

2021 SUSTAINABILITY REPORT



Year ended 31 August 2021

BOQ 
GROUP

ABOUT THIS REPORT

This report provides Bank of Queensland Limited (**the Bank** or **BOQ**) stakeholders with detail of our performance on material sustainability issues, for the financial year ending 31 August 2021.

BOQ's 2021 Sustainability Report has been prepared 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.

This is part of a suite of external integrated communications including BOQ's 2021 Annual Report, FY21 Investor Materials, and our 2021 Corporate Governance Statement.

During FY21 BOQ continued to execute its sustainability agenda as disclosed in the 2020 Sustainability Report. This Report includes detail on the initiatives underway across the organisation and how BOQ is responding to evolving community expectations.

On 1 July 2021, the BOQ Group (**the Group**) acquired Members Equity Bank Limited (**ME Bank** or **ME**). The 2021 Sustainability Report includes further detail of the integration which has been identified as a key issue through the refresh of our materiality assessment. However, given ME Bank was only part of the BOQ Group for 2 months, the information contained within this report primarily relates to the operations of BOQ excluding ME Bank. As we move into FY22 we look forward to incorporating ME Bank into the Group's wider sustainability initiatives and reporting further on these.

We have engaged KPMG to perform limited assurance over a number of key scorecard metrics included in this report. Refer to page 38 for the assurance report and a description of the metrics included in assurance scope.

Other documents in our 2021 reporting suite

BOQ produces a range of reports designed to meet the evolving expectations of a wide number of stakeholders. Our 2021 annual reporting suite also includes the following documents:



Annual Report

It is available on the Annual Reports page of our website.



FY21 Investor Materials

Investor Materials are available on the Financial Results page of our website.



Corporate Governance Statement

It is available on the Corporate Governance page of our website.

CONTENTS

2021 Snapshot	3	The Issues That Matter Most	11
Leadership Message	4	Sustainability Focus Areas	12
Sustainability at BOQ	5	Non-financial Performance Measures	30
How We Create Value	6	Endnotes	36
Sustainability Balanced Scorecard	8	Independent Limited Assurance Report	38

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): Alan and Tracey Hewitt, valued BOQ agribusiness customers since 2013.

2021 SNAPSHOT



NET PROMOTER
SCORE (NPS)
RANKED 3RD
IN 2021 ⁽¹⁾



39%
REPRESENTATION OF WOMEN
IN SENIOR LEADERSHIP ⁽²⁾



\$867k
INVESTED IN COMMUNITY ⁽³⁾



EMPLOYEE
ENGAGEMENT SCORE
64%



INCREASE IN LENDING ⁽⁴⁾
\$3,546m



**ACQUIRED
ME BANK**
IN JULY 2021



CAPITAL INVESTMENT OF ⁽⁵⁾
\$103m



**CARBON
NEUTRAL
ACCREDITATION**
RECEIVED IN 2021

(1) Rfi Group XPRT Report – August 2021. 6 Month Rolling Average (BOQ Retail only).

(2) Encompasses the Executive Committee, General Managers and Heads of.

(3) Community Investment measures financial contributions made by BOQ and its people to community organisations. For FY21, 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) Growth in GLAs excluding ME Bank.

(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. Excludes partner funded capital investment and ME Bank.

LEADERSHIP MESSAGE

Dear Shareholder

Our sustainability approach is centred on long term value creation that ensures we remain relevant to our customers, people, shareholders and the communities in which we operate. We have been evolving our approach and we recognise this work is never really complete. What's important is being able to demonstrate and measure our impact and this report is our way of keeping ourselves accountable to deliver our sustainability strategy.

We are committed to building a sustainable business and continue to lift our aspirations as to how we manage the environmental, social and governance impacts of our business. We track our progress against a sustainability balanced scorecard which includes several focus areas including conduct and governance, climate change and environment, improving customer experience, providing a workplace for our people to thrive, and supporting community initiatives.

While the past 12 months continued to present challenges from COVID-19 disruption, we continued to deliver on our simple mandate of building Australia by helping more people into homes and supporting families and entrepreneurs with their small business plans. We have continued supporting customers during these challenges and banking relief packages have been provided to more than 26,000 home loan customers.

Despite the challenges presented by COVID-19, we have continued our cultural transformation to leverage the strength of our human capital, building a performance driven culture within our diverse team with strong execution capability that drives our strategic transformation. Our cultural transformation is core to our transformation and we recognise that reliability, transparency and trust are at the core of everything we do, and that by living our purpose and values we will drive excellent conduct and improved customer and community outcomes.

We have also taken steps to continue the improvement of governance processes through ongoing embedding of risk management and compliance through the business.

The Group continues to make strong progress with its digital transformation highlighted by the launch of the first phase of the Virgin Money mobile banking application. This represents a key milestone towards a scaled, common cloud based digital retail bank technology platform. Virgin Money now offers transaction and savings accounts, an integrated credit card offering, as well as a new loyalty program and a native mobile app. The first phase of BOQ's digital bank build is underway, along with phase two of the VMA offering which will include home loans, an expanded deposit and loyalty offering, and Open Banking capability.


The acquisition of ME Bank is a major step in our strategy to become the leading customer-centric alternative to the big banks. The combination of BOQ and ME Bank's strong complementary trusted brands results in a compelling growth platform with shared customer-centric cultures and differentiated customer segments generating greater value for customers, employees, and shareholders.

BOQ has taken a significant step in its climate action journey by achieving carbon neutral certification in FY21. Our certification shows our commitment as an enabler to the transition to a low carbon future.

Our 2021 Sustainability Report highlights our progress towards making a difference. From addressing immediate needs brought on by events such as the COVID-19 crisis to mapping longer term goals such as being fully renewable by 2025, we want to be recognised for our actions as much as our commitments. Our sustainability approach is fundamentally our ticket to a stronger future for our customers, people, shareholders, and community.



Patrick Allaway
Chairman



George Frazis
Managing Director and CEO



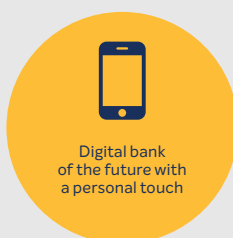
SUSTAINABILITY AT BOQ

Building upon the reimagined sustainability focus areas launched in FY20, BOQ continues to recognise the importance of managing its environmental, social, and governance issues in a way that delivers lower risk and enhanced value for our customers, people and stakeholders.

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 Group's five strategic priorities underpin the sustainability strategy



Focusing on the issues that matter

Our sustainability strategy focuses on the material issues for our key stakeholders as outlined in the Sustainability Scorecard.



Continuing our sustainability focus going forward

We understand the importance of focusing on our value drivers to create a sustainable business, and the role it plays in developing a sustainable economy for our stakeholders. We recognise we are on a journey and will continue to implement our committed actions, while evolving our approach to the management of sustainability issues and associated disclosures going forward.



Comparable disclosures

We are committed to transparent reporting of our sustainability impacts in a consistent and credible way. We do so by reporting in accordance with the GRI Standards: core option as well as obtaining independent assurance over a number of key scorecard metrics.



Sustainability scorecard and our value creation story

We continue to link our Sustainability Scorecard targets to how the Group creates value for stakeholders. The sustainability scorecard includes targets for a number of our key metrics and is based on issues that matter most to our stakeholders.

Key Commitments / partnerships



UN Sustainable Development Goals

Statement of commitment



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21•CMP11

Paris Climate Agreement

Supporter (2018)



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

Align with and support



Climate Active Network

Member

OPERATING

- Improving credit growth environment
- Changing customer needs
- Increased regulatory & compliance requirements

BOQ'S FIVE

BOQ VALUE

- Distinctive brands serving attractive niche customer segments
- Digital bank of the future with a personal touch

OUR BUSINESS

- People
 - Employees
 - Diversity and Inclusion
 - Capabilities and skills
 - Organisational culture and values

COMMUNITY

- Relationships with local communities
- Owner manager branches

CUSTOMER

- Quality customer relationships
- Customers

We provide a range of financial services to meet the needs of our customers

We are focused on supporting individuals and small and family business customers in our niche segments

We aim to provide exceptional customer experiences and believe in fair outcomes for customers

BOQ



Retail and SME lending,
deposits, credit cards
and insurance



Digital home loans, deposits,
credit cards, insurance,
and superannuation



Home loans, personal loans, deposits and credit cards

BOQ VALUE



CUSTOMER

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

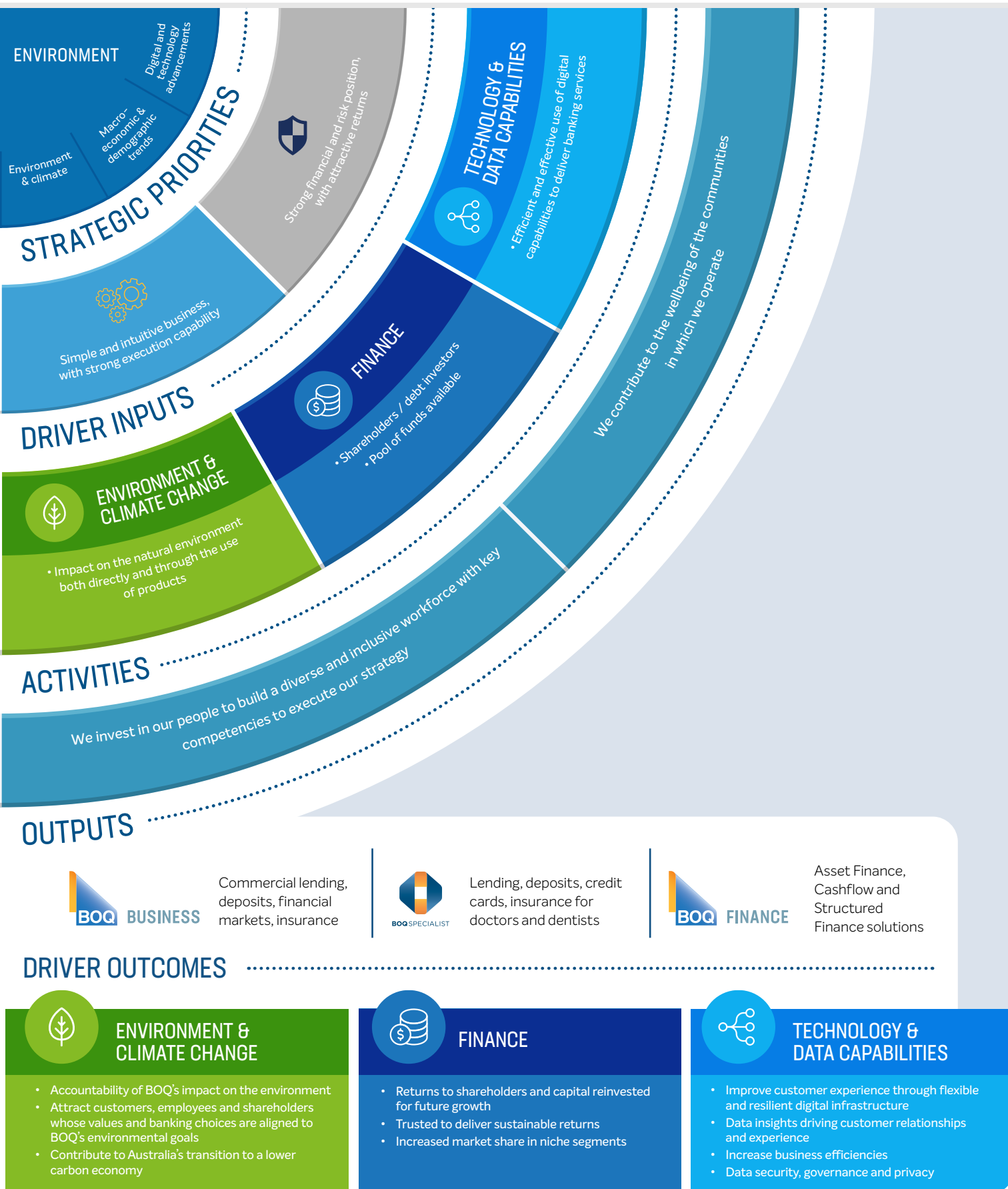


COMMUNITY

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

PEOPLE

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.




















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.

