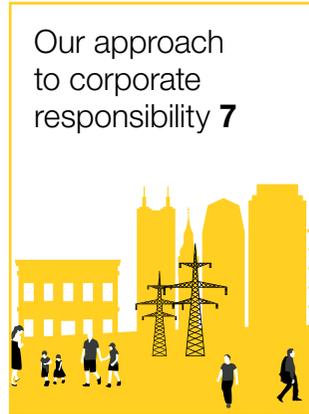
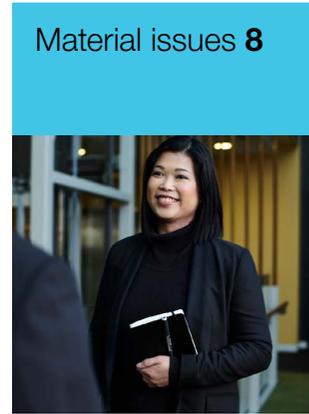
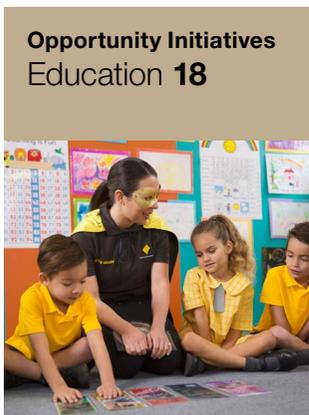
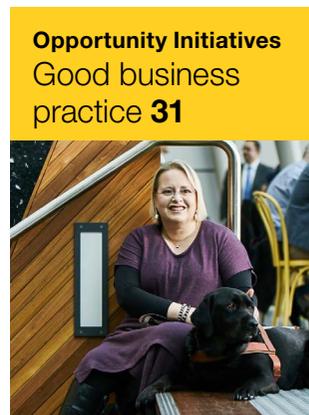
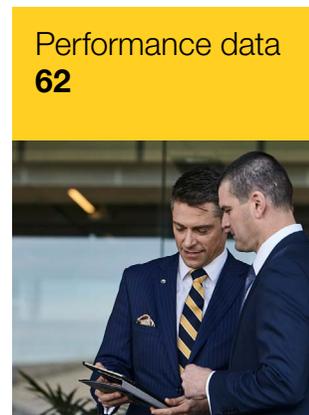


# Corporate Responsibility Report 2017



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**This report** The report structure is aligned with Opportunity Initiatives, our plan to drive positive change through education, innovation and good business practice, and shows progress against each of our eight Initiatives and the targets we have set ourselves, including our management approach and performance in light of our material issues.

Our non-financial reporting is presented in accordance with the Global Reporting Initiative (GRI) Standards – core option. The GRI Index is available on our website [www.commbank.com.au/investors/corporate-responsibility.html](http://www.commbank.com.au/investors/corporate-responsibility.html)

The scope of our 2017 Corporate Responsibility Report covers the Commonwealth Bank Group's global operations, unless otherwise stated, and over which we have had operational control, for the 2017 financial year commencing on 1 July 2016 to 30 June 2017.

The data in the performance data section (pg. 62-75) has been assured by PwC. A copy of the Assurance Report is on page 76. The full set of our performance data is also available on our website.

This report is part of our 2017 reporting suite. The financial disclosures are available in Commonwealth Bank's Annual Report, Dividend Announcement and Appendix 4E.

Our risks are listed in the Business Risks section of the Annual Report.

# Business overview

Since our beginnings in 1911 as a bank for Australians, Commonwealth Bank of Australia has been providing financial services for people, businesses and communities across the country. Today, we have grown to become one of the world's leading financial institutions, providing retail, private, business, institutional banking, and wealth management services in 11 countries around the world.

