its people to community organisations. For the years prior to FY20, community investment excludes all associated costs, and includes our workplace giving program. For FY20, community investment includes the direct costs associated with managing investment activities, and excludes our workplace giving program. Due to rounding, numbers presented may not add up to precisely to the totals provided.



THE SMITH FAMILY

Purpose: To support a child's education is the best way to help break the poverty cycle.

BOQ Partnership Achievements: BOQ has been a proud partner of The Smith Family since 2009. Over the 11 year partnership, BOQ has contributed more than \$1.5 million in financial support. In addition to this, 430 employees across the BOQ Group have volunteered over 3000 hours in various fundraising and community programs. In FY20 our funding supported, Let's Count – an early mathematics program for children aged three to five.



CLONTARF FOUNDATION

Purpose: To improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men.

BOQ Partnership Achievements: BOQ's initial funding supported the expansion of six new Clontarf Academies in Cairns. In 2020, this has expanded to support young men in the program nationally and includes a national BOQ staff engagement program.



STARS FOUNDATION

Purpose: To provide full-time, intensive mentoring support programs to young Aboriginal and Torres Strait Islander women in secondary schools.

BOQ Partnership Achievements: Since the partnership with BOQ commenced in April 2019, a total of \$134,000 has been raised. These funds have been directed to support the expansion of Stars Foundation in North Queensland.

NATIONAL FUNDRAISING PARTNER: ORANGE SKY AUSTRALIA

In 2019, our staff voted for Orange Sky Australia to be our national fundraising partner. Orange Sky is the world's first free mobile laundry service for people experiencing homelessness. The idea was founded in a Brisbane garage by two 20-year-old mates, Nic Marchesi and Lucas Patchett. In 2014, the boys installed a couple of washing machines and dryers in the back of their old van and visited parks around Brisbane to wash and dry clothes for free. Orange Sky has expanded across Australia and New Zealand with 33 vans operating in 30 locations. Services have also expanded into employment opportunities for those who use the service and rapid response disaster relief.

This year BOQ contributed \$150k towards Orange Sky's community recovery response to the devastating bushfires, enabling the Orange Sky team to mobilise vans in Victoria and New South Wales – washing the uniforms of Country Farm Authority (CFA) volunteers as well as the clothes of community

members who were suddenly homeless and residing in emergency and community drop-in centres. More recently, a further \$100k was donated to support Orange Sky combat the growing rates of homelessness as a result of COVID-19.

Since the COVID-19 outbreak, Orange Sky is re-building its services with safer practices to ensure that people doing it tough across Australia and New Zealand are still positively connected to community through safe hot showers, clean clothes and non-judgmental conversation. We couldn't be more proud to walk alongside such an impactful group of orange-clad volunteers on a mission to preserve our humanity one laundry load at a time.





ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT



INNOVATION, TRANSFORMATION AND EXECUTION

SUSTAINABLE DEVELOPMENT GOALS



BOQ uses innovation to support its customers and transformation through an ability to execute on our strategic initiatives to deliver a competitive advantage.

~\$30m

IN PRODUCTIVITY BENEFITS
DELIVERED IN FY20

\$100m

CAPITAL INVESTMENT
IN FY20



MIGRATED KEY DATA CENTRES TO
PRIVATE CLOUD

WHY IS THIS IMPORTANT?

Technology is driving rapid change in financial services, in terms of both customer experience and expectations, and operations. The way people work, and internal processes are also evolving at BOQ as we progress with our business transformation. We need to ensure we have the right innovation to support our transformation and execute our strategic objectives to gain a competitive advantage,

while also minimising any negative impacts due to the adoption of new technologies or innovations. At BOQ, we are embracing change and understand that we need to keep a close eye on industry developments, both domestically and internationally, to ensure we stay competitive and relevant in the lives of our customers.

TRANSFORMATION

As part of the revised strategy communicated to the market in February 2020, BOQ outlined its plans to embark on a broad transformation of the business, incorporating digital, cultural and operational aspects. A multi-year roadmap for this transformation has been developed in FY20, outlining the key initiatives and milestones that will be required to deliver the transformation from FY21-FY24. Regular monitoring and governance of this plan has also been put in place to ensure the plan continues to evolve to suit the environment and any changes that arise over the course of the journey.

DIGITAL BANK

As part of our digital transformation, Virgin Money Australia (VMA) is building a digital bank of the future. Given the rapid speed of change and to better meet the needs and expectations of VMA's target customer segments, investment is being made into a new customer proposition and technology solution which will deliver a superior customer proposition, and enable VMA to accelerate its growth over the coming years. The VMA digital bank is on track to launch the new platform with transaction and savings accounts planned for late 2020.