FOCUS AREAS / SUSTAINABLE DEVELOPMENT GOALS	BOQ VALUE DRIVER INPUTS	TARGET / COMMITMENT
SUPPORTING ECONOMIC & CUSTOMER RESILIENCE   	 CUSTOMER  FINANCE	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⁾
DATA PROTECTION & GOVERNANCE 	 TECHNOLOGY & DATA CAPABILITIES	Deliver Open Banking capability by FY22 ⁽³⁾ Nil significant notifiable cyber security or privacy breaches which result in the public disclosure of data ⁽⁴⁾
CUSTOMER EXPERIENCE & PRODUCT RESPONSIBILITY 	 CUSTOMER	Top 3 NPS ranking for Retail and SME customers ⁽⁵⁾ Product simplification – halve the number of products available for sale from 202 ⁽⁶⁾
CONDUCT, GOVERNANCE & CULTURE   	 CUSTOMER  PEOPLE	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⁾
CLIMATE CHANGE, SUSTAINABLE FINANCE & ENVIRONMENT    	 ENVIRONMENT & CLIMATE CHANGE	Achieve Carbon Neutral accreditation by 2020 Ongoing participation in the CEFC co-financing program ⁽¹⁰⁾ Achieve RE100 status ⁽¹¹⁾
WORKFORCE EMPOWERMENT & CAPABILITY    	 PEOPLE	Increase employee engagement to 72% (top quartile of employee engagement) by FY23 ⁽¹²⁾ Gender diversity target on the Board of 40% female, 40% male and 20% either gender ⁽¹³⁾ Senior leadership target of 40% female, 40% male, and 20% either gender from FY21 onwards ⁽¹⁴⁾
COMMUNITY SUPPORT & INVOLVEMENT    	 COMMUNITY	Increase community investment to \$1m p.a. by FY23 ⁽¹⁵⁾
INNOVATION, TRANSFORMATION & EXECUTION  	 TECHNOLOGY & DATA CAPABILITIES	Capital investment of \$100M pa FY20 – FY22 ⁽¹⁶⁾ Launch Virgin Money Australia (VMA) digital bank by late 2020

Refer to **page 36** for detailed endnotes relating to this table.

		 Below expected progress  Steady progress  Well progressed  Achieved	
FY19	FY20	FY21	PROGRESS
Housing: 0.2x system Commercial: 1.2x system	Housing: 0.9x system Commercial: Positive to system, which is negative for both	Housing: 1.7x system Commercial: 0.8x system	
77.0 cps (-16% from FY18)	49.6 cps (-36% from FY19)	74.7 cps (+51% from FY20)	
Project launched	In progress	Delayed but steady progress	
Nil	Nil	Nil	
Retail: 3rd SME: Micro-5th; Small-2nd; Medium-2nd	Retail: 3rd SME: Micro-3rd; Small-3rd; Medium-3rd	Retail: 3rd SME: Micro-4th; Small-2nd; Medium-6th	
N/A	15% reduction	26% reduction	
93.3%	94.5%	95.5%	
N/A	9 implemented; 1 underway; 15 government legislation or review; 51 not relevant to BOQ	All relevant recommendations implemented. 10 implemented; 15 government legislation or review; 51 not relevant to BOQ	
FY19 Score: 109; Ranked 2nd	FY20 Score: 158; Ranked 2nd	FY21 Score: 158; Ranked 3rd	
N/A	Accreditation in train	Climate Active carbon neutral accreditation complete	
\$240k	\$8.4m	\$7.5m	
N/A	In progress	In progress	
56%	59%	64%	
25%	37.5%	37.5%	
36%	35%	39%	
\$471k	\$841k	\$867k	
\$95m	\$100m	\$103m	
Program launched	Family and friends launch scheduled for late 2020	VMA digital bank launched March 2021	

STAKEHOLDER ENGAGEMENT

Stakeholder engagement

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

We capture the insights from a wide range of stakeholders through a range of formal and informal feedback mechanisms to make informed decisions about prioritising and acting on BOQ's material issues for FY21.

Stakeholder	Why they are important to us	How we have engaged
 Customers	Delivering exceptional customer experiences with empathy is key to BOQ's purpose. We partner with customers to build long term relationships by providing a range of financial solutions to meet their evolving needs.	<ul style="list-style-type: none"> • A deep understanding and ongoing monitoring of customer feedback • Customer experience feedback surveys • Market research on customer needs • Resolving customer complaints and interactions with Customer Relations specialists and BOQ's Customer Advocate Office
 Investors	BOQ's equity and debt investors provide an important source of funds for our business activities that ultimately creates value for our stakeholders. Investors expect generated capital to be reinvested to fund future growth and seek sustainable returns on their investment.	<ul style="list-style-type: none"> • Full and half year reporting and investor presentations • Regular discussions and meetings with investors, analysts, and credit rating agencies • Annual governance meetings • Shareholder queries and voting preferences at our AGM
 Employees	Our employees are key to the success of our business. We value diversity and inclusion and rely on their capabilities and skills to deliver value for stakeholders.	<ul style="list-style-type: none"> • Regular workplace pulse surveys • Leaders material sustainability issue survey • Town hall forums, leader presentations, and team meetings • Internal communication channels
 Community and Society	We recognise the importance of contributing to the wellbeing of the wider community. Led by our owner- manager network, who are experienced bankers anchored in their local community, BOQ has established good relationships with the communities in which it operates.	<ul style="list-style-type: none"> • Engagement with our community partners focused on financial literacy and wellbeing of the community • Community volunteering and fundraising initiatives • Participation in meetings, conferences, and industry collaboration • Regular discussions with non-governmental organisations on ESG issues and Bank strategy / policy developments
 Government & Regulators	An open, trusted and productive relationship with Government and Regulators is essential for a strong and stable banking system that operates in the best interests of consumers.	<ul style="list-style-type: none"> • Ongoing engagement and prudential reporting with government and regulators • Meetings and committee appearances • Participation in policy development submissions to inquiries and consultations • Membership and active participation with Australian Banking Association working groups • Engagement with key State and Federal political and Departmental stakeholders
 Suppliers	Developing collaborative relationships ensures our key suppliers share our values and support our goal to make a positive impact on the environment and society.	<ul style="list-style-type: none"> • Formal and informal discussions with suppliers and ongoing vendor management meetings • Executive level engagement for strategic partner relationships • Risk-based assessments through, at a minimum, contract renewals and the tendering process

THE ISSUES THAT MATTER MOST

BOQ Group regularly reviews the most material environmental, social, and governance issues affecting our business. These topics represent the issues that are relevant and impactful to both stakeholders and to the business.

As part of detailed materiality assessments undertaken in prior years, environmental, social, and governance issues affecting our business were identified, refined, validated and prioritised, using GRI materiality test questions (see: GRI Standards 101). These issues were tested against FY21 megatrends, stakeholder engagement and employee engagement for currency.

The testing found two key shifts: a) the successful integration of ME Bank; and b) economic support for customers affected by ongoing COVID-19 disruptions.

The revised material issues were further validated through surveys of customers and employees. While there was some variation 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. The validation generally placed the highest importance and urgency on the digital transformation of our systems for our people and customers.

BOQ value drivers

Our material issues

 Finance	SUPPORTING ECONOMIC AND CUSTOMER RESILIENCE We seek to support our customers, people, and the broader economy by assisting with resiliency measures that address vulnerability and hardship even as we maintain a sustainable and profitable business.
 Technology & Data Capabilities	DATA PROTECTION AND GOVERNANCE Maintaining robust systems and processes for the ethical collection and use of data while ensuring cyber security and data privacy.
 Customer	CUSTOMER EXPERIENCE AND PRODUCT RESPONSIBILITY Delivering a consistently superior experience to our customers by understanding their needs and providing the right products and services, while recognising those who are vulnerable or experiencing hardship.
 Customer	CONDUCT, GOVERNANCE AND CULTURE BOQ strives to maintain a positive and ethical culture across all employees and workplaces.
 Environment & Climate Change	CLIMATE CHANGE, SUSTAINABLE FINANCE AND ENVIRONMENT Taking action on climate change and environmental sustainability through operational choices and supporting our customers with the transition to a low carbon future
 People	WORKFORCE EMPOWERMENT AND CAPABILITY 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.
 Community	COMMUNITY SUPPORT AND INVOLVEMENT We support 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.
 Technology & Data Capabilities	INNOVATION, TRANSFORMATION AND EXECUTION The foundation of our transformation is underpinned by strategic initiatives that support customers through an enhanced digital experience, along with delivering a platform for competitive advantage.
 Finance	ME BANK INTEGRATION The combination of BOQ and ME Bank's strong complementary trusted brands results in a compelling growth platform generating greater value for customers, employees, and shareholders.



SUPPORTING ECONOMIC AND CUSTOMER RESILIENCE

Sustainable development goals



We seek to support our customers, people, and the broader economy by assisting with resiliency measures that address vulnerability and hardship even as we maintain a sustainable and profitable business.

>\$8b

TOTAL AMOUNT OF LOANS DEFERRED AS PART OF THE COVID-19 BANKING RELIEF PACKAGE ⁽¹⁾

\$2,946m

INCREASE IN HOME LENDING IN FY21 ⁽²⁾

\$598m

INCREASE IN BUSINESS LENDING IN FY21

Why is this important?

The ability to support customers withstand and recover from major disruptions is a critical factor in delivering BOQ's purpose to create prosperity for our customers, shareholders and people. The COVID-19 pandemic has been unlike any other, affecting our customers, our suppliers, and more broadly society in ways that heightens the need for BOQ pursue its values of empathy, integrity and making a difference with perseverance.

In supporting economic and customer resilience BOQ has responded with a range of measures to ensure people continue to have access to credit and fee relief and have the tools and support needed to bounce back and take advantage of windows of opportunity that economic shocks can provide.

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.

Supporting disaster recovery and economic resilience in our communities

While on balance the Australian economy is resilient and strong, the impacts of COVID-19 across Australia has created significant variable and uncertain circumstances for customers.

With lockdowns and travel restrictions placing continued pressure on much of the economy, we have responsibilities to help our customers and communities thrive by providing access to financial services that facilitate a healthy economy.

We do so through provision of vulnerability support packages, providing customers with the products and services needed to flexibly adapt to the changing economic conditions, and the support to fulfil their aspirations when opportunity arises.

Led by the owner managers, who are experienced bankers anchored in their local community, BOQ builds deep relationships in the communities it which it operates.

"We came to BOQ with a number of mortgages and debt; the type that was keeping us awake at night. Nicholas and the wonderful team at BOQ Maroochydore were so welcoming and approachable, and I truly rest easy every night now knowing our financial future is in the best hands."

– BOQ personal lending customers, Todd & Michelle Widdicombe

(1) This figure does not include all requests as not all were eligible. Does not represent the value currently in relief.

(2) Excludes ME Bank.





RESPONDING TO COVID-19

“As an essential service we’ve kept our branches open throughout these uncertain times and made sure families and small businesses can speak to a real person if they need to discuss financial relief. We know the support we provide can make a difference and we’re looking forward to playing a role as economic confidence returns and in ensuring our people and customers stay safe.”

– BOQ Managing Director and CEO, George Frazis

c.26k ⁽¹⁾ CUSTOMERS GRANTED ASSISTANCE DUE TO COVID-19 RELIEF **\$63m** ⁽²⁾ IN SME GOVERNMENT GUARANTEED LOANS FUNDED **c.17k** ⁽³⁾ MORTGAGES DEFERRED **c.25k** ⁽³⁾ BUSINESS LOANS DEFERRED

Business resilience

BOQ has leveraged the lessons of last year and embedded processes and systems to ensure we respond quickly to evolving circumstances.

We continue to develop scenario models to identify potential risks to our business under a range of different economic outcomes. The application of these models ensured BOQ was able to respond quickly as the economy showed signs of recovery in the first half of 2021 and the Group was also able to adapt to tightening economic conditions as restrictions and lockdowns re-emerged.

Our strong levels of capital and liquidity see us well positioned to manage a range of scenarios.

Managing our credit risk

Building upon the processes implemented in 2020, BOQ continues to monitor the credit quality of the portfolio to assess economic impacts due to COVID-19, particularly in light of the recent spike in cases causing the reintroduction of more severe restrictions and lockdowns. BOQ completes ongoing scenario modelling and detailed portfolio analysis to assess the required provisioning levels and potential credit quality impacts due to the shifting economic landscape.