## Commonwealth Bank Group in numbers



**1,350**  
branches



**4,991**  
ATMs



**200,000+**  
EFTPOS terminals



**6.2m**  
online customers

**Our vision and commitment is to excel at securing and enhancing the financial wellbeing of people, businesses and communities, and our values of integrity, accountability, collaboration, excellence and service guide us toward achieving this.**

The Commonwealth Bank specialist business areas offer insurance, superannuation, financial advice, share trading and funds management to more than 16.6 million customers both in Australia and overseas.

The Commonwealth Bank brand is the most recognised brand in the Australian financial services industry and has a growing international presence.

## CBA Group



# Chairman and CEO statement



## Welcome to our 2017 Corporate Responsibility Report

Guided by our vision to excel at securing and enhancing the financial wellbeing of people, businesses and communities and focusing on our long term strategy we continue to deliver strong value to our many stakeholders in an ever changing environment.

The financial sector has been under a heightened level of scrutiny in the past year. Trust is critical to our business and we work hard to deliver value not just to our customers and shareholders but also to the communities that we are a part of.

Improving our customer remediation has been a priority for us this year, and while embedding genuine change takes time, we have implemented some significant reforms through our own initiatives and also working jointly with the Australian Bankers Association. Some of our key reforms include our approach to whistleblowers, the appointment of a customer advocate and a new background check protocol for potential employees which comes into force on 1 July 2017.

There are areas that we are incredibly proud to have been a driving force of – for example, our involvement in education.

For more than 85 years we have been encouraging a saving mindset amongst our youth through our School Banking program and over the last year more than 574,000 students have completed one of our in-school financial education programs, Start Smart.

We have continued to provide support for, and are building our capabilities internally to better deal with, our customers who are experiencing financial hardship, domestic violence and financial abuse. Our work is paving the way in Australia for other organisations to get on board and make a real difference to people's lives.

This year we launched our first Financial Inclusion Action Plan, and through a partnership with Domestic Violence NSW have released *Addressing Financial Abuse*, a resource guide to help people affected by financial abuse navigate to financial independence.

We have also formalised our response to climate change this year. As a major bank we participate in nearly every sector in the economy, including a growing renewables sector, and with a strong due diligence approach to Environmental, Social and Governance (ESG) considerations we continue to make balanced and considered decisions. Our first Climate Policy Position Statement outlines how we intend to support the opportunities associated with responding to climate change – including committing to a \$15 billion low carbon target by 2025, and undertaking a scenario analysis.

Moving forward, we see open engagement with our stakeholders as essential to understand and respond to the issues that our stakeholders consider material. This year we have continued to engage with our stakeholders and created new forums, both internal and external, to ensure there are appropriate channels for issues and opportunities to be raised, discussed and fed back into our strategic and operational processes for next year and beyond.

Through all our initiatives and hard work, we are creating a more sustainable and valuable organisation.