Importantly, this platform will form the foundation for a broader BOQ digital bank in subsequent phases of work. This will see us migrate BOQ customers on to the digital bank platform built for VMA, enabling us to leverage the VMA program to accelerate BOQ's digital transformation.

AUTOMATION AND ROBOTICS

BOQ has successfully established Robotic Process Automation (RPA) as a primary tool for process automation. This function is tasked with improving productivity, efficiency and customer experience across multiple business areas within the bank. BOQ is also advancing with Intelligent Automation technologies which takes a broader approach to process automation through the use of Artificial Intelligence and Machine Learning to mimic human judgement based on knowledge gained through training on prior data and insights. One of the recent success stories we had with robotics is use of RPA to support the influx of COVID-19 related hardship requests.

INNOVATION AND PARTNERSHIPS

Innovation is core to BOQ's refreshed digital strategy and involves exploring opportunities to deliver value across new products, services and experiences. With the environment rapidly changing, BOQ has successfully used partnerships to drive innovation and address current and future business and customer problems. Some of these include launching and scaling Pocket Banker which allows customers and branch staff to communicate via video or chat and share documents digitally. This technology has been invaluable, particularly during COVID-19 lockdowns as home loan enquires and applications could be managed remotely. Other initiatives include enabling digital automation solutions within the contact centre for customers wanting to retrieve their account balances and recent transactions, and exploring options to help customers with bill and spending management.

BOQ believes that fostering partnerships is key to our success and that we are not able to do everything ourselves. We have partnerships in place locally and internationally with Fintechs through our relationship with FinTech Australia, River City Labs and Plug and Play in Silicon Valley as well as the broader ecosystem to help us quickly adapt, test and deliver for our stakeholders.

PROJECT DELIVERY & EXECUTION

To deliver in our transformation, BOQ has set a strategic target of \$100m in capital investment for the next three years. This will build upon our already completed foundational capabilities and will be focused on enabling our core digital transformation, simplifying our business, meeting our regulatory requirements and enhancing the banker and customer experience. We recognise the importance of building strong strategic execution capability which will support the investment program, safeguard our investment returns, and help establish BOQ's strategic execution as a point of differentiation.

To support this, BOQ has completed a review of our project delivery and governance capabilities which has led to a number of enhancements aimed at delivering improved outcomes. BOQ recognises further uplifts in our execution capabilities are required with an emphasis on the following focus areas:

- Integrated multi-year strategy and investment portfolio planning and ongoing management that optimises our priorities and provides increased adaptability to deliver enhanced return on investment
- Driving transparency of delivery outcomes through proactive accountability and assurance to enable proactive course correction and improvement interventions
- Structuring our programs to ensure they deliver outcomes with a focus on time to market and realising value more effectively
- Supporting our delivery team and sponsorship competency uplift with streamlined process, tools and systems that enables greater execution efficiency, adaptability and agility to right size governance and enable innovation within clear risk and value guardrails.

CREATING THE DIGITAL BANK OF THE FUTURE

As a key strategic growth pillar of BOQ Group, Virgin Money Australia (VMA) is a business with strong momentum and an exciting ambition to be one of Australia's leading digital challenger banks. VMA's new cloud based digital bank and loyalty program is laying the foundation for the Group's digital future, and is the first step in the Group's transition to a new multi-brand cloud based banking platform.