Employee support

The health and wellbeing of our people remained a key focus throughout FY21. Harnessing lessons from 2020, we built on flexible work practices and communications materials to support the health, wellbeing and safety of our people.

Banking is an essential service and accordingly we have kept our branch network open nationwide throughout this period. This has necessitated the introduction of a number of additional safety measures including increased hygiene and social distancing measures, extensive communication, and increased remote working capabilities.

BOQ additionally offers special paid leave for employees to receive the COVID-19 vaccinations.

Customer support

BOQ worked swiftly and decisively with the Australian Banking Association, the Federal Government and regulators to establish the COVID-19 Banking Relief Package program which initially ran from March 2020 to March 2021. During that time, BOQ deployed more than 100 highly skilled individuals into the Customer Assistance Team, dedicated to assisting customers affected by economic hardship stemming from COVID-19. In addition, BOQ worked very closely with the Customer Advocate Office to ensure the customers' voice and the needs of vulnerable customers especially were well represented.

We continue to support our customers financially impacted by lockdowns and the uncertainty of the COVID-19 environment with Banking Relief Packages. Our Retail and Business bankers and BOQ Specialist relationship managers work closely with customers to understand their needs during these uncertain times and to support them in the ever changing outlook.

The Group has reactivated relief measures in July 2021 and customers can again access relief packages which include loan repayment deferral, fee waivers and cash flow support.

Support for Personal Customers:

To help everyday Australians experiencing difficulty, BOQ's Customer Assistance Team supports retail customers access a range of measures including:

- Deferrals of mortgage and/or personal loan repayments, or allowing interest only repayments for a short period;
- Special arrangements in relation to arrears;
- Early access to Term Deposit funds without redemption penalties; and
- Waiver of other fees and charges related to non-payment.

Support for Business Customers:

BOQ understands the pressures felt by Australian businesses, especially those impacted by economic disruption from lockdowns. We continue to offer financial assistance packages to Business Banking customers including:

- Small business customers will be able to defer repayments for up to 3 months, with loan terms extended accordingly.
- Eligible customers will be able to receive refunds of merchant terminal rental fees for up to 3 months.
- Eligible customers will have early access to Term Deposit and Farm Management Deposit funds and a waiver of redemption fee for up to 3 months.

Importantly, if some businesses take considerably longer to recover, further deferrals or restructuring may not be in their best interest. In these circumstances BOQ is working closely with our customers to find a responsible solution.

(1) Represents total number of customers granted relief.

(2) Refers to settled limits. SME government guaranteed loans since inception.

(3) Represents the number of accounts but does not include all requests as not all were eligible.



DATA PROTECTION AND GOVERNANCE

Sustainable development goals



Maintaining robust systems and processes for the ethical collection and use of data while ensuring cyber security and data privacy.

NIL

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

79%

OF TIER 1 SUPPLIERS HAVE ISO 27001 CERTIFICATION ⁽¹⁾



DELAYED BUT STEADY PROGRESS FOR LAUNCH OF OPEN BANKING CAPABILITY IN FY22

Why is this important?

As BOQ progresses toward becoming a digital bank, data protection remains crucial. Managing cyber security risks and protecting customer privacy is foundational to ensuring our customers can trust BOQ with their confidential information. This is reinforced by our commitment to transparency around how data is collected, used and stored.

COVID-19 has sparked an increase in fraudulent activity that has sought to destabilise systems and processes that manage and protect data. BOQ is continually monitoring, reviewing and upgrading our defences against these types of attacks as we move into the digital space.

We continue to review and improve our management and governance of all types of data across our ecosystem.

Data governance assists in maintaining data quality and integrity and ensures we comply with privacy policies and laws.

BOQ continues to leverage the data in its ecosystem to improve the customer experience and increase productivity utilizing advanced data analytics.

It is through data protection and governance that we are able to reliably collect, maintain and distribute data safely and transparently which is reflective of our BOQ values.

Cyber security

Banking organisations face rising operational risk from increasingly sophisticated cyber threats. This stems from an increased reliance on technology to do business which in turn increases the potential for infiltration of systems and data theft.

BOQ has established its trusted reputation in part due to maintaining a continued focus on cyber security as the breadth of data under its governance increases.

Our cyber security and operations function continue to upgrade resiliency measures against ever increasing cyber-attacks. We have improved our in-house capability through focused development of our core cyber-security business processes, and research and development activities. This work has expanded to also include our integration of ME Bank. We have strengthened our cyber security function through implementing enhancements to our “detect and respond” capabilities and deployment of new security technologies to support our cloud-based digital banking systems.

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

The systems and policies of our suppliers can also pose risks. We address these risks by ensuring contract terms have strong information security provisions. Cyber security assessments are embedded in key supplier management processes ensuring all vendors with cyber risks have controls in place to meet our required standards.

Our performance in cyber security is measured by monitoring the number of successful and failed cyber-attacks on our business. The outcomes of regular penetration tests to assess the effectiveness of our controls and to identify areas for further development is also considered. 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.

(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.

Customer data privacy

BOQ is committed to respecting the privacy of our customers' personal data and our privacy policy explains how we collect, store, use and disclose personal information and how we comply with privacy laws. In order to protect this information BOQ has in place physical security measures, and uses appropriate technology, processes and technology security to restrict access and destroy 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](#). BOQ also continually educates its customers on the privacy risks arising from scams and identity fraud through our interactions with customers and notifications on our internet banking logon screens.

Open banking

Open Banking is the first stage of the Australian Government Consumer Data Right (CDR) which gives greater control to consumers over their data and allows for easier comparisons of products and services. This system is being implemented sector by sector across the whole economy and banking is among the first industries to which this will apply.

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 this will improve customer focus, create innovation in the sector and drive competition.

During FY21, BOQ has established a new Data Platform to enable BOQ to transport Open Banking data from multiple source systems to our customers via the Australian Competition and Consumer Commission's (ACCC's) CDR ecosystem. BOQ is committed to enabling Open Banking data sharing requests for customers as soon as it is possible to do it in a robust way.

The Australian Government Open Banking timeline required BOQ to commence providing account and transaction data for deposit and transaction accounts and credit and debit cards from 1 July 2021. BOQ has been unable to meet the 1 July 2021 deadline due to the complexity of adapting the BOQ source systems to the Open Banking requirements. Instead, BOQ had agreed to do so from 1 November 2021 for deposit and transaction accounts in a rectification schedule agreed with the Australian Competition and Consumer Commission (ACCC). However, BOQ will not be in a position to commence data sharing on 1 November 2021 due to third party testing issues but is engaging with the ACCC to commence data sharing as soon as possible thereafter. We expect the ACCC will consider this matter in accordance with the ACCC/Office of the Australian Information Commissioner (OAIC) Compliance and Enforcement Policy for the CDR.

BOQ will progressively continue to increase Open Banking data sharing to meet all remaining CDR requirements by FY22.

We understand the impact on our customers and have a clear path to execution. We are committed to achieving CDR compliance to ensure better outcomes for our customers.

Regulatory reporting

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

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

BOQ continues to develop and support relevant regulatory reporting requested by regulators in respect to ongoing COVID-19 Banking Relief and Support packages resulting from the pandemic.

BOQ continues to invest in its Regulatory Reporting & Data program to meet the introduction of new reporting requirements and to further enhance the standards of data quality and data governance and to support the Bank's ability to provide timely and accurate reporting.

A comprehensive multi-year program of work has been established to deliver ARS 220 'Credit Exposures and Provisions', the first ADI collection to be designed based on a concept-dimension data model which will provide data that can be used for multiple purposes and moves away from traditional form based returns.

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

The program is expected to deliver further enhancements in data quality and governance throughout the year. It will underpin continued delivery of efficient, cost effective solutions to new reporting requirements that are also aligned to Group-wide initiatives.



CUSTOMER EXPERIENCE AND PRODUCT RESPONSIBILITY

Sustainable development goals



Delivering a consistently superior experience to our customers by understanding their needs and providing the right products and services, while recognising those who are vulnerable or experiencing hardship.

+23
RANKED: 3RD
NET PROMOTER SCORE ⁽¹⁾

26%
REDUCTION IN NUMBER OF
PRODUCTS FOR SALE ⁽²⁾

70%
IDR ⁽³⁾ UPHOLD RATE BY CUSTOMER
ADVOCATE OFFICE IN FY21

Why is this important?

BOQ exists to serve its customers. Providing great and appropriate customer outcomes underpins everything we do. Our customers' expectations are evolving, and we aim to continue to meet their expectations by delivering personal, timely, relevant and seamless customer support.

Lending responsibly is a top priority and we demonstrate our commitment to this principle by ensuring affordability, transparency of terms and conditions, and, where needed, support for borrowers in financial hardship.

We comply with regulatory guidance and continually evolve internal credit policies and frameworks to uphold best practice and deliver responsible customer outcomes.

Enhancing our customer experience

Customers now judge their banking experience against broader market experiences, not just within a single industry.

High quality mobile apps and intuitive internet banking functionality are key foundational capabilities BOQ continues to develop.

BOQ strives to deliver a superior and consistent experience for our customers. We design products and services with customers at the core and we continually enhance our approach by listening to customer feedback and prioritising customer-centric design methodologies.

In FY21, BOQ's Home Buying Transformation program remained focused on continuous improvement of loan processing to make it simpler and faster for customers buying or refinancing. We have refined our processes and simplified customer guides to assist those buying, refinancing, building or renovating their homes. Other improvements include automated pricing processes to reduce response times and enhanced broker tools for better communication flow.

Additionally, new customer friendly terms and conditions were introduced across the Group. Three brands now adhere to two sets of documents, down from eight, with usability enhanced by clear and simple language.

Customer satisfaction and advocacy

BOQ prides itself on delivering great customer experiences through a relationship-led approach. To elevate our commitment to customer satisfaction, the Group created a new executive role, Chief Customer Officer, and appointed Danielle Keighery to fill this position in January 2021. Our other differentiated feature is our owner-managed model which means branches are led by individuals who have a deep understanding of the community they serve and who can bring an unrivalled local focus.

BOQ continues to benefit from strong customer advocacy underpinned by service delivered from branch teams. We see further opportunity to lift our Mortgage NPS, MFI Mobile Banking NPS, and MFI Internet Banking NPS performance. This will be driven from ongoing enhancements to lending processes and improvements in mobile and internet banking capability made possible by targeted investment identified in our transformation roadmap.

BOQ Business advocacy also continues to build momentum with BOQ now ranked 3rd in market ⁽⁴⁾. As with consumer, it is our business Relationship Manager teams who deliver great customer experiences.

Product simplification

Becoming a simple and intuitive bank is key to our strategy, and simplifying our products will provide many benefits, including:

- Enhancing banker and customer experiences by removing products with low sales volume and market appeal to create a clear, consistent and empathetic proposition;
- Reducing operational complexity and improving processes by streamlining products and related procedures; and
- Equipping our people for increased regulatory requirements by making it easier to find the right product for the right customer, in line with the upcoming ASIC governed Design Distribution Obligations (DDO).

We are making steady progress, with a number of retail deposit and lending products with low sales volume and low market share having been removed from sale in FY21. This simplified product set is a key enabler to ensuring that there is a strong product ecosystem into which new product are being launched; and ultimately that existing customers will be migrated across to in due course.

(1) Assessed on a Main Financial Institution basis for BOQ Retail customers.

(2) Refer to endnote 6 on **page 36**.

(3) IDR refers to Internal Dispute Resolution.

(4) Assessed on an Any Financial Relationship basis for BOQ Business.

“We’ve been with other banks that make you feel like you’re just another asset or liability. They like to keep an eye on what you’re doing to make sure their money is safe but at BOQ you feel like you’re part of a team. They keep an eye on what you’re doing because they have a genuine interest and want to understand how they can help you better.”

– Tracey Hewitt, BOQ Agribusiness Customer

The Charvel property in Theodore, Queensland has been in the Hewitt family since 1958 when Alan’s parents first purchased the land. Since then, Alan and his wife Tracey have run the mix operation of cattle farm and irrigated cropping with the help of their three sons.