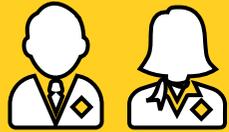
*C.B. Livingstone*

**Catherine Livingstone AO** Chairman

*Ian Narev*

**Ian Narev** Chief Executive Officer

# Business snapshot – FY17<sup>1</sup>



**51,800**

total number of employees



**\$3.9bn**

tax expense



**\$6.3bn**

salaries



**\$1.6m**

cybersecurity partnership with University of NSW



**Quantum**

computing simulator developed this year



**\$1.5m**

spent with Indigenous suppliers



**\$2.8bn**

lending to renewable energy projects



**\$1.02bn**

climate bonds arranged



**2,768**

employees have been trained on responsible lending, investing and procurement



**48.5%**

reduction in our direct emissions in Australia since 2009



**574,246**

students enrolled in Start Smart, our financial education program for youth



**\$16m+**

investment in education



**44%**

women in Manager and above roles



**\$272m**

total community investment



**\$1.2m**

in-kind volunteering contributed by employees



**168,218**

calls to our Indigenous Customer Assistance Line



**\$900,000**

to enhance the skills of financial counsellors

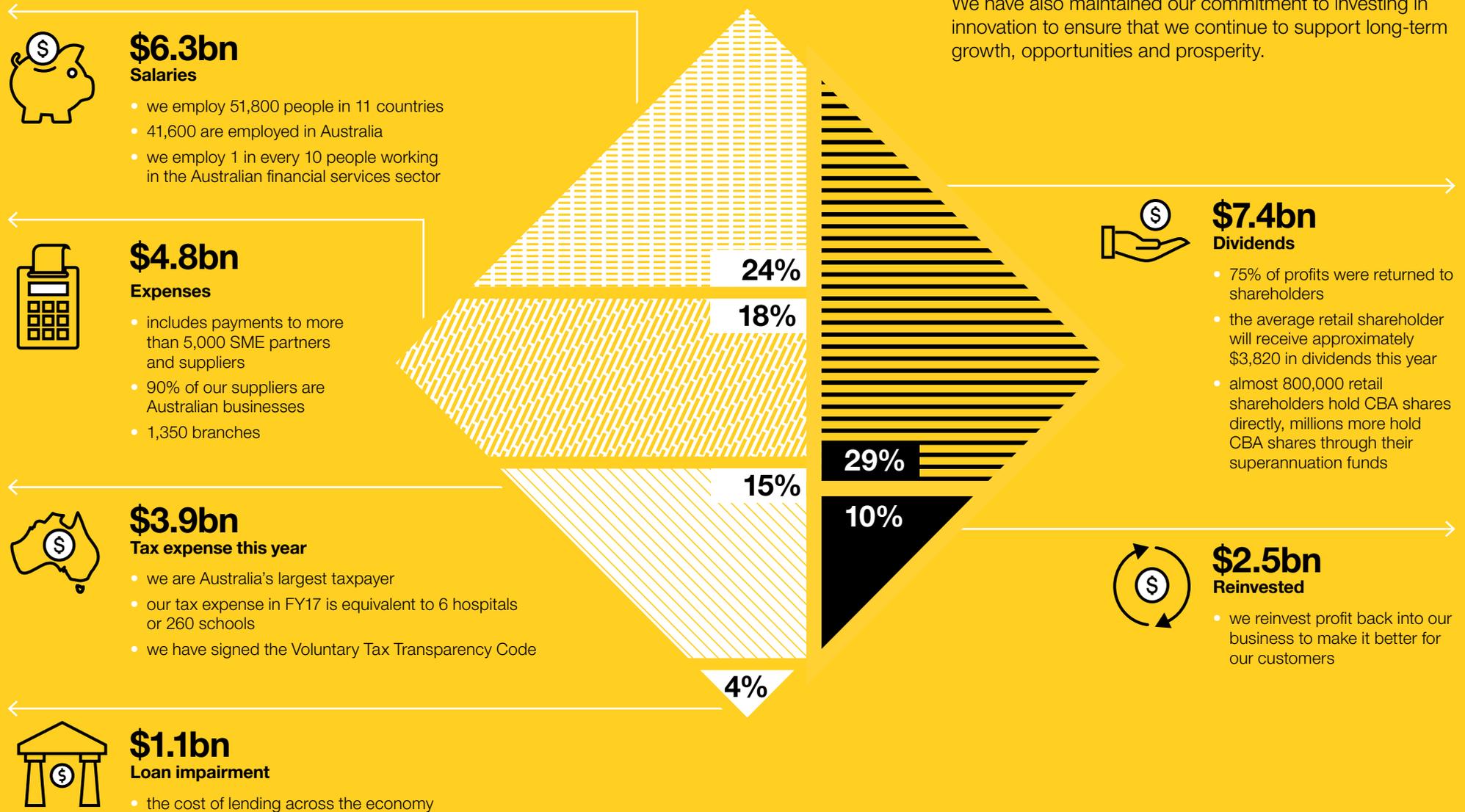


**6,000+**

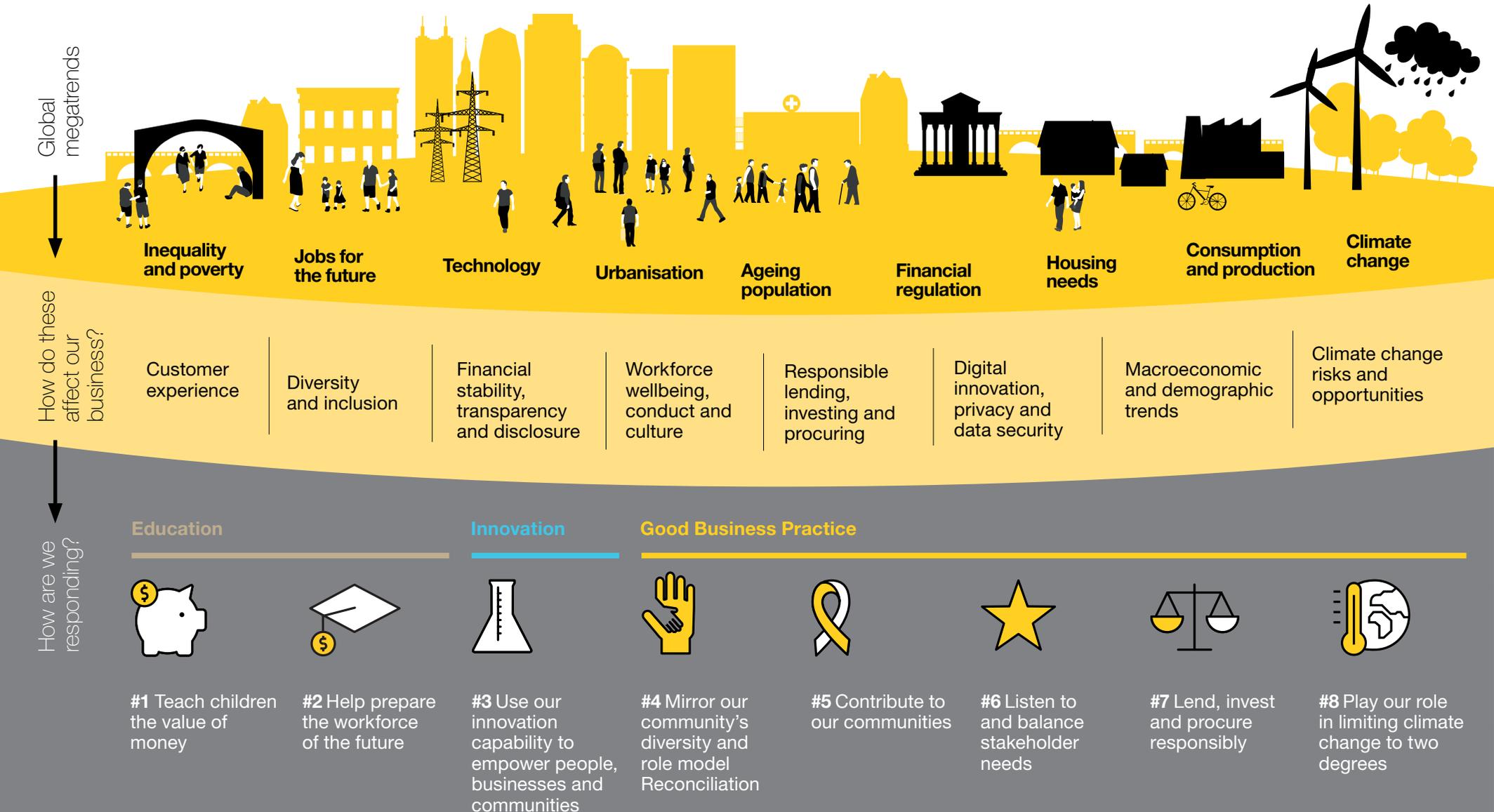
customers provided with hardship assistance every month