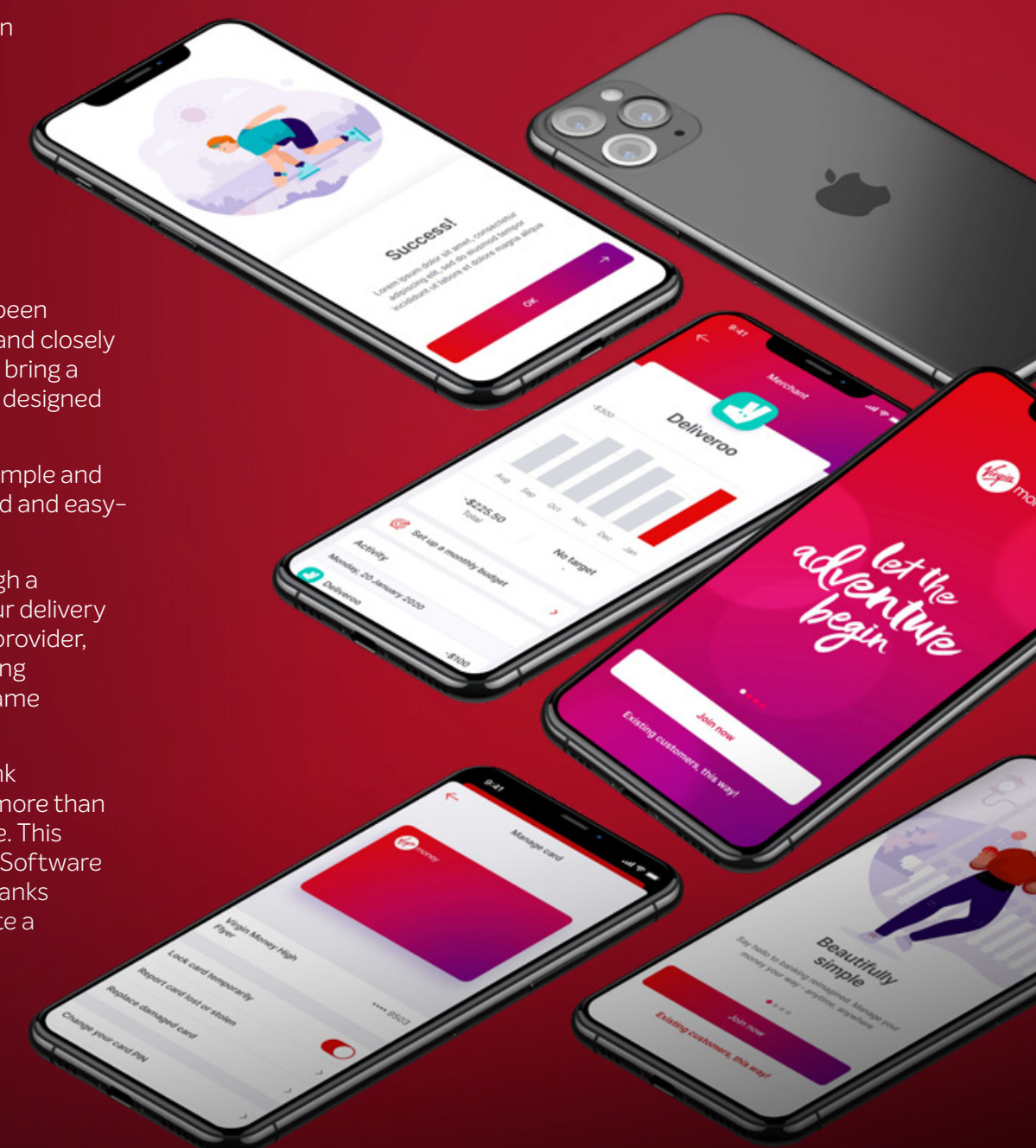
Our new banking app is bold and intuitive, and has been developed based on extensive customer research and closely guided by VMA's design principles. The app screens bring a playfulness and energy, with engaging experiences designed for digitally savvy customers.

We are reimagining banking through a beautifully simple and intuitive banking experience, delivering personalised and easy-to-action insights to help build financial fitness.

This will be achieved over the next five years through a continuous transformation model supported by our delivery partner, Deloitte Digital, and our leading technical provider, Temenos. We've selected partners that have a strong capability and a proven track record in delivering game changing digital platforms.

In order to accelerate the success of the digital bank delivery, Deloitte Digital has brought on a team of more than 100 professionals from across Australia and Europe. This partnership, along with Temenos' next-generation Software as a Service (SaaS) offering, which enables digital banks to scale and grow their businesses rapidly, will create a simplified digital business model.

This is a significant transformation program undertaken by BOQ Group and provides an exciting future for both VMA and the BOQ Group.





ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY
AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED
SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic
and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience
and product responsibility

Conduct, governance and culture

Climate change, sustainable finance
and environment

Workforce empowerment and capability

Community support and involvement


Innovation, transformation and execution

NON-FINANCIAL
PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED
ASSURANCE REPORT