After many years with another bank, the Hewitts switched to BOQ in 2013 and formed a strong bond with BOQ Agribusiness Manager Ian Mills, who has now become part of the furniture. It was important to Tracey and Alan that they have a real and honest partnership with their bank and work with people who understand their business and believe in what they’re doing.



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. BOQ is supportive of the government’s proposed changes to responsible lending laws and the intent to improve consumers’ access to credit markets.

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 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.

Resolving customer complaints

BOQ empowers our frontline teams and customer relations specialists to resolve customer complaints quickly. A speedy response is important and BOQ continued to resolve our customers’ issues quickly; 83 per cent of all complaints were resolved at first point of contact, and an average time to resolve complaints is 2 days. Early capture and the reporting of complaints internally continues to support the early identification of trends and issues that may require broader resolution or remediation.

The CAO provides additional reviews of complaint outcomes. During the year the CAO resolved 29 cases that had already been reviewed by our specialist complaints team with 70 per cent 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 6 per cent fewer issues progressing to external dispute resolution this year.

The Customer Advocate Office

The BOQ Customer Advocate Office (CAO) ensures that the voice of the customer is elevated across the Bank.

In addition to reviewing individual customer complaints, the CAO identifies and advocates for positive changes that will make a real difference to our customers.

Over the past financial year, the CAO supported the business in relation to 239 support and advice matters, with most of these relating to vulnerable customers.

The CAO worked to support the extension of our obligations under the Banking Code to deliver extra care for customers experiencing vulnerability and has delivered the following enhancements for customers in FY21:

- An improved end-to-end process for our customers experiencing financial vulnerability;
- A bespoke range of solutions to support customers with regaining control of their finances;
- An improved financial assistance website;
- Additional external support for vulnerable customers, including free counselling services for those experiencing trauma; and
- Improved organisational capability to support customers experiencing vulnerability, which can be exacerbated during this time of uncertainty.

↑ 6%

Increase to Customer Advocate IDR⁽¹⁾ uphold rate compared to FY20

↑ 73%

Increase in IDR⁽¹⁾ complaints compared to FY20

↓ 6%

Decrease in EDR⁽²⁾ complaints compared to FY20

(1) IDR refers to Internal Dispute Resolution.

(2) EDR refers to External Dispute Resolution.



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**

**ALL RELEVANT NON-LEGISLATED
ROYAL COMMISSION
RECOMMENDATIONS IMPLEMENTED**

**DELIVERED OUR FIRST MODERN
SLAVERY STATEMENT**

Why is this important?

To deliver essential services to the economy banks rely on maintaining the highest levels of trust and reputation with customers, communities and shareholders.

To do so, BOQ goes beyond regulatory and compliance requirements to foster an ethical and responsible culture, supporting sustainable growth and driving competitive advantage.

Our values of empathy, integrity and making a difference ensures we expect the highest cultural and conduct standards of our people while supporting efforts to improve the broader banking industry.

We believe this starts by setting the right tone at the top with sound corporate governance.

Purpose-led Culture

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

Each day BOQ endeavours to make a positive difference to the lives of our customers, shareholders and people. Our value of empathy is a key strength as we support our customers and our people through the challenges of the COVID-19 pandemic and we are proud of the support provided to date.

In FY21 we specifically focused on building leader capability to create trusting environments for our people with a focus on wellbeing. In addition, we have broadened our diversity focus to ensure we value the differences in all of our people and truly reflect our customers. As a result our employee surveys have shown improvements in our people's willingness to seek diverse views and speak up or challenge where required.

We will further embed our values by measuring achievement at BOQ and holding every person accountable to behaviours that align with our aspirations.

We know we have more to do, particularly as we grow our organisation and ensure our purpose and values are meaningful and reflect all parts of our Group.

Rebuilding trust

Like all banks, BOQ is focused on rebuilding trust following the Royal Commission into financial services. We have now implemented all of the non-legislated Royal Commission recommendations relevant to BOQ.

On 4 February 2019, the Government released its response to the Royal Commission Final Report entitled Restoring trust in Australia's financial system. The response committed financial institutions to action all the Royal Commission recommendations and address issues identified. On 10 December 2020, the *Financial Sector Reform (Hayne Royal Commission Response) Act 2020* was passed implementing 21 of the 76 recommendations from the Royal Commission.

The package of reforms implements a significant number of the Royal Commission recommendations and the additional commitments made by the Government to improve consumer protections and strengthen regulators. This includes addressing conflicts between the interests of financial institutions and their customers, ensuring customers are treated fairly in dealings with the financial sector and ensuring regulators have the powers and resources needed to be effective in their enforcement and supervision role.

BOQ is in the process of implementing relevant parts of this legislation including provisions on breach reporting, anti-hawking and the deferred sales model for add-on insurance.

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 through an open engagement approach.

The Banking Executive Accountability Regime (BEAR) has continued to provide a valuable framework to further strengthen accountability and the way BOQ governs itself. BOQ is focused on embedding accountability practices and is actively involved in industry working groups as the sector prepares for the BEAR to be replaced by the Financial Accountability Regime (FAR).

Modern slavery

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

BOQ also takes its compliance obligations under the Australian *Modern Slavery Act 2018* (Cth) seriously and submitted its first Modern Slavery Statement with the Australian Border Force in December 2020. This statement detailed the steps BOQ is taking to minimise the risks of modern slavery in our operations and supply chains and is publicly available on the government's online register. BOQ's commitment to human rights can also be found [on our website](#). BOQ has continued to progress its program of work on Modern Slavery risks, particularly in the management of third party suppliers and has recently implemented a new Supplier Code of Conduct aligned to BOQ's Modern Slavery commitments.

Corporate governance

The Board recognises the role it plays on behalf of shareholders and the industry. In FY21 the Board oversaw the culture transformation program and has continued to monitor progress against priority focus areas. In FY21, the Board continued to review Board composition to enhance the effectiveness of the Board and to ensure the right mix of capabilities to oversee BOQ's performance and transformation. As a result, the Board welcomed two new directors this financial year: Mickie Rosen joined in March 2021 and Deborah Kiers joined in August 2021.

The Board continues to maintain its focus on non-financial risk through ongoing engagement with senior management, key stakeholders and frontline teams.

BOQ has maintained its Risk Culture Index score. This forms part of our Risk Appetite Statement that 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 also continues to enhance and improve the three lines of defence framework. Simple and clear principles of roles and responsibilities across the three lines is articulated in our key risk management documents. Updated principles were developed in FY21 which are part of an ongoing embedding of risk and compliance through the business. This ongoing process will provide further clarity on the roles of the first and second lines of defence as well as strengthening any current gaps.

Further detail on BOQ's Corporate Governance can be found in the FY21 Corporate Governance statement.

Remuneration

BOQ fully implemented the Sedgwick recommendations into product sales commissions and product based payments across the Retail Bank business from 1 September 2020. In February 2021, BOQ participated in the ABA's post-implementation activities including a staff survey which demonstrated above-average performance in relation to customer centricity.

Within the owner-managed branch (**OMB**) network, all branches have now transferred to the OMB Revenue Share Structure that was introduced on 1 January 2020, to simplify and remove elements which did not align with the Sedgwick review.

On 1 September 2020, BOQ introduced a new Senior Executive Remuneration Framework that changes the at-risk component of incentives. Under the framework, Senior Executives no longer have a cash variable reward component and instead receive all performance-based remuneration in deferred equity. BOQ continues to examine its remuneration frameworks and practices and remains committed to ensuring that they balance the interests of all stakeholders. Further information can be found in the FY21 Remuneration Report.

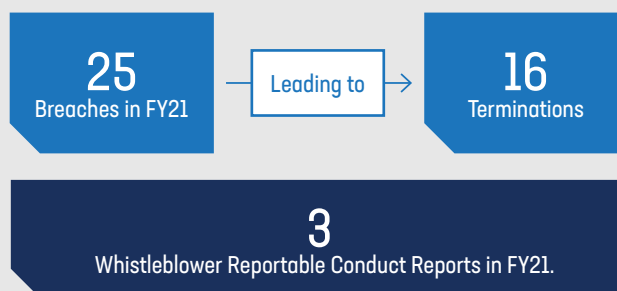
Ethical banking

BOQ has an established ethics framework and an Ethics Management Committee that addresses and manages issues as they arise.

Our people are cognisant of the need to identify, report and manage risks in a timely manner. BOQ's divisional Operational Risk and Compliance Committees ensure the ongoing 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, and that we act ethically. The Code of Conduct is reviewed regularly and is complemented by our Whistleblower Policy to reinforce 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. We continue to look for ways to improve the conduct and identification of these risks.





CLIMATE CHANGE, SUSTAINABLE FINANCE AND ENVIRONMENT

Sustainable development goals



Taking action on climate change and environmental sustainability through operational choices and supporting our customers with the transition to a low carbon future.



CERTIFIED CARBON NEUTRAL⁽¹⁾



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

19%

REDUCTION IN FINANCED GHG EMISSIONS

Why is this important?

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

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

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

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

Climate Change

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

BOQ is a proud supporter of regional areas and understands that many customers in these communities are reliant on income from carbon intensive industries. We play a role in supporting our customers through the transition to a lower carbon economy.

BOQ has taken action by becoming a carbon neutral organisation and joining the Australia Government Climate Active certification programme. By becoming a carbon neutral organisation we have achieved a balance between the greenhouse gas emissions associated with running our business and the emission reduction activities we support. While we work towards minimising our footprint BOQ supports accredited projects⁽²⁾ that reduce emissions and produce verified offsets.



BOQ's approach to offsetting⁽³⁾

BOQ purchases carbon offsets from accredited projects that are carefully aligned with our values. One of the projects is the Wunambal Gaambera Aboriginal Corporation's (WGAC) Right Way Fire program in the Kimberley region.

The Right Way Fire program has been the cornerstone operational tool in implementing WGAC's award winning 10 Year Healthy Country Plan, with a principle objective to mitigate hot wildfires which damage Wunambal Gaambera Country every year, harming wildlife, their habitats and potential threats to property.

Purchasing offsets from this program reduces greenhouse gas emissions, supports economic diversification, enhances protection from threats of wildfire to Wunambal Gaambera's intact populations of plants, birds, animals, reptiles, fish, insects and their habitats, and enables Traditional Owners to build their families futures and sustainable livelihoods on healthy country.

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

(2) BOQ has procured offsets from projects that are carefully aligned with our values including Wunambal Gaambera Aboriginal Corporation's Right Way Fire program and the Ghani Solar Renewable Power Project in India.

(3) Jeremy Kowan and Damon Bundamarra. Photo credit: Wunambal Gaambera Aboriginal Corporation, by Mark Jones.

Sustainable business

BOQ looks to operate in a way that minimises its impact on the environment and maximises opportunities to play a role in a more sustainable future.

BOQ will reduce operational emissions through our commitment to purchase 100 per cent of our operational electricity from renewable sources by 2025, exploration of low emissions fleet options, and implementation of a Supplier Code of Conduct that allows for climate engagement. In FY22 BOQ intends to operate its major Brisbane, Sydney and Melbourne support centres on renewable electricity.

BOQ is the first bank in Australia to issue debit cards made from recycled materials to its customers⁽¹⁾. The move will see more than half a million new cards made from industrial waste that would have otherwise ended up in landfill. The Bank will initially distribute 150,000 BOQ Personal VISA Debit and BOQ Business VISA Debit recycled plastic cards, while the remainder will continue to roll out to customers through new or replacement cards.

As part of our ongoing development of inspiring workspaces, BOQ integrates environmental and wellness design principles into its location and design choices. Our new corporate support centre in Sydney incorporates leading collaboration, energy efficiency, and circular economy design principles that will help employees work safely in ways that are most efficient for their individual needs.



Alignment with TCFD framework

Since 2019 BOQ has integrated climate change considerations into governance, risk management and strategy processes in alignment with the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This integration allows us to identify material climate related risks and opportunities and respond to the needs of regulators, shareholders, customers and other stakeholders.

With the support of external climate consultants and scientists, we will continue to evolve our capability in assessing climate risk and its impact on our business.

Building on prior physical and transition risk assessments this year BOQ further investigated climate-related risks and opportunities through scenario analysis. This detail is contained in pages 61 – 69 of the FY21 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.