# Our business

## and how we contribute to Australia



# Our approach to corporate responsibility



# Material issues

**In order to heighten the value of the contribution we make to society, we continually review and consider emerging issues and changing stakeholder expectations to ensure our material issues list is up to date.**

## **Our material issues list is informed by:**

- Sustainability reporting frameworks such as Global Reporting Initiative and the Sustainability Accounting Standard Board
- Issues considered material on a global scale with reports such as the World Economic Forum Global Risk Report and new developments such as the Sustainable Development Goals
- Media coverage of key issues
- Stakeholder engagement
- Survey of key internal stakeholders
- ESG analyst questions and reporting
- Material issues identified by our domestic and international peers

## Material issues and how we are managing them

Material issue	Definition	GRI Boundary	How we are addressing the issue
<b>Customer experience</b>	Customers are at the centre of everything we do and their experience includes satisfaction, protection and remediation.	Within/external	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Corporate Responsibility Report</li> </ul>
<b>Diversity and inclusion</b>	Diversity and inclusion are an integral part of our culture, values and the way we do business. It offers tangible benefits for our employees, customers, shareholders and the communities we operate in.	Within	<ul style="list-style-type: none"> <li>Opportunity Initiative #4</li> <li>Performance data</li> </ul>
<b>Financial stability, transparency and disclosure</b>	Financial stability and performance is important to the long term operation of the Group. We want to be open and transparent about our performance, and how we go about our business.	Within/external	<ul style="list-style-type: none"> <li>Chairman and CEO statement</li> <li>Annual Report</li> <li>Corporate Responsibility Report</li> <li>Performance data</li> </ul>
<b>Workforce wellbeing, conduct and culture</b>	Maintaining the highest professional standards is critical in maintaining the trust of our stakeholders. Workforce wellbeing is paramount to the success of our organisation and being able to deliver our vision.	Within/external	<ul style="list-style-type: none"> <li>Opportunity Initiative #4</li> <li>Opportunity Initiative #6</li> </ul>
<b>Responsible lending, investing and procuring</b>	Ensuring our policies and processes consider ESG issues and allow us to lend, invest and procure in a manner that mitigates reputation, credit and operational risks.	Within/external	<ul style="list-style-type: none"> <li>Opportunity Initiative #7</li> </ul>
<b>Digital innovation, privacy and data security</b>	Developing innovative products and services supports better money management and financial inclusion. As a large financial institution, privacy and data security is critical.	Within	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Opportunity Initiative #1</li> <li>Opportunity Initiative #3</li> </ul>
<b>Macroeconomic and demographic trends</b>	Monitoring macroeconomic and demographic trends will help us to tailor our products and services to meet societal needs now and into the future. These trends also influence the economic outlook which influences our financial performance.	External	<ul style="list-style-type: none"> <li>Chairman and CEO statement</li> <li>Annual Report</li> <li>Corporate Responsibility Report</li> </ul>
<b>Climate change risks and opportunities</b>	Climate change will require a transition to a net zero emissions economy by 2050. We want to support the transition, and associated opportunities, and mitigate climate related risks.	Within/external	<ul style="list-style-type: none"> <li>Opportunity Initiative #8</li> </ul>

# Stakeholder engagement

We use a range of indicators to understand the success of our engagement and inform adjustments to our interactions, as well as our day to day initiatives, policies and processes.

## One of our commitments under Opportunity Initiatives is to build transparent stakeholder engagement policies and processes to encourage ongoing open dialogue.

This year we have developed a Stakeholder Engagement Approach, in line with the AA1000 AccountAbility Stakeholder Engagement Standard and 'Our Commitments'<sup>1</sup>, which sets clear expectations for our employees for engaging with and balancing the interests of stakeholders.

The objectives of our Stakeholder Engagement Approach are to:

- Enrich our partnerships with stakeholders and enhance our community participation
- Listen, understand and respond to stakeholder perspectives and expectations, and ensure the broader business hears these perspectives
- Use insights from our stakeholders to understand risks and opportunities, informing our operational and strategic improvements, including products and services

The way we engage reflects the different groups, their prominence and preferences. The Stakeholder Engagement Approach sets out our stakeholders and the ways we will engage with them. On the following pages, we have also identified some of the key topics our stakeholders are interested in.

We have a range of forums dedicated to advancing our stakeholder engagement which include:

### External

- CEO External Advisory Panel
- Customer Advocate Community Council
- Indigenous Advisory Council

### Internal

- Regular meetings across the organisation to share stakeholder insights and issues, and inform reporting including:
  - Community Affairs Stakeholder Council
  - Opportunity Initiatives Council

### Memberships and affiliations

- Australian Bankers' Association
- Australian Human Rights Commission's Leadership Council in Cultural Diversity
- Australian Network on Disability
- Australian Portfolio Carbon Working Group
- Business Council of Australia
- Clean Energy Council
- Diversity Council of Australia
- Equator Principles and Equator Principles Association Steering Committee
- Financial Services Council
- Male Champions of Change
- Pride in Diversity
- Transparency International
- UN Environment Programme Finance Initiative
- UN Global Compact
- UN Women

**Stakeholder group**  
**Customers**



**Topic and engagement mechanism**

Ongoing reviews of satisfaction, feedback and complaints related to products, service and inclusion:

- Multi-channel engagement, including face-to-face customer engagement
- Independent and proprietary customer surveys
- Customer workshops
- Community group surveys
- Customer advocate
- Call centres and complaints channels
- Social media
- Engagement with customer representatives and bodies
- Meetings with relationship managers
- Meetings with advisers
- External dispute resolution

**Key topics raised**

- Customer service
- Credit and disputed transactions
- Financial inclusion
- Community engagement
- Loan servicing and hardship
- Interest fees
- Self-service branches
- Cybersecurity/fraud

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 3, 6, 7 and 8 and as part of our broader reporting suite, including our Annual Report.

**Stakeholder group**  
**Employees**



**Topic and engagement mechanism**

Ongoing reviews of employee engagement and feedback culture, strategy and priorities through:

- Group wide surveys
- Ad hoc surveys
- Digital and social platforms
- Team meetings and exercises
- Employee events and Town Halls
- CEO and Group Executive mailboxes
- SpeakUP Hotline

**Key topics raised**

- Health, safety and wellbeing
- Performance and reward
- Group strategy and policies
- Culture, diversity and inclusion

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 3, 6, 7 and 8 and as part of our broader reporting suite, including our Annual Report.

**Stakeholder group**  
**Investors**



**Topic and engagement mechanism**

Ongoing discussions regarding performance and performance related matters through:

- Financial and non-financial reporting
- Briefings
- Meetings
- Annual General Meeting
- Surveys

**Key topics raised**

- Financial performance
- Business strategy
- ESG issues

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 3, 4, 6, 7 and 8 and as part of our broader reporting including our results reporting, Annual Report and our investor briefings.

**Stakeholder group**  
**Suppliers**



**Topic and engagement mechanism**

Ongoing discussions related to commercials, standards and issues through:

- Supplier meetings, briefings and workshops
- Risk assessments
- SpeakUP Hotline
- Innovation programs
- Supplier Code of Conduct and Sustainability Questionnaire
- Supplier surveys

**Key topics raised**

- Business strategy
- Business opportunities
- Performance and compliance
- Commercials
- Risk identification and management
- Innovation

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 3, 4 and 7.

**Stakeholder group**  
**Government and Regulators**



**Topic and engagement mechanism**

Ongoing discussions related to the financial services industry, reform and advocacy through:

- Meetings
- Submissions/proposals
- Commissions and inquiries
- Financial institution associations

**Key topics raised**

- Banking reform
- Major banks inquiry
- Open data
- Innovation in financial services

**How we are responding?**

We continue to work with government and regulators on an ongoing basis. Public submissions are available at the relevant inquiry websites.

**Stakeholder group**  
**Media**



**Topic and engagement mechanism**

Ongoing discussions related to topics of interest through:

- Phone calls, meetings and emails
- Dedicated phone line and email inbox
- Briefings and media releases
- Digital and social channels

**Key topics raised**

- Bank levy
- Conduct and culture
- Parliamentary inquiries
- Financial results
- Financial markets
- Retail banking
- Business banking
- Institutional banking
- Technology
- Innovation
- ESG
- Indigenous Affairs
- Education
- Financial inclusion
- Diversity and inclusion

**How we are responding?**

Our response to these topics can be found in our broader reporting suite including our Annual Report as well as through Opportunity Initiatives 1 to 8.

**Stakeholder group**  
**Charities, community organisations and non-governmental organisations**



**Topic and engagement mechanism**

Ongoing discussions related to customer assistance, sustainability, education, diversity, disaster relief, charity partnerships and other areas of interest through:

- Participation on a range of external advisory panels
- Industry memberships
- Ongoing meetings with partner and non-partner organisations
- Phone calls, meetings and emails
- Sponsorship of, and participation in, events, summits and forums.

**Key topics raised**

- Climate change and responsible lending
- Financial inclusion
- Education
- Workplace giving
- Volunteering
- Charitable donations and programs

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 1, 2, 4, 5, 6, 7 and 8.

**Stakeholder group**  
**Service providers and academics**



**Topic and engagement mechanism**

Ongoing discussions related to a variety of topics of interest and research partnerships through:

- Meetings, email and phone calls.

**Key topics raised**

- Education
- STEM
- Financial wellbeing
- Diversity and inclusion
- Workplace giving
- Behavioural economics

**How we are responding?**

Our response to these topics can be found as part of our Opportunity Initiatives 1, 2, 3, 4, 5 and 6.

# Transparent disclosure of performance

## Corporate Responsibility Disclosures

We have released an extensive range of disclosures regarding our corporate responsibility performance this year, many of which are annual updates. These include:



Opportunity Initiatives scorecard update



Assessed emissions in business lending portfolio for FY15 and FY16



Equator Principles III reporting



2017 CFSGAM Responsible Investment and Stewardship Report



CDP submission



Slavery and Human Trafficking Statement



Reconciliation Action Plan



Tax transparency code

In coming months we will also release our first performance report on our 2016-2017 Financial Inclusion Action Plan.

To help drive best practice performance we benchmark our progress against a number of leading global sustainability indices and surveys including:

**Global 100 Index (G100)** In 2017, the Group ranked sixth in the world, making it the number one Australian company and number three bank in the world in the G100

### Dow Jones Sustainability Index

In 2017 the Group improved its performance and was again included in the World Index

### CDP

In 2016, the Group improved its performance and achieved a score of 'A-'

### FTSE4Good Index

The Group continues to be included in the Index, which measures the performance of companies demonstrating strong ESG practices

### Subsidiary reporting

Other brands within the Group have started to explore their own corporate responsibility reporting, with **ASB** and **Sovereign**, our New Zealand based companies, both producing standalone Sustainability Reports.

## Governance

Corporate responsibility is governed by the Board and the Executive Committee.

- The Board is responsible for establishing, in conjunction with management, the corporate responsibility strategy in support of the Group's vision and overseeing and monitoring the effectiveness of that strategy; and for approving the ESG public disclosures in the annual and corporate responsibility reports.
- The Executive Committee directs the development and implementation of the corporate responsibility strategy, ESG policies and strategic initiatives, ensures adequate ESG governance is in place throughout the business; and oversees ESG progress, performance and reporting.
- Business Units are responsible for integrating ESG considerations, risks and opportunities into business and risk management policies and processes and report on progress.
- The Corporate Responsibility team provides strategic advice to the Group and individual Business Units on ