

ME Bank Modern Slavery Statement 2021

This statement discloses the actions taken by Members Equity Bank Limited ABN 56 070 887 679 to address Modern Slavery in our business and supply chain, during the financial year ending 30 June 2021. This statement has been prepared to comply with the requirements of the Australian Modern Slavery Act 2018.

Bank of Queensland Limited acquired Members Equity Bank Limited on 1 July 2021 and accordingly this will be the last statement for Members Equity Bank Limited in its own capacity.

Our Business

Members Equity Bank Limited, also known as ME Bank, is a sole entity operating as an Australian bank based in Melbourne, Victoria. ME Bank also has offices in Sydney, Brisbane, Adelaide, Perth, Hobart, Canberra and Darwin.

Founded in 1994 as Super Member Home Loans (SMHL) by Australia's industry superannuation funds, SMHL became Members Equity Bank in 1999, and received a banking licence from the Australian Prudential Regulatory Authority in July 2001. ME Bank is a public, unlisted company and holds an Australian Financial Services Licence and Australian Credit Licence 229500. ME Bank is also the parent entity to the wholly owned subsidiary ME Portfolio Management Limited, a public, unlisted company. ME Portfolio Management Limited holds an Australian Financial Services Licence 292301. ME Portfolio Management Limited's activities include acting as trust manager to ME's SMHL Series securitisation programme.

ME Bank's focus is on providing retail banking products to help Australians transact, save and borrow. ME is committed to providing products that enable people to meet their financial goals, including achieving their dream of owning a home. The bank offers products such as Personal Banking Products, limited Business Products (Term Deposits and online savings accounts), Wholesale Products and services through a variety of channels, including online, face-to-face and over the phone, directly and through our broker network.

The Bank utilises mobile banking managers in every state who specialise in home loans to visit customers at a time and place convenient to the customer. ME also distributes its home loans through a national network of mortgage brokers and aggregators. In addition, ME has established a "Member Benefits Program", which it distributes through the industry superannuation funds' and affiliated unions' networks of employers and members.

ME's core purpose remains committed to helping all Australians get ahead, which is now more important than ever.

Over the last financial year, ME Bank grew its customer base by 5.5% from 551,559 to 581,797.

ME Bank's supply chain provides goods and services across categories of Banking Services, Human Resources Services, Business and Professional Services, Marketing, Technology, Property and Facilities to support operations across ME Bank business channels.

Our Position

ME Bank was built on the principle of a fair go for all and an equal opportunity to get ahead in life.

That's why ME Bank recognises that we have a role to play in ensuring that it does not subscribe to activities and behaviours which may be considered as, or contribute towards, acts of Modern Slavery, within our operations, supply chain, or products and services.

ME Bank is committed to implementing and maintaining systems and processes to detect and avoid aiding Modern Slavery when and where ME Bank can.

Our Supply Chain & Supplier Due Diligence

ME Bank understands that some areas within our supply chain may be exposed to Modern Slavery risk more than others, especially in our categories of office consumables, facilities management, low value goods and low value non-contracted purchases.

ME Bank believes in value for money as a founding principle of all procurement activities. A decision on price alone does not necessarily represent value for money. Value for money is achieved when all risks are considered across social, economic and environmental impacts. Procurement activities are documented to demonstrate the integrity, transparency, consistency and accountability of the process.

ME Bank values and respects human rights and the environment. Relationships with suppliers are based on lawful, efficient and fair practices. ME Bank expects its suppliers to be environmentally conscious and to obey the laws and regulations in their jurisdictions that require fair treatment of all workers within a safe environment.

ME Bank utilised the conduct of supplier due diligence and relied upon contractual clauses implemented in FY20 to require contracted suppliers to take ownership in self-reporting any and all Modern Slavery incidents that were discovered within their operations or their supply chain during the year.

In the course of the financial year, due diligence was conducted and reviewed on thirty-two suppliers, equating to be 11% of total suppliers contracted with ME Bank. As a result of due diligence or self-reporting by the supplier, no incidents were identified during FY21.

Our Actions Taken

ME Bank recognises that ongoing action is key to the success of mitigating the risks of Modern Slavery within our operations and supply chain, demonstrated by the continuation of a Modern Slavery working group containing representatives from across the business.

In FY21, the Modern Slavery working group revised and reviewed all policies identified as key tools supporting the identification and mitigation of Modern Slavery, as well as new policies,

procedures and/or guidelines introduced throughout the year by the business to ensure Modern Slavery has been considered and incorporated where relevant. These included:

- Code of Conduct
- Recruitment Policy
- Speak-up (Whistle-blower)
- Inclusion & Accessible Banking Policy
- AML CTF
- Financial Crimes Policy
- Procurement Policy
- Procurement Sourcing Guidelines

In FY21, ME Bank reviewed the processes put in place in FY20 for the identification and management of indicators of Modern Slavery risks for the purpose of understanding their effectiveness and identification of improvement opportunities. Having embedded Modern Slavery reporting into supplier due diligence, the requirement for a documented identification and remediation process was identified. A three-point Remediation Framework was developed and implemented during the reporting period covering:

1. Risk identification - following the engagement of procurement for use of a supplier to provide goods or services, suppliers are for Modern Slavery risk indicators based on criteria of country, commodity and industry.
2. Supplier assessment - should a supplier have an indicator of modern slavery risk, a supplier due diligence questionnaire is issued to the supplier for completion.
3. Remediation - following the supplier's questionnaire response, it is then reviewed and management of any risks outlined under the Remediation Framework.

This Remediation Framework was designed to determine tangible actions that would be required of the supplier to manage any identified risks or improve their practices, and the points at which the banks Risk Management Framework would need to be followed.

During this reporting period ME Bank also continued to be an active member of the Australian Banking Association's modern slavery working group to develop modern slavery guidance for its members. This includes developing a Red Flag Library to help identify modern slavery risks in both supply chains and customers.

Our Controls

ME Bank operates under a risk management framework to identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk across the bank. Utilising our supplier LexisNexis, ME Bank is creating additional controls across the business guided by LexisNexis's recommended regulatory compliance obligations for Modern Slavery. These controls will be managed and tested annually as a part of the risk management framework to ensure they are effective and can be updated where required following assessment. ME Bank's internal audit function provides reasonable assurance to ME Bank's Audit and Governance

Committee, the board and management that the bank's internal control environment, which is established to managed the bank's risks and achieve its strategic objectives, has been designed and is operating effectively.

The internal audit function is objective and independent and carries out audits under an annual plan, which is approved by the Audit and Governance Committee. The head of ME Bank's Internal Audit has a direct reporting line to the Chair of the Audit and Governance Committee and the internal audit team has unrestricted access to management and the right to seek information and explanations to effectively manage ME Bank's controls.

Working with Our Entities

ME Portfolio Management Limited, is governed under the same policies, risk management framework and operating requirements as ME Bank. All of the outlined actions stated are required to be adhered by ME Portfolio Management Limited including the risk controls that are implemented under the risk management framework.

In partnership ME Bank assists ME Portfolio Management Limited in completing investor questionnaires wanting to understand ME Banks and ME Portfolio Management Limited Modern Slavery risk mitigation strategy and actions.

Disclaimer

The purpose of the Statement is to provide general information only as required by the Act and is correct as at the date of publication.

This Statement was approved by the BOQ Board, being the principal governing body for ME Bank as at 1st July 2021 on 7 December 2021.

A handwritten signature in black ink, appearing to read 'P. Allaway', with a stylized flourish at the end.

Patrick Allaway

Chairman, Bank of Queensland Limited