Lending emissions and lending to fossil fuels

BOQ recognises that measuring financed emissions is an important consideration in managing climate related risks and opportunities. In addition to the supply chain emission calculations undertaken for BOQ's carbon neutral certification we have estimated emissions associated with our lending portfolio.

In FY21 the carbon intensity of the loan book was 0.25kg of CO₂-e per \$1 loaned a reduction of 19 per cent⁽²⁾ largely driven by the increase in residential exposures from the integration of ME Bank⁽³⁾.

BOQ's lending portfolio has no exposure to fossil fuel power generation and minimal direct exposure to fossil fuels extraction. BOQ has committed to cease funding equipment directly involved in the extraction of fossil fuels by 2024. As at 31 August 2021, our exposure to this industry was \$12.7m, representing 0.01 per cent of lending.

Sustainable finance

Despite challenging trading conditions, the need for all Australian businesses to reduce emissions and survive and flourish in a low carbon economy remains as urgent as ever. BOQ recognises the role it can play in helping to transition Australia to a lower carbon economy.

This transition is bringing with it a consumer-driven desire to lower carbon emissions, new market opportunities, and new low emissions technologies that can offer BOQ Business customers ways to embrace the change for long term benefit.

Since 2019 BOQ Finance has participated in partnership with the Australian Government backed Clean Energy Finance Corporation (CEFC) co-financing program to establish BOQ's Energy Efficient Equipment Finance Program.

BOQ's Energy Efficient Equipment Finance Program offers SME customers a discount on the finance rate when purchasing energy efficient equipment, clean energy assets such as solar, and 100 per cent electric vehicles. In FY21 there was increased demand for low carbon transport options including the funding of our first electric buses and increased lending to energy efficient technologies for agriculture.

BOQ will explore opportunities with the CEFC to revise and extend the funding partnership beyond the current maturation in June 2022.

(1) The BOQ VISA Debit card contains 82 per cent post-industrial plastic waste.

(2) The FY20 carbon intensity of the loan book has been revised to 0.31 kg of CO₂-e per \$1 loaned.

(3) Financed emissions calculations include estimates of greenhouse gas emissions associated with residential mortgages, commercial loans and asset financing.



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.

64%
EMPLOYEE ENGAGEMENT SCORE

39%
REPRESENTATION OF WOMEN IN
SENIOR LEADERSHIP



RECOGNISED AS WGEA EMPLOYER OF
CHOICE FOR GENDER EQUALITY

Why is this important?

Building culture and human capital is increasingly crucial to ensure empathy and integrity are maintained as we accelerate our digital transformation.

At BOQ, we support our people to respond to the challenges we face now and empower them to grasp future opportunities.

We seek to build a diverse and inclusive workforce that reflects our customer base, and feels connected to our purpose and values.

Gender equality remains a key focus area for us and we continue to set key performance indicators to drive the achievement of gender diversity. We continue to focus on our Reconciliation Action Plan (**RAP**) commitments and we are working towards our refreshed plan that will continue to focus on actions to build an inclusive workforce that celebrates Aboriginal and Torres Strait Islander culture.

Culture and engagement

In FY20 we defined our aspirational culture and key gaps through a comprehensive culture diagnosis. The anchors of our culture program are as follows:

Customer-connected, enabled by
strong individual connections

Inclusive leadership with impact

Transformation and
execution excellence

Performance-focused: accountability
for decision making and outcomes

In FY21 BOQ has focused on delivering initiatives to drive cultural change. This included launching our Achievement Approach that ensures each of our people is accountable for performance goals that align to the broader strategy. In addition, we have focused on leadership capability so that our people can achieve with the support of coaching and feedback. Underpinning our approach is a focus on wellness and embracing individual diversity.

We are continuing our pulse surveys to track the progress of our culture change as well measuring current levels of employee engagement. We have seen an uplift in our culture index

(six questions that represent key areas of change) increasing from 54 per cent in FY20 to 64 per cent in FY21. BOQ's engagement score for FY21 is 64 per cent, up from 59 per cent in FY20.

The culture change program is also supported by our recognition program, 'ThankQ'. The program's objective is to recognise our people that make a significant contribution to our strategy and role model our purpose and values. The program has continued to grow and gain momentum in FY21. Our values are also closely connected to reward activities, including how we evaluate performance as part of the Achievement Approach.

Talent and capability

We have continued our focus on senior leader talent and succession to ensure our efforts are focused on attracting and retaining the best talent to deliver our strategy. A key group of our leaders have undertaken a development program to support them to achieve their full potential. The overall program has helped to ensure we have robust succession plans for our most critical roles.

In FY21 we have also further embedded talent frameworks deeper in to the organization to ensure we are actively identifying and developing our leaders of the future.

Early talent was also a key focus in FY21 and we were excited to launch our first Group Internship program in November. We were delighted to welcome 21 students, which included 5 from Aboriginal and Torres Strait backgrounds as part of the Career Trackers program.

Employee capability remained a key focus throughout FY21. We have clarity on the workforce capabilities required to deliver the Group strategy which are the foundation for our capability framework. During FY21 we have continued to lift the capability of our frontline teams through a focus on leader capability with the aim of increasing our understanding of customer needs and providing a better customer experience.

Diversity and inclusion

BOQ's Diversity and Inclusion strategy is focused on creating a diverse workforce that reflects our customer base and an inclusive workplace that values and leverages difference. Our primary focus areas continue to be gender equality and our Reconciliation Action Plan. In FY21 we expanded our focus by reinvigorating our employee networks and Inclusion Council with the objective of leveraging our employee energy to help drive change. The Inclusion Council has representation from five groups – First Nations Peoples Reconciliation Council, Multicultural Network, Early Career Network, EPIC (LGBTIQA+), and Women Ignite Network. The Council is sponsored by the Group Executive Committee and will work together to drive inclusion across BOQ.

Gender equality

In February we were delighted to be announced as a new recipient of the Workplace Gender Equality Agency (**WGEA**) Employer of Choice for Gender Equality citation. The citation is a voluntary best-practice recognition program designed to encourage, recognise and promote organisations with an active commitment to achieving gender equality in the workplace. This citation demonstrates our dedication to creating a truly inclusive workplace that values and leverages difference. A key part of our BOQ Inclusion Plan is our commitment to gender equality and ensuring all of our people (regardless of gender) feel supported to be themselves and reach their potential. A public report was lodged with WGEA on 31 July 2021 in accordance with the requirements of the *Workplace Gender Equality Act 2012*. A copy of the report is [available here](#).

We continue to set KPIs on gender targets, conduct a gender pay review each remuneration cycle, promote flexible working for our employees, support our people through the parental leave journey and build an equitable talent pipeline.

Further details on our gender strategy can be found [on our website](#).

Aboriginal and Torres Strait Islander focus area

Our vision for reconciliation is that all Aboriginal and Torres Strait Islander peoples and communities are afforded equity, dignity and respect.

We recognise that we are still in the early stages of our reconciliation journey, but we aim to expand on our progress and learning with the development of our second "Innovate" RAP planned for lodgment in FY22. The revised RAP will integrate the combined efforts of BOQ, Virgin Money and ME Bank with a focus on:

- Respect for and celebration of Aboriginal and Torres Strait Islander peoples' cultures and histories.
- Supply chain.
- Creating opportunities and removing barriers for the Aboriginal and Torres Strait Islander peoples we employ.
- Supporting Aboriginal and Torres Strait Island peoples with financial access and literacy.

We are proud of the progress we have made including:

- The ongoing national partnerships with the Clontarf Foundation and Stars Foundation.
- The ongoing partnership with Career Trackers.
- Hosting and participating in celebratory events associated with National Reconciliation Week and National Aborigines and Islanders Day Observance Committee (**NAIDOC**).

Moving forward, we are committed to:

- Developing and implementing a cultural learning strategy to increase the understanding of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.
- Enhancing governance of our RAP.
- Strengthening our talent, retention and professional development strategy to increase representation and retention of Aboriginal and Torres Strait Islander peoples.
- Establishing the diversity and inclusion data strategy to ensure we are able to successfully identify our representation of Aboriginal and Torres Strait Islander peoples.





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.

\$867k

INVESTED INTO COMMUNITIES



KEY PARTNERSHIPS DELIVERING
CHANGE TO THE COMMUNITY

130

OWNER MANAGERS IN ANCHORED
THEIR LOCAL COMMUNITIES

Why is this important?

Connection to the community is an integral part of our identity, and core to our customer-centric culture. We aim to build deep relationships with the community, understand what matters to them, and ensure people feel a sense of connection. We have built a partnerships and volunteering program which focuses on supporting vulnerable Australians, providing them with the opportunity to prosper and advancing those who are not supported by mainstream programs.

As a financial services provider, we aim to continually educate our customers around the responsible use of financial products and services.

We build our shared values with the community through our national fundraising partner, community partnerships and employee education programs.

Our focus on partnerships, rather than one-off donations, means we can create truly meaningful relationships with our partners to enable our people and customers to become more involved and give back to the communities in which we operate.

National fundraising partner: Orange Sky Australia

In 2019, our people 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.

Orange Sky's mission is to positively connect communities. They not only provide laundry and shower services, they positively engage with people, creating a safe, positive and supportive environment, having genuine and non-judgmental conversations to help re-connect vulnerable people with their community.

In FY21, we invested and fundraised \$134,599 to support Orange Sky Australia help the 116,000 Australians experiencing homelessness. This investment funded 467 of shifts, 5,606 warm showers and loads of laundry, and 2,336 hours of 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.

\$134,599

Financial Investment & Fundraised



5,606

Warm showers & laundry



2,336

Hours of conversation



Local grassroots community investment

BOQ's history is built on long term relationships, and we recognise we have a role to play in support the communities in which we operate. That's why BOQ supports our people with support community organisation and charities of choice through our dollar matching program.

BOQ's Dollar-for-Dollar program matches employee fundraising for registered charities. This program supports the causes that our staff feel passionate about and encourages team and individual fundraising efforts. Our Owner Managers also play a huge role in their local communities, supporting local organisations through sponsorships of sports clubs and local charities. Our Owner Managers live and work in these communities and their support of the local community is one of the unique elements of the proposition.

BOQ Maroochydore has been in the local community since the 1980's and has been passionate in supporting their local community organisations and charities. Nicholas Barker, Owner Manager took over the branch in 2016 and so far, his business has supported 37 charities with over \$367,000 invested and fundraised within that time.

BOQ's community investment programs like the dollar matching program allow our grassroots programs to prosper and allows our people to select local charity and community organisations that align with their chosen social impact area and local footprint.



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 FY21, our funding supported the Learning for Life sponsorship of 21 tertiary students experiencing disadvantage to support them through tertiary education.



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 have been partnered with the Clontarf Foundation since 2017 and with our funding we support their mission in empowering young First Nations men through the Clontarf Foundation program.

In FY21 the BOQ Group developed an interactive financial literacy program to be delivered to various Clontarf Academies including a staff engagement program.



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

BOQ Partnership Achievements: BOQ have been partnered with the Stars Foundation since 2019 and with our funding we support their mission in empowering young First Nations women through the Stars Foundation program.

In FY21 the BOQ Group initiated a pilot financial literacy program for the Stars Foundation academies which received recognition and positive feedback.



INNOVATION, TRANSFORMATION AND EXECUTION

Sustainable development goals



The foundation of our transformation is underpinned by strategic initiatives that support customers through an enhanced digital experience, along with delivering a platform for competitive advantage.

\$30m
IN PRODUCTIVITY BENEFITS DELIVERED IN FY21

\$103m
CAPITAL INVESTMENT IN FY21 ⁽¹⁾



PHASE 1 VIRGIN MONEY BANK LAUNCHED

Why is this important?

The Group continues to focus on improving technology, delivering change, and enhancing customer experience and operations. COVID-19 has re-enforced the need for technology to enable remote working and ensuring customers' financial and banking needs are met.

Innovation and relevance remains key to supporting our transformation plan and delivering against our strategic priority of providing a compelling alternative to the big banks while remaining customer focused.