NON-FINANCIAL PERFORMANCE MEASURES 2020

Metric	2020	2019	2018	2017	2016
 CUSTOMER					
Percentage of employees who have completed mandatory training ⁽¹⁾	94.5%	93.3%	-	-	-
Number of relevant Royal Commission recommendations implemented ⁽²⁾	9 implemented; 1 underway; 15 government legislation or reviews; 51 not relevant to BOQ	-	-	-	-
Number of signatories to the Banking and Finance Oath and ranking ⁽³⁾	Signatories: 158; Ranking 2nd	Signatories: 109; Ranking 2nd	Signatories: 72; Ranking 4th	Signatories: 58; Ranking 3rd	Signatories: 4; Ranking 1st
Vulnerability Program delivery progression ⁽⁴⁾	Phase 1 delivered	-	-	-	-
NPS ranking for Retail & SME customers ⁽⁵⁾	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	Retail: 3rd	Retail: 3rd
Overall Retail Net Promoter Score (NPS) ⁽⁶⁾	17	3	8	12	19
Mortgage NPS Score	-2	-20	-	-	-
Mortgage NPS Rank	5th	11th	-	-	-
Mobile Banking NPS Score	3	-5	8	-	-
Mobile Banking NPS Rank	10th	11th	10th	-	-
Internet Banking NPS Score	18	8	11	-	-
Internet Banking NPS Rank	6th	10th	7th	-	-
SME customer NPS Score	Micro: +8; Small: 0; Medium: +2	Micro: -5; Small: +10; Medium: +1	Micro: +13; Small: +8; Medium: -1	-	-
Change in the number of products for sale (%) ⁽⁷⁾	14% reduction	-	-	-	-
SME government guaranteed loans funded	\$19m	-	-	-	-
Modern Slavery Statement progression	On track for February 2021 delivery	-	-	-	-
Total customers ('000) ⁽⁸⁾	Bank – 573 VMA – 202 BOQ S – 35 BOQ F – 86	Bank – 576 VMA – 216 BOQ S – 34 BOQ F – 86	- - - -	- - - -	- - - -
Number of customers actively using internet banking ⁽⁹⁾	222,100	222,300	216,700	211,100	214,800
Number of customers actively using mobile banking ⁽⁹⁾	197,500	190,000	175,000	153,800	142,500
Product application submissions received via website (year-on-year change) ⁽⁹⁾	-1.8%	130.08%	19.58%	15.88%	13.89%
Total fans / followers across social media channels ⁽⁹⁾	122,400	113,000	102,000	92,000	-
Number of branches ⁽¹⁰⁾	165	167	183	190	211
Number of Owner-Managed branches	95	95	99	109	126
Number of Owner-Managers ⁽¹¹⁾	119	122	129	140	159
Number of Corporate Branches	63	65	77	74	77
Number of Transaction Centres	7	7	7	7	8
Number of ATMs	566 BOQ; 993 rediATM	571 BOQ; 1,604 rediATM	596 BOQ; 2,789 rediATM	628 BOQ; 2,948 rediATM	548 BOQ; 2,432 rediATM
Customer complaints (year-on-year % change)	51%	55%	13%	-10%	-6%
Percentage of complaints resolved within five business days	78%	76%	77%	89%	72%
Customer complaints referred to external dispute resolution (year-on-year % change)	-11%	7%	4%	-23%	-4%
Number of financial difficulty applications approved ⁽¹²⁾	2,240	2,592	3,000	2,765	2,947

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



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY
AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED
SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic
and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience
and product responsibility

Conduct, governance and culture

Climate change, sustainable finance
and environment

Workforce empowerment and capability

Community support and involvement



Innovation, transformation and execution

NON-FINANCIAL
PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED
ASSURANCE REPORT

NON-FINANCIAL PERFORMANCE MEASURES 2020
(CONTINUED)

Metric	2020	2019	2018	2017	2016
<div> COMMUNITY</div>					
Total community investment ⁽¹³⁾	\$841,000	\$471,000	\$636,000	\$577,000	\$709,000
Support for homelessness	\$267,000	-	-	-	-
Support for education	\$210,000	\$315,000	\$260,000	\$130,000	\$230,000
Support for health	\$131,000	\$70,000	\$299,000	\$355,000	\$356,000
Support for other causes	\$51,000	\$30,000	\$30,000	\$30,000	-
Dollar matching	\$27,000	\$42,000	\$35,000	\$48,000	\$50,000
Other costs	\$156,000	-	-	-	-
Money donated through Workplace Giving program	\$30,000	\$15,000	\$12,000	\$13,000	\$13,000
<div> PEOPLE</div>					
Employee engagement score ⁽¹⁴⁾	59%	56%	53%	60%	61%
Percentage of women on Board ⁽¹⁵⁾	37.5%	25%	30%	30%	33%
Percentage of senior women in leadership ⁽¹⁶⁾	35%	36%	33%	27%	28%
Percentage of women in leadership ⁽¹⁷⁾	42%	43%	-	-	-
Percentage of women on the Executive Committee (EXCO)	43%	43%	38%	38%	33%
Employee numbers ⁽¹⁸⁾	2,444	2,495	2,564	2,374	2,252
Employee numbers excluding contractors	2,320	2,387	-	-	-
Franchise network employees	747	749	788	855	987
Percentage of workforce full time	79%	77%	73%	77%	76%
Percentage of workforce part time	12%	12%	11%	12%	13%
Percentage of workforce casual	5%	5%	5%	5%	5%
Percentage of Max Term contractors	4%	7%	11%	6%	6%
Casual Female / Male headcount	65/26	41/26	-	-	-
Percentage of women in the workforce	61%	60%	59%	61%	61%
Maximum Term Full Time Female / Male headcount ⁽¹⁹⁾	52/39	42/40	-	-	-
Maximum Term Part Time Female / Male headcount ⁽¹⁹⁾	17/8	14/9	-	-	-
Permanent Full Time Female / Male headcount ⁽¹⁹⁾	997/867	1054/896	-	-	-
Permanent Part Time Female / Male headcount ⁽¹⁹⁾	227/20	242/23	-	-	-
Percentage of Aboriginal & Torres Strait Islander people ⁽²⁰⁾	-	0.8%	0.06%	1%	-
Percentage of employees identifying as having a disability ⁽²⁰⁾	-	1.5%	1.20%	3%	-
Percentage of employees over 55	13%	11%	11%	10%	11%
Average tenure (years)	4.70 years	4.62 years	4.22 years	4.66 years	4.06 years
Average days absenteeism per employee per year (excludes OMBs)	4.4 days	5.4 days	4.9 days	4.7 days	5.3 days
Voluntary turnover (excludes OMBs, contractors)	15.30%	17.10%	19.90%	16.80%	18.40%
WH&S incidents reported within 24 hours and investigated within 48 hours	85% / 96%	92% / 99%	95% / 98%	86% / 90%	85% / 70%
Lost time injury (number of incidents)	8	3	3	3	6
Employees under an enterprise bargaining agreement ⁽¹⁹⁾	841 (36.3%)	823 (34.5%)	-	-	-

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



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY
AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED
SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic
and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience
and product responsibility

Conduct, governance and culture

Climate change, sustainable finance
and environment

Workforce empowerment and capability

Community support and involvement




Innovation, transformation and execution

NON-FINANCIAL
PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED
ASSURANCE REPORT

NON-FINANCIAL PERFORMANCE MEASURES 2020
(CONTINUED)

Metric	2020	2019	2018	2017	2016
 ENVIRONMENT & CLIMATE CHANGE					
Carbon neutral accreditation	Accreditation in train	-	-	-	-
Total financed amount provided to customers through CEFC partnership ⁽²¹⁾	\$8.4m	\$240k	-	-	-
RE100 status	In progress	-	-	-	-
Exposure to fossil fuel extraction equipment ⁽²²⁾	~\$16m	~\$31m	~\$32m	-	-
Organisational carbon footprint (tonnes CO2-e)	42,953	-	-	-	-
Emissions – purchased electricity (tonnes CO2-e) ⁽²³⁾	3,578	4,184	4102	4,891	5,278
Energy usage – purchased electricity (GJ)	11,711	18,368	16685	19894	21469
Fuel consumption for work vehicles (kL) ⁽²⁴⁾	108	121	122	124	129
Air travel ('000 kms)	6,424	12,510	13,467	14,008	14,358
Paper usage (reams)	30,219	36,314	41,286	45,946	53,270
 FINANCE ⁽²⁵⁾					
BOQ growth in Housing and Commercial GLAs relative to comparable authorised deposit taking institutions ⁽²⁶⁾	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	Housing: 0x system Commercial: 0.9x system	Housing: 0.8x system Commercial: 0.8x system
Cash earnings per share (EPS) and Change in EPS (%)	51.1 cps (-36% from FY19)	79.6 cps (-16% from FY18)	94.7 cps (-3.0% from FY17)	97.6 cps (+2.1% from FY16)	95.6 cps (-2% from FY15)
Capital investment for the year ⁽²⁷⁾	\$100m	\$95m	\$71m	\$46m	\$60m
Growth in Home lending	Home: 2%	Home: 0.5%	Home: 2%	Home: 0%	Housing:5%
Growth in Commercial lending	Commercial: 3%	Commercial: 1%	Commercial: 6%	Commercial: 6%	Commercial: 7%
Productivity benefits	~\$30m	-	-	-	-
 TECHNOLOGY & DATA CAPABILITIES					
VMA digital bank delivery	Program launched	Family and friends launch scheduled for October 2020	-	-	-
Open Banking capability delivery ⁽²⁸⁾	Project in train	Project launched	-	-	-
Number of significant notifiable cyber security or privacy breaches resulting in public disclosure of data ⁽²⁹⁾	Nil	Nil	-	-	-
Percentage of Tier 1 suppliers with ISO 27001 certification ⁽³⁰⁾	75%	-	-	-	-

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



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience and product responsibility

Conduct, governance and culture

Climate change, sustainable finance and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED ASSURANCE REPORT

ENDNOTES: SUSTAINABILITY BALANCED SCORECARD FROM PAGES 7-8

- (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. A restatement was made to the BOQ housing GLA figures in July and August 2019 due to an error in the figures reported to APRA.

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. Large institutional banks have been excluded for the purposes of calculating system growth. In addition, a reduction of \$17b has been applied to reported market growth from March 2020 to adjust/normalise for an apparent data anomaly in the APRA statistics. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses" and "Loans to community service organisations". The times system metric is calculated as the percentage growth in for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period.

GLA data has been aligned for the new APRA regulatory definitions applicable from 1 July 2019. FY19 data has been restated to align to the new APRA regulatory definitions.

- (2) Cash EPS is reported within BOQ's Annual Report.
- (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 significant instance of unauthorised access to a BOQ system and resulting public disclosure of customer's personal information as determined by the Regulatory Notifications Panel, and in accordance with the requirements of the OAIC.
- (5) Retail NPS ranking refers to relative NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, CBA, ANZ, NAB, Westpac. SME ranking refers to relative NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, CBA, ANZ, NAB, Westpac.
- (6) Product in this instance is defined as the Product Category level within the Group's formal Product Register, being a set of products 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.
- (7) Completion of the minimum compliance learning modules required for a role as specified in the BOQ Group employee matrix within 30 days from an employee's start date or enrolment date for refresher training. As internal and external changes occur, roles evolve and/or team members pursue other opportunities across the BOQ Group, additional or refresher modules may be required. 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 business 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 cumulative number of BOQ signatories to the Banking and Finance Oath (including owner manager branch staff) for the period 1 July to 30 June for the relevant year. BOQ progress is measured, ranked and annually reported through the third party provider, The Ethics Centre. Data was restated this year (for years 2016-2020) due to a change in definition; specifically, the addition of "...for the period 1 July to 30 June for the relevant year.
- (10) The reported figures for Clean Energy Finance Corporation (CEFC) participation represent the total amount of finance extended to

customers during the financial year under the funding agreement. Dollar figures refer to contract amount financed, not contract net investment.

- (11) Employee Engagement is measured through the Pulse survey conducted by an external party, using the Qualtrics survey platform tool.
- (12) The Board of Directors gender diversity target is calculated as the percentage of each gender as a proportion of the total number of executive and non-executive directors.
- (13) Senior Leadership encompasses the Executive Committee, General Managers and Heads of who are responsible for leading an organisational department.
- (14) Community Investment measures financial contributions made by BOQ and its people to community organisations. For the years prior to FY20, community investment excludes all associated costs, and includes our workplace giving program. For FY20, community investment includes the direct costs associated with managing investment activities, and excludes our workplace giving program. Due to rounding, numbers presented may not add up to precisely to the totals provided.
- (15) 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.

ENDNOTES: NON-FINANCIAL PERFORMANCE MEASURES 2020 FROM PAGES 27-32

- (1) Completion of the minimum compliance learning modules required for a role as specified in the BOQ Group employee matrix within 30 days from an employee's start date or enrolment date for refresher training. As internal and external changes occur, roles evolve and/or team members pursue other opportunities across the BOQ Group, additional or refresher modules may be required. Includes BOQ employees, contractors (excluding third party contractors), and Owner-Managed Branch employees but excludes those on Long Term leave.
- (2) Relevant Royal Commission recommendations refer to those applicable to the BOQ business and excludes recommendations relating to business lines in which BOQ does not operate such as wealth management.
- (3) Calculated as the total cumulative number of BOQ signatories to the Banking and Finance Oath (including owner manager branch staff) for the period 1 July to 30 June for the relevant year. BOQ progress is measured, ranked and annually reported through the third party provider, The Ethics Centre. Data was restated this year (for years 2016-2020) due to a change in definition; specifically, the addition of "...for the period 1 July to 30 June for the relevant year.
- (4) BOQ's Vulnerability program consists of a number of initiatives aimed at supporting customers experiencing vulnerability. Phase 1 consisted of the roll-out of a centralized knowledge management tool for staff to enable them to better support our vulnerable customers.
- (5) Retail NPS ranking refers to relative NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, CBA, ANZ, NAB, Westpac. SME ranking refers to relative NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, CBA, ANZ, NAB, Westpac.
- (6) Retail Net Promoter Score (NPS) benchmarking research is conducted by RFI Group (third party survey provider). Results are based on a 6 month rolling average of consumer responses, where they identify BOQ as their main financial institution (MFI), as at August 2019 (FY19 figure) and 31 August 2020 (FY20 figure). Source: RFI Group XPRT Report.
- SME Net Promoter Score (NPS) benchmarking research is conducted by DBM (third party survey provider). Results are calculated based on a 12 month rolling average of business customer responses for All Financial Relationships (AFR), as at August 2019 (FY19 figure) and 31 August 2020 (FY20 figure). 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. Indicators have been extended to include 'medium business customers' from 2019. Competitors were also updated in 2019 to provide relevant industry comparison. Source: DBM Atlas (Business).
- (7) Product in this instance is defined as the Product Category level at which Products are assigned to specific owners within the Group's formal Product Register. A Product Category being a set of products 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 (for example term deposits) and apply to either individuals or investors (for example Clear Path Home Loan).
- (8) The methodology to determine customer numbers was changed in FY20 to allow for better differentiation of business v personal customers and to better align with the bank's strategy.
- (9) Excludes BOQF, BOQS, VMA.
- (10) Includes: Corporate branches, Owner Managed Branches including Service centres, and Transaction Centres.
- (11) Some branches have more than one Owner-Manager.
- (12) Does not include requests approved under the Banking Relief Package.
- (13) Community Investment measures financial contributions made by BOQ and its people to community organisations. For the years prior to FY20, community investment excludes all associated costs, and includes our workplace giving program. For FY20, community investment includes the direct costs associated with managing investment activities, and excludes our workplace giving program. Due to rounding, numbers presented may not add up to precisely to the totals provided.
- (14) Employee engagement is determined through the use of an annual staff engagement survey run by Fifth Frame using the Qualtrics platform
- (15) The Board of Directors gender diversity target is calculated as the percentage of each gender as a proportion of the total number of executive and non-executive directors.
- (16) Senior Leadership encompasses our Executive Committee, General Managers and Heads of responsible for leading an organisational department.

- (17) Encompasses Senior Leaders (definition above), Specialist Managers and Branch Managers (with 2 direct reports).
- (18) Includes Full Time, Part Time, Maximum Term, Casual and Contractors (contingent workers only-CI and CO). Excludes OMB employees.
- (19) Excludes OMB and contractors
- (20) No diversity census completed in FY20. The next diversity census is scheduled for FY21.
- (21) In FY19, BOQ Finance established a new 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. Dollar figures refer to contract amount financed, not contract net investment.
- (22) BOQ 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.
- (23) Based on CO2 all states conversion: 3,578,081.36KWh. Excludes facilities where electricity is supplied by the landlord (72 of 184 branches not included in FY20). Consumption dropped ~30% throughout support centres from April-August 2020 due to COVID-19 work-from-home measures.
- (24) One kilolitre (1kl) is equal to one thousand litres (1000l).
- (25) Full financial measures contained within the FY20 Annual Report.
- (26) 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. A restatement was made to the BOQ housing GLA figures in July and August 2019 due to an error in the figures reported to APRA.
- 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. Large institutional banks have been excluded for the purposes of calculating system growth. In addition, a reduction of \$17b has been applied to reported market growth from March 2020 to adjust/normalise for an apparent data anomaly in the APRA statistics. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses" and "Loans to community service organisations". The times system metric is calculated as the percentage growth in for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period.
- GLA data has been aligned for the new APRA regulatory definitions applicable from 1 July 2019. FY19 data has been restated to align to the new APRA regulatory definitions.
- (27) Capital investment is the total amount of investment spend which meets the eligibility criteria for capitalisation in accordance with BOQ Policy. This is the gross spend, excluding any adjustments for impairments during the period.
- (28) 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.
- (29) Any significant instance of unauthorised access to a BOQ system and resulting public disclosure of customer's personal information as determined by the Regulatory Notifications Panel, and in accordance with the requirements of the OAIC.
- (30) 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.



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY
AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED
SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic
and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience
and product responsibility

Conduct, governance and culture

Climate change, sustainable finance
and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL
PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED
ASSURANCE REPORT

ASSURANCE



Independent Limited Assurance Report to the Directors of Bank of Queensland Limited and its
Controlled Entities

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Assured Sustainability Information, which has been prepared by Bank of Queensland Limited and its Controlled Entities in accordance with the GRI Standards and Management Defined Criteria for the year ended 31 August 2020.

Information Subject to Assurance

The Assured Sustainability Information, as presented in the Bank of Queensland Limited and its Controlled Entities (BOQ) 2020 Sustainability Report (Sustainability Report) and available on the BOQ website, is comprised of the following:

Section	Assured Sustainability Information	Value
Finance	Cash earnings per share (EPS) for the year ended 31 August 2019 (cents)	79.6
	Cash earnings per share (EPS) for the year ended 31 August 2020 (cents)	51.1
	Change in EPS for the year ended 31 August 2019 to 31 August 2020 (%)	- 36%
	Capital investment for the year ended 31 August 2020 (\$)	\$100m
Technology & Data Capabilities	Number of significant notifiable cyber security or privacy breaches resulting in public disclosure of data for the year ended 31 August 2020 (#)	Nil
Customer	Overall Retail Net Promoter Score (NPS) for the year ended 31 August 2020 (score)	17
	NPS ranking for retail customers for the year ended 31 August 2020 (rank)	3 rd
	Micro Small and Medium-sized Enterprises (SME) customer NPS for the year ended 31 August 2020 (score)	8
	Small SME customer NPS for the year ended 31 August 2020 (score)	0
	Medium SME customer NPS for the year ended 31 August 2020 (score)	2

ASSURANCE



Section	Assured Sustainability Information	Value
	NPS ranking for Micro SME customers for the year ended 31 August 2020 (rank)	3 rd
	NPS ranking for Small SME customers for the year ended 31 August 2020 (rank)	3 rd
	NPS ranking for Medium SME customers for the year ended 31 August 2020 (rank)	3 rd
	Change in the number of products for sale for the year ended 31 August 2019 to 31 August 2020 (%)	14% reduction
	Percentage of employees who have completed mandatory training as at 31 August 2020 (%)	94.5%
	Number of signatories to the Banking and Finance Oath for the year ended 30 June 2020 (#)	158
	BOQ Banking and Finance Oath ranking for the year ended 30 June 2020 (rank)	2 nd
Environment & Climate Change	Total financed amount provided to customers through CEFC partnership for the year ended 31 August 2020 (\$)	\$8.4m
People	Employee engagement for the year ended 31 August 2020 (score)	59%
	Employee engagement for the year ended 31 August 2019 (score)	56%
	Percentage of women in senior leadership for the year ended 31 August 2020 (%)	35%
	Percentage of women on Board for the year ended 31 August 2020 (%)	37.5%
Community	Total community investment for the year ended 31 August 2020 (\$)	\$841,000
	Total community investment for the year ended 31 August 2019 (\$)	\$471,000



ABOUT THIS REPORT

2020 SNAPSHOT

LEADERSHIP MESSAGE

REIMAGINING SUSTAINABILITY
AT BOQ

HOW WE CREATE VALUE

SUSTAINABILITY BALANCED
SCORECARD

THE ISSUES THAT MATTER MOST

SUSTAINABILITY FOCUS AREAS

Supporting economic
and customer resilience

Responding to COVID-19

Data protection and governance

Customer experience
and product responsibility

Conduct, governance and culture

Climate change, sustainable finance
and environment

Workforce empowerment and capability

Community support and involvement

Innovation, transformation and execution

NON-FINANCIAL
PERFORMANCE MEASURES

ENDNOTES

INDEPENDENT LIMITED
ASSURANCE REPORT

ASSURANCE



Criteria Used as the Basis of Reporting

The GRI Standards Reporting Principles of Defining Content and Quality (*“the criteria”*) are published by the Global Reporting Initiative. Management Defined Criteria are those established by BOQ management and presented in the Sustainability Report.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Assured Sustainability Information, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquired with relevant BOQ personnel to understand the internal controls, governance structure and reporting process of the Assured Sustainability Information;
- reviewed relevant documentation including Management Defined Criteria;
- analytical procedures over the Assured Sustainability Information;
- walkthroughs of the Assured Sustainability Information to source documentation;
- reviewed the completeness, accuracy and appropriateness of relevant disclosures in the Sustainability Report in accordance with the GRI Standard Core requirements;
- evaluated the appropriateness of the criteria with respect to the Assured Sustainability Information; and
- reviewed the Sustainability Report in its entirety to ensure it is consistent with our overall knowledge from the assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of BOQ.

Use of this Assurance Report

This report has been prepared for the Directors of BOQ for the purpose of providing an assurance conclusion on the Assured Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of BOQ, or for any other purpose than that for which it was prepared.

ASSURANCE



Management’s responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the Assured Sustainability Information in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Assured Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Assured Sustainability Information for the year ended 31 August 2020, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Sydney
13 October 2020