Transformation

Significant progress has been made against the transformation plan, incorporating digital, cultural and operational aspects. To deliver the transformation, a strategic multi-year plan has been developed. It builds upon our completed foundational capabilities and focuses on continuing the core digital transformation, business simplification, regulatory requirements and enhancing our banker and customer experience. This is aligned to our multi-brand model, leveraging common architecture across the Group over time and incorporates a dedicated program of work to integrate ME Bank.

Key milestones achieved during FY21 include the launch of Virgin Money's retail banking product and the implementation of a new Cards Management System. Substantial progress has been made on the second phase of the Virgin Money digital bank offering which will expand the product suite to include home loans and other deposit products, as well as on the development of the BOQ digital offering. The BOQ program will leverage the technology and learnings from Virgin Money as we move towards a single, cloud-based, common core banking retail platform.

Enhanced governance and monitoring is in place with strengthened executive review forums. This is coupled with a project oversight framework that right sizes to the investment and delivery risk and ensures it evolves to suit the environment and portfolio complexity.

Innovation and partnerships

BOQ continues to foster and explore partnerships, both domestically and internationally, to leverage the expertise of a broader market across new products, services and experiences. This approach acknowledges that in the current rapidly changing environment partnerships enable us to promote innovation and leverage expertise to benefit both our people and customers.

Flexible tools to make lending easier

Continued improvement in our home buying transformation program has streamlined processes and improved customer experiences with the deployment of new tools to help our people and customers.

During the pandemic, BOQ has changed its processes to help customers work around social distancing and lockdown restrictions. By using tools like Pocket Banker by BOQ, customers can quickly and securely apply for a loan without need to come in to a branch and fill out paperwork.

Pocket Banker is a secure communication platform that allows customers to connect and seamlessly interact with BOQ lenders when it suits them. Your lender will always get back to you as soon as they can, providing you with the same exceptional, personal service you'd expect at one of our BOQ branches.

Pocket Banker gives customers a direct line to a lender via audio or video calls and the ability to set reminders and to-do lists providing customers with the same exceptional, personal service they have come to expect at one of our BOQ branches.



(1) Excludes partner funded capital investment and ME Bank.

Project delivery and execution

The successful execution of the Transformation program has required us to right-size our governance and monitoring activities and support adaptive delivery approaches, from more traditional through to emerging agility practices, and considers delivery risk and program complexity.

Over the course of the year, we embedded project delivery and governance capability improvements, leading to a strengthened, yet streamlined and adaptive governance and execution framework, including:

- Integrated multi-year strategic and investment portfolio planning, together with ongoing management, enables optimisation of priorities to deliver an enhanced return on investment.
- Focus on sponsorship as a cornerstone of project accountability and outcome success through dedicated sponsor masterclasses.

- Strengthened first and second line assurance to ensure proactive responses to project issues and risks and embedding improvements and learnings as they emerge.
- Increasing efficiency of delivery through streamlined processes, and a new Project Portfolio Management (PPM) system, providing real-time project data to de-risk off-system records.
- Enabling greater execution adaptability, right-sizing governance forums and approval processes to enable innovation within clear risk and value guardrails.
- Progressive adoption of more agile delivery, persistent teams and process improvement capabilities to support and embed continuous delivery.

Creating the digital bank of the future

One of our key strategic initiatives is to deliver a scalable API-based core banking and digital platform which will be leveraged by all brands across the Group.

Virgin Money'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.

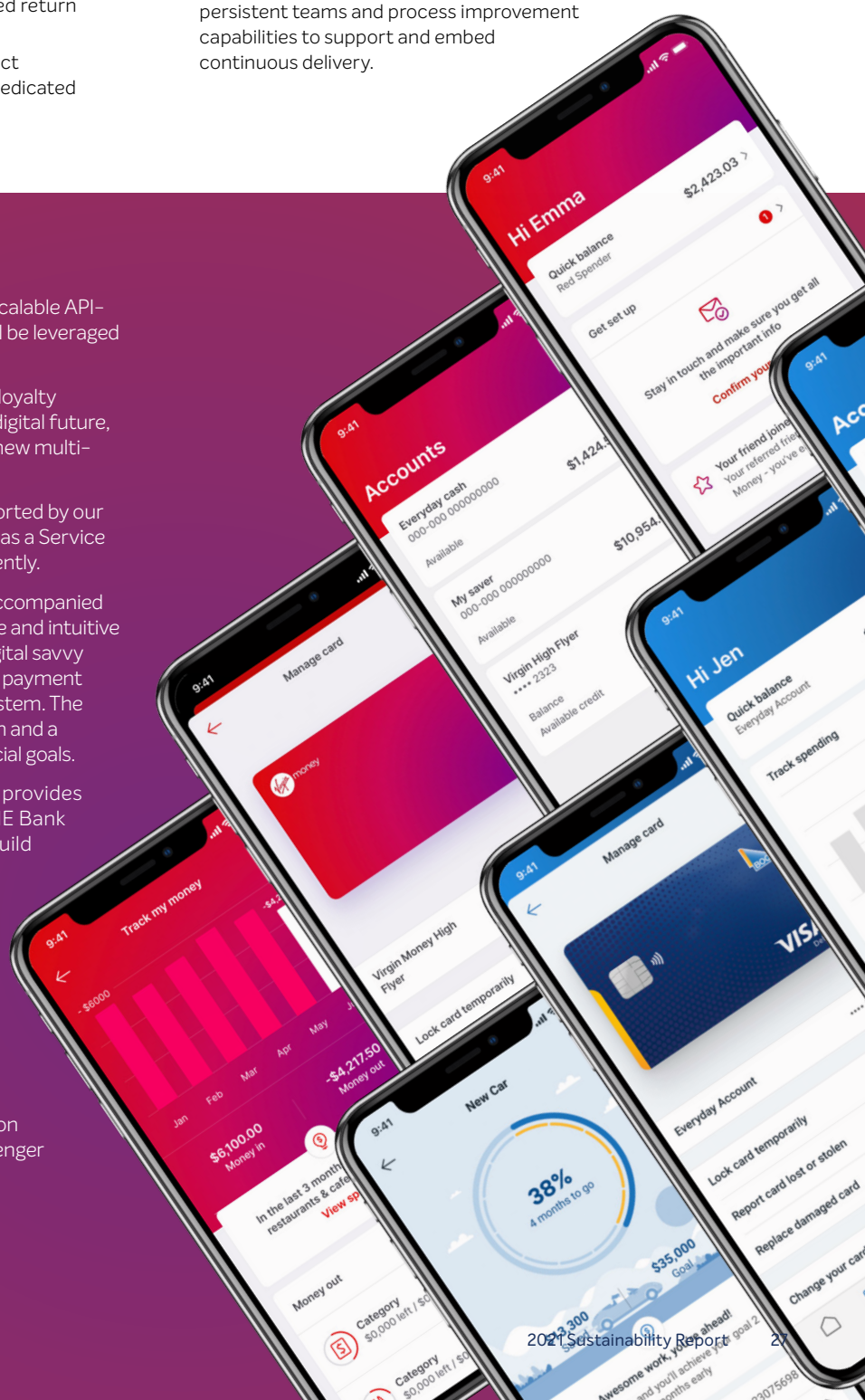
This transformation model continues to be supported by our delivery partners. The next-generation Software as a Service (SaaS) offering will enable us to scale more efficiently.

The launch of the Virgin Money digital bank was accompanied by a new banking app which is bold, offering simple and intuitive transaction and saving accounts, and enabling digital savvy customers to access Apple, Google and Samsung payment capability through the new Card Management System. The new capability also includes a new loyalty platform and a personal financial management system for financial goals.

The digital bank platform and operating model provides an accelerator for the migration of BOQ and ME Bank customers to the digital offering by reducing build time and the realisation of efficiencies when designing, implementing and running the programs across the Group.

Strong progress continues on build-out of the BOQ brand proposition and the integration of ME onto this scalable Temenos cloud based platform has been included in the integration program.

The delivery of the foundation of our strategic Group platform reflects a step change in execution capability and is a strong proof point on our challenger banking model strategy.





Sustainable development goals



The combination of BOQ and ME Bank's strong complementary trusted brands results in a compelling growth platform generating greater value for customers, employees, and shareholders.



**SIGNIFICANTLY
ENHANCED SCALE**

**PORTFOLIO
DIVERSIFICATION**

**CLEAR PATHWAY TO CLOUD BASED
COMMON CORE BANKING PLATFORM**

Why is this important?

At BOQ, we have a strong history of servicing our customers with a focus on niche segments whether it be through our owner managers or specialised bankers. We have evolved from a Queensland focused, retail branch-based bank to a national diversified financial services business through our multi-brand strategy building relationships with the communities we support.

In February 2021, we announced the exciting acquisition of ME Bank, adding a strong complementary customer focused brand to the BOQ Group portfolio.

The acquisition was a defining moment for BOQ, delivering to our purpose of creating prosperity for our customers, shareholders and people.

The inclusion of ME Bank in the BOQ Group stable of brands is a major step forward in BOQ's strategy to be the leading customer-centric alternative to the big banks. With the addition of the ME Bank business, BOQ will have material scale and a compelling growth platform to support this ambition.

Strategic rationale

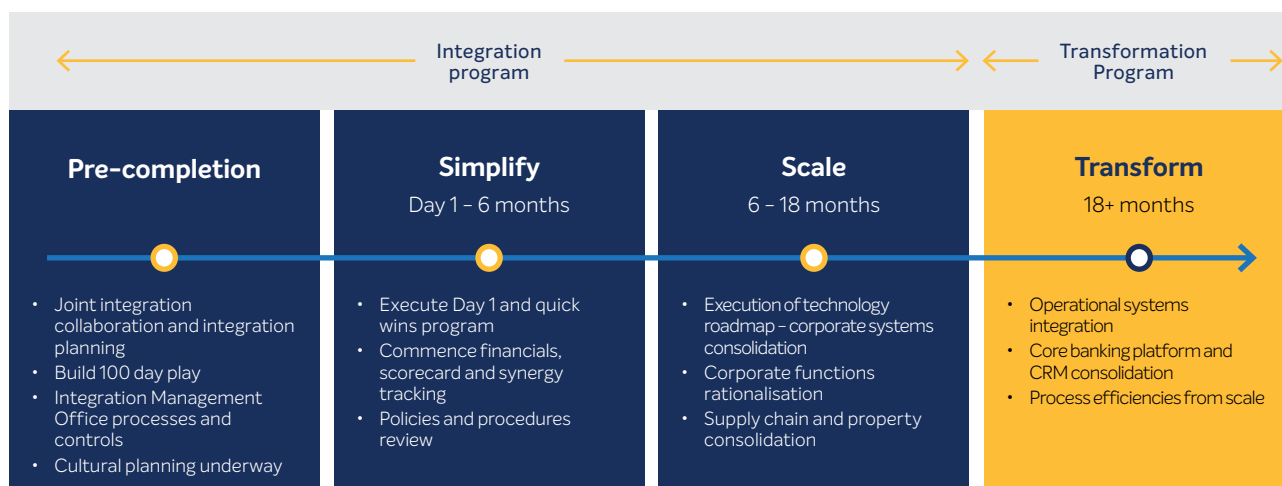
The ME Bank acquisition is expected to deliver the following strategic and financial benefits to BOQ Group:

- significantly enhanced scale, broadly doubling the Retail Bank and providing geographic loan portfolio and revenue diversification.
- strong complementary trusted brands with shared customer cultures and differentiated customer segments.
- a clear pathway to a scaled, common cloud based digital retail bank technology platform.
- attractive financial outcomes, including improved return on equity and earnings per share whilst also maintaining a strong balance sheet.

Completion of the acquisition took place 1 July 2021 and BOQ has moved swiftly to unlock the strategic and financial benefits delivering against BOQ's five strategic priorities.

Integration governance

To support the Integration program, we have established an Integration Management Office (**IMO**) to manage the program. The IMO has introduced strong governance including clear program frameworks and cadence, significant Management and Board oversight, and regular program health reporting. The IMO is supported by a number of business led and Executive sponsored work streams who are delivering to the integration goals for the Group. The integration program has been developed with 4 key phases:



Customers

A compelling reason for acquiring ME Bank was that both businesses held customers at the core. The acquisition of ME Bank has seen BOQ's customer base grow to 1.5 million with GLAs of more than \$75 billion. BOQ's multi brand approach enables us to offer unique differentiated offerings to different customer segments with minimal overlay. The acquisition has further diversified our geographical spread across the Eastern seaboard, and broadly doubled the size of our Retail Bank business.

Over recent years, BOQ has delivered strong benefits to our customers and brokers as part of our Home Buying Transformation. The team has simplified our processes and improved time to yes making it easier to deal with BOQ. We are now taking these learnings and applying them to ME Bank's processes as we look to restore growth to the brand. We are also looking to leverage our foundational digital bank investment to migrate ME Bank to the common platform as part of the transformation roadmap.

The combined business provides BOQ Group with greater scale to maximise investment in strategic initiatives and deliver better customer outcomes.

Employees

We understand during these transitional periods, there can be periods of uncertainty for our people. As such we moved quickly to clarify the BOQ operating model and reporting lines with ME Bank teams being aligned with the BOQ Group structure ensuring clear accountability to execute on our strategy.

Our workforce transition program has been underpinned by a clear set of principles aimed at ensuring fairness and a consultative approach. We always work with all our people to explore other opportunities to redeploy across the Group in the event that roles are impacted.

Integration has provided numerous new opportunities for our people to showcase their skills as we look to truly transform our organisation and unlock our potential.

Shareholders

The Integration of ME Bank is expected to further strengthen our Balance Sheet, deliver a more competitive cost base, diversify the customer footprint, and rebalance revenue channels.

To ensure we repay the trust provided to us by our shareholders we are committed to delivering sustainable profitable returns. Our business has moved quickly to convert synergies as we bring together these complementary businesses.

We have seen immediate financial benefits, which are expected to accelerate as synergies are delivered. The first 90 days of ownership has seen a fast start to the integration program and we are tracking ahead of plan. Our validation of the due diligence assumptions has given us confidence in the ability to accelerate delivery of the cost synergies by the end of year 2 of the program.

BOQ remains committed to deliver the communicated synergy benefits and has identified potential additional benefits through a combined investment envelope, wholesale funding costs, and revenue upside.

There are a number of risks and dependencies which may impact the quantum and timing of synergy delivery. These include, amongst others, APRA approval for the consolidation of BOQ and ME Bank on to one ADI licence in 2H22, the successful rollout of the operating model changes and delivery of the technology integration program.

Partners and vendors

Partnerships and vendor management are important relationships for BOQ, and we are selective of where we invest money to deliver the best outcomes for our customers, people and shareholders.

The Integration has provided an opportunity to review a number of these relationships. To ensure we achieve the right outcomes, we have run a structured supply chain review focused on bringing together our arrangements to best service our Group. We performed benchmarking of key services and also considered the value creation from these relationships across both cost and the capability that exists within the selected partners and vendors ensures the commitment is future proof. An additional input in BOQ's decision making is understanding our partner and vendor's commitment and contribution to the community, ensuring we have aligned values in building a world for generations to enjoy.

Government and regulatory

Throughout the due diligence process ME Bank were transparent with the challenges they were facing in relation to regulatory and remediation matters.

BOQ has developed specialised knowledge and skills to deliver regulatory and compliance programs across the Group. We are now tapping into this talent pool to support the program of work identified to resolve legacy issues and uplift regulatory compliance going forward.

We continue to work closely and constructively with all relevant regulators to share our approach and will keep them regularly informed of progress. BOQ remains confident on its capability to execute this important program of work.



NON-FINANCIAL PERFORMANCE MEASURES 2021

Metric

2021


CUSTOMER

Percentage of employees who have completed mandatory training ⁽¹⁾	95.5%
Number of relevant Royal Commission recommendations implemented ⁽²⁾	All relevant recommendations implemented 10 implemented 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 3rd
Vulnerability Program delivery progression ⁽⁴⁾	Phase 2 delivered, Phase 3 underway
NPS ranking for Retail & SME customers ⁽⁵⁾	Retail: 3rd SME: Micro-4th; Small-2nd; Medium-6th
Overall Retail Net Promoter Score (NPS) ⁽⁶⁾	+23
Mortgage NPS Score	+4
Mortgage NPS Rank	=4th
Mobile Banking NPS Score	+17
Mobile Banking NPS Rank	11th
Internet Banking NPS Score	+19
Internet Banking NPS Rank	=10th
SME customer NPS Score	Micro: +8; Small: +5; Medium: +4
Product simplification – halve the number of products for sale from 202 ⁽⁷⁾	26% reduction
SME government guaranteed loans funded	\$30m
Modern Slavery Statement progression	Submitted in December 2020
Total customers ('000) ⁽⁸⁾	Bank – 572 VMA – 195 BOQ S – 35 BOQ F – 87 ME Bank – 581
Number of customers actively using internet banking ⁽⁹⁾	219,690
Number of customers actively using mobile banking ⁽⁹⁾	204,912
Product application submissions received via website (year-on-year change) ⁽⁹⁾	-23.60%
Total fans / followers across social media channels ⁽⁹⁾	134,982
Number of branches ⁽¹⁰⁾	163
Number of Owner-Managed branches	103
Number of Owner-Managers ⁽¹¹⁾	130
Number of Corporate branches	53
Number of Transaction Centres	7
Number of ATMs	569 BOQ; 765 rediATM
Customer complaints (year-on-year % change)	73%
Percentage of complaints resolved within five business days	90%
Customer complaints referred to external dispute resolution (year-on-year % change)	-6%
Number of financial difficulty applications approved ⁽¹²⁾	3,199

Refer to **page 37** for detailed endnotes relating to this table.

2020	2019	2018	2017
94.5%	93.3%	-	-
9 implemented; 1 underway; 15 government legislation or reviews; 51 not relevant to BOQ	-	-	-
Signatories: 158; Ranking 2nd	Signatories: 109; Ranking 2nd	Signatories: 72; Ranking 4th	Signatories: 58; Ranking 3rd
Phase 1 delivered	-	-	-
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
17	3	8	12
-2	-20	-	-
5th	11th	-	-
3	-5	8	-
10th	11th	10th	-
18	8	11	-
6th	10th	7th	-
Micro: +8; Small: 0; Medium: +2	Micro: -5; Small: +10; Medium: +1	Micro: +13; Small: +8; Medium: -1	-
15% reduction	-	-	-
\$19m	-	-	-
On track for February 2021 delivery	-	-	-
Bank – 573	Bank – 576	-	-
VMA – 202	VMA – 216	-	-
BOQ S – 35	BOQ S – 34	-	-
BOQ F – 86	BOQ F – 86	-	-
222,100	222,300	216,700	211,100
197,500	190,000	175,000	153,800
-1.8%	130.08%	19.58%	15.88%
122,400	113,000	102,000	92,000
165	167	183	190
95	95	99	109
119	122	129	140
63	65	77	74
7	7	7	7
566 BOQ; 993 rediATM	571 BOQ; 1,604 rediATM	596 BOQ; 2,789 rediATM	628 BOQ; 2,948 rediATM
51%	55%	13%	-10%
78%	76%	77%	89%
-11%	7%	4%	-23%
2,240	2,592	3,000	2,765

NON-FINANCIAL PERFORMANCE MEASURES 2021 (CONTINUED)

Metric

2021


COMMUNITY

Total community investment ⁽¹³⁾	\$867,000
Support for homelessness	\$197,000
Support for education	\$313,000
Support for health	\$50,000
Support for other causes	\$40,000
Dollar matching	\$19,000
Other costs	\$248,000
Money donated through Workplace Giving program	\$1,000



PEOPLE

Employee engagement score ⁽¹⁴⁾	64%
Percentage of women on Board ⁽¹⁵⁾	37.5%
Percentage of senior women in leadership ⁽¹⁶⁾	39%
Percentage of women in leadership ⁽¹⁷⁾	41%
Percentage of women on the Executive Committee (ExCo)	36%
Employee numbers ⁽¹⁸⁾	2,760
Employee numbers excluding contractors	2,488
Franchise network employees	833
Percentage of workforce full time	80%
Percentage of workforce part time	11%
Percentage of workforce casual	4%
Percentage of Max Term contractors	4%
Casual Female / Male headcount	55/17
Percentage of women in the workforce	60%
Maximum Term Full Time Female / Male headcount ⁽¹⁹⁾	72/62
Maximum Term Part Time Female / Male headcount ⁽¹⁹⁾	9/3
Permanent Full Time Female / Male headcount ⁽¹⁹⁾	1,053/960
Permanent Part Time Female / Male headcount ⁽¹⁹⁾	236/21
Percentage of Aboriginal & Torres Strait Islander people ⁽²⁰⁾	Not available
Percentage of employees identifying as having a disability ⁽²⁰⁾	Not available
Percentage of employees over 55	16.4%
Average tenure (years)	4.33 Years
Average days absenteeism per employee per year (excludes OMBs)	4.0 days
Voluntary turnover (excludes OMBs, contractors)	19.90%
WH&S incidents reported within 24 hours and investigated within 48 hours	72%/58%
Lost time injury (number of incidents)	2
Employees under an enterprise bargaining agreement ⁽¹⁹⁾	861 (34.6%)

Refer to **page 37** for detailed endnotes relating to this table.

2020	2019	2018	2017
\$841,000	\$471,000	\$636,000	\$577,000
\$267,000	-	-	-
\$210,000	\$315,000	\$260,000	\$130,000
\$131,000	\$70,000	\$299,000	\$355,000
\$51,000	\$30,000	\$30,000	\$30,000
\$27,000	\$42,000	\$35,000	\$48,000
\$156,000	-	-	-
\$30,000	\$15,000	\$12,000	\$13,000
59%	56%	53%	60%
37.5%	25%	30%	30%
35%	36%	33%	27%
42%	43%	-	-
43%	43%	38%	38%
2,444	2,495	2,564	2,374
2,320	2,387	-	-
747	749	788	855
79%	77%	73%	77%
12%	12%	11%	12%
5%	5%	5%	5%
4%	7%	11%	6%
65/26	41/26	-	-
61%	60%	59%	61%
52/39	42/40	-	-
17/8	14/9	-	-
997/867	1,054/896	-	-
227/20	242/23	-	-
Not available	0.8%	0.06%	1%
Not available	1.5%	1.20%	3%
13%	11%	11%	10%
4.70 years	4.62 years	4.22 years	4.66 years
4.4 days	5.4 days	4.9 days	4.7 days
15.30%	17.10%	19.90%	16.80%
85% / 96%	92% / 99%	95% / 98%	86% / 90%
8	3	3	3
841 (36.3%)	823 (34.5%)	-	-

NON-FINANCIAL PERFORMANCE MEASURES 2021 (CONTINUED)

Metric

2021

ENVIRONMENT & CLIMATE CHANGE

Carbon neutral accreditation	Climate Active carbon neutral accreditation complete
Total financed amount provided to customers through CEFC partnership ⁽²¹⁾	\$7.54m
RE100 status ⁽²²⁾	Renewable energy strategy endorsed
Exposure to fossil fuel extraction equipment ⁽²³⁾	\$12.7m
Scope 1 Emissions (tonnes CO ₂ -e) ⁽²⁴⁾	248
Scope 2 Emissions – purchased electricity (tonnes CO ₂ -e) ⁽²⁵⁾	4,521
Scope 3 Emissions (tonnes CO ₂ -e) ⁽²⁶⁾	29,702
Organisational carbon footprint (tonnes CO ₂ -e) ⁽²⁷⁾	34,470
Energy usage – purchased electricity (GJ) ⁽²⁸⁾	21,023
Fuel consumption for work vehicles (kL) ⁽²⁹⁾	100
Air travel ('000 kms)	5,032
Paper usage (reams)	28,782

FINANCE⁽³⁰⁾

BOQ growth in Housing and Commercial GLAs relative to comparable authorised deposit taking institutions ⁽³¹⁾	Housing: 1.7x system Commercial: 0.8x system
Cash earnings per share (EPS) and Change in EPS (%) ⁽³²⁾	74.7 cps (+51% from FY20)
Capital investment for the year ⁽³³⁾	\$103m
Growth in Home lending	Home: 9%
Growth in Commercial lending	Commercial: 4%
Productivity benefits	\$30m

TECHNOLOGY & DATA CAPABILITIES

VMA digital bank delivery	VMA digital bank launched March 2021
Open Banking capability delivery ⁽³⁴⁾	Delayed but steady progress
Number of significant notifiable cyber security or privacy breaches resulting in public disclosure of data ⁽³⁵⁾	Nil
Percentage of Tier 1 suppliers with ISO 27001 certification ⁽³⁶⁾	79%

Refer to **page 37** for detailed endnotes relating to this table.

2020	2019	2018	2017
Accreditation in train	-	-	-
\$8.4m	\$240k	-	-
In progress	-	-	-
~\$16m	~\$31m	~\$32m	-
252	-	-	-
5,007	-	-	-
36,944	-	-	-
42,203	-	-	-
22,853	18,368	16,685	19,894
108	121	122	124
6,424	12,510	13,467	14,008
30,219	36,314	41,286	45,946
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
49.6 cps (-36% from FY19)	77.0 cps (-16% from FY18)	91.5 cps (-3% from FY17)	94.4 cps (+2% from FY16)
\$100m	\$95m	\$71m	\$46m
Home: 2%	Home: 0.5%	Home: 2%	Home: 0%
Commercial: 3%	Commercial: 1%	Commercial: 6%	Commercial: 6%
~\$30m	-	-	-
Program launched	Family and friends launch scheduled for October 2020	-	-
Project in train	Project launched	-	-
Nil	Nil	-	-
75%	-	-	-

ENDNOTES: SUSTAINABILITY BALANCED SCORECARD FROM PAGES 7-8

On 1 July 2021, the BOQ Group acquired ME Bank. Given ME Bank was only part of the BOQ Group for 2 months, the Balanced Sustainability Scorecard presented within this report relates to the operations of BOQ excluding ME Bank unless specifically stated.

- (1) GLA (housing) refers to housing gross loans and advances as reported in the financial statements. The percentage growth is calculated as the percentage movement in the GLA figure for the period 1 September to 31 August for the relevant year. Housing system growth is calculated as the percentage increase in housing loans as reported in APRA's monthly authorised deposit-taking institution statistics for the period 1 September to 31 August for the relevant year. Housing loans is calculated as the total of "Housing: Owner-occupied" and "Housing: Investment" in the APRA statistics. The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics divided by the percentage growth in system for the relevant period. 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 and have been adjusted for balance reclassifications made during the period. Large institutional banks have been excluded for the purposes of calculating system growth. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses", "Loans to community service organisations", and "Loans to financial institutions". The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics (adjusted for intra period reclassifications) plus growth in the BOQF non-ADI asset finance business, divided by the percentage growth in system for the relevant period. Prior periods have not been adjusted.

- (2) Cash EPS is reported within BOQ's Annual Report. Cash EPS includes ME Bank. The basic earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021.
- (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. Open banking capability will be delivered in FY22. Excludes ME Bank.
- (4) Any significant instance of unauthorised access to a BOQ system and resulting public disclosure of customer's personal information as determined by the Breach and Incident Review Group, and in accordance with the requirements of APRA and the OAIC.
- (5) Retail NPS ranking refers to relative MFI NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, CBA, ANZ, NAB, Westpac. SME ranking refers to relative AFR NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, CBA, ANZ, NAB, Westpac.
- (6) Product is defined as the Product Category level within the Group's formal Product Register, being a set of standard products available for sale that retain the same product features that are easily distinguishable and differ from other products within the same product class (for example within the home loans or retail deposits classes). For instance a product category can include products that have various contract lengths and apply to either individuals or investors.
- The number of products excludes ME branded retail and ME treasury related products, and BOQ Treasury bespoke funding instruments. Per cent reduction refers to annual reduction compared to previous year.
- (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 number of BOQ signatories to the Banking and Finance Oath (including owner manager branch staff and ME Bank) at 31 August 2021 based on publicly available membership data from the Ethics Centre. Previous years are 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) Following conversations with RE100, BOQ understands that RE100 is currently focusing on new membership limited to large electricity consumers in order to drive the most significant impact. Accordingly, while RE100 membership is not currently available, BOQ is committed to achieving 100% renewable energy by FY25. The 100% renewable target by FY25 also applies to ME Bank.
- (12) Employee engagement is determined through the use of annual staff engagement survey run by Fifth Frame using the Qualtrics platform.

- (13) 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.
- (14) Senior Leadership encompasses the Executive Committee, General Managers and Heads of.
- (15) 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.
- (16) Capital investment consists of total expenditure on information technology (IT) intangible expenses, capitalised in accordance with BOQ's Policy for Capitalisation for Fixed (Tangible) and Intangible Assets for the relevant financial year as reported in the financial accounts. Excludes partner funded capital investment.

ENDNOTES: NON-FINANCIAL PERFORMANCE MEASURES 2021 FROM PAGES 30-35

On 1 July 2021, the BOQ Group acquired ME Bank. Given ME Bank was only part of the BOQ Group for 2 months, the non-financial metrics presented within this report relates to the operations of BOQ excluding ME Bank unless specifically stated.

- (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 number of BOQ signatories to the Banking and Finance Oath (including owner manager branch staff and ME Bank) at 31 August 2021 based on publicly available membership data from the Ethics Centre. Previous years are 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 2 involved process improvements and the deployment of additional staff training to deliver a more empathetic customer experience and better outcomes. Phase 3 includes development of a platform making it easier for customers experiencing significant life events to contact BOQ and to know what BOQ can do to help.
- (5) Retail NPS ranking refers to relative MFI NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, CBA, ANZ, NAB, Westpac. SME ranking refers to relative AFR NPS Score in comparison to the agreed competitor set, including ING, Bendigo Bank, Suncorp, St. George, BankWest, Macquarie, 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 2021 (FY21 figure). Source: RFI Group XPRT August 2021 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 Any Financial Relationships (AFR), as at August 2021 (FY21 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 2020 to provide relevant industry comparison. Source: DBM Atlas (Business).

- (7) Product is defined as the Product Category level within the Group's formal Product Register, being a set of standard products available for sale that retain the same product features that are easily distinguishable and differ from other products within the same product class (for example within the home loans or retail deposits classes). For instance a product category can include products that have various contract lengths and apply to either individuals or investors.

The number of products excludes ME branded retail and ME treasury related products, and BOQ Treasury bespoke funding instruments. Per cent reduction refers to annual reduction compared to previous year.

- (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 and ME Bank.
- (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 or lockdown relief.
- (13) Community Investment measures financial contributions made by BOQ and its people to community organisations. Community investment includes the direct costs associated with managing investment activities, and excludes our workplace giving program. For the years prior to FY20, community investment excludes all associated costs, and includes 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.
- (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 and FY21.

- (21) In FY19, BOQ Finance established the Energy Efficient Equipment Finance Program, by joining the Clean Energy Finance Corporation (CEFC) co-financing program. The CEFC is a government entity established to facilitate increased flows of finance into renewable energy, energy efficiency and low emissions technology. Dollar figures refer to contract amount financed, not contract net investment. Values refer to contract issue in relevant financial year.
- (22) Following conversations with RE100, BOQ understands that RE100 is currently focusing on new membership limited to large electricity consumers in order to drive the most significant impact. Accordingly, while RE100 membership is not currently available, BOQ is committed to achieving 100% renewable energy by FY25. The 100% renewable target by FY25 also applies to ME Bank.
- (23) 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.
- (24) Scope 1 emissions represents direct greenhouse gas emissions from fuel combustion for BOQ Group corporate operations including branches and support centres (excluding ME Bank) based on GHG Protocol using standard emissions factors in accordance with the Climate Active accreditation program.
- (25) Scope 2 emissions represents indirect greenhouse gas emissions from consumption of electricity for BOQ Group including branches and support centres (excluding ME Bank) in Australia and NZ using market based standard emission factors in accordance with the Climate Active accreditation program.
- (26) Scope 3 emissions represents indirect greenhouse gas emissions from the BOQ supply chain including embodied emissions from data centres, IT software and hardware, capital works and repairs to buildings, communications, office equipment, furniture, legal & insurance, consultants supporting BOQ strategy and head office operations, business travel, waste disposal, employee commuting, and work from home emissions. Emission estimates exclude ME Bank and are prepared in accordance with the Climate Active accreditation program.
- (27) Reduction in FY21 organisational greenhouse gas emissions are largely from reductions in supply chain expenditure. Reduction in Scope 1 and Scope 2 emissions are resultant from a combination of energy efficiency measures, COVID-19 related changes to operations and updates to emission factors.
- (28) Values presented in FY20 and FY21 represents all locations and states including landlord supplies excluding ME Bank. Years prior to FY20 excludes facilities where electricity is supplied by the landlord.
- (29) One kilolitre (1kl) is equal to one thousand litres (1000l).
- (30) Full financial measures contained within the FY21 Annual Report.
- (31) 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 and have been adjusted for balance reclassifications made during the period. Large institutional banks have been excluded for the purposes of calculating system growth. Commercial loans is calculated as the total of "Acceptances", "Loans to non-financial businesses", "Loans to community service organisations", and "Loans to financial institutions". The times system metric is calculated as the percentage growth for BOQ in the APRA monthly statistics (adjusted for intra period reclassifications) plus growth in the BOQF non-ADI asset finance business, divided by the percentage growth in system for the relevant period. Prior periods have not been adjusted.
- (32) Includes ME Bank. The basic earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021.
- (33) 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. Excludes partner funded capital investment.
- (34) Open Banking capability refers to the ability to provide account and transaction data for phase 1, 2, and 3 products as defined by the Consumer Data Right regime. Excludes ME Bank.
- (35) Any significant instance of unauthorised access to a BOQ system and resulting public disclosure of customer's personal information as determined by the Breach and Incident Review Group, and in accordance with the requirements of APRA and the OAIC.
- (36) ISO 27001 is an international standard for information security management that sets out standards for protecting confidentiality, integrity, and availability of information in an organisation. Tier 1 suppliers are defined as being the most critical to the Bank in terms of value, risk and opportunity.

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 2021.

Information Subject to Assurance

The Assured Sustainability Information, as presented in the Bank of Queensland Limited and its Controlled Entities (BOQ) 2021 Sustainability Report (Sustainability Report) and available on the BOQ website, is comprised of the following:

Section	Assured Sustainability Information	Value
	Cash earnings per share (EPS) for the year ended 31 August 2021 (cents per share)	74.7 cps
	Change in EPS for the year ended 31 August 2020 to 31 August 2021 (%)	+51%
	Capital investment for the year ended 31 August 2021 (\$m)	\$103m
Technology & Data Capabilities	Significant reportable cyber security or privacy breaches resulting in public disclosure of data for the year ended 31 August 2021 (#)	Nil
Customer	Overall Retail Net Promoter Score MFI (NPS) for the year ended 31 August 2021 (score)	+23
	NPS ranking for retail customers for the year ended 31 August 2021 (rank)	3 rd
	Micro SME AFR customer NPS for the year ended 31 August 2021 (score)	+8
	Small SME AFR customer NPS for the year ended 31 August 2021 (score)	+5
	Medium SME AFR customer NPS for the year ended 31 August 2021 (score)	+4

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ASSURANCE



Section	Assured Sustainability Information	Value
	NPS ranking for Micro SME customers for the year ended 31 August 2021 (rank)	4 th
	NPS ranking for Small SME customers for the year ended 31 August 2021 (rank)	2 nd
	NPS ranking for Medium SME customers for the year ended 31 August 2021 (rank)	6 th
	Change in the number of products for sale for the year ended 31 August 2020 to 31 August 2021 (%)	26% reduction
	Employees who have completed mandatory training as at 31 August 2021 (%)	95.5%
	Signatories to the Banking and Finance Oath for the year ended 31 August 2021 (#)	158
	BOQ Banking and Finance Oath ranking for the year ended 31 August 2021 (rank)	3 rd
Environment & Climate Change	Total financed amount provided to customers through CEFC partnership for the year ended 31 August 2021 (\$m)	\$7.54m
People	Employee engagement for the year ended 31 August 2021 (%)	64%
	Women in senior leadership for the year ended 31 August 2021 (%)	39%
	Women on Board for the year ended 31 August 2021 (%)	37.5%
Community	Total community investment for the year ended 31 August 2021 (\$)	\$867,000

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 2021, 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.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG
Sydney, NSW

12 October 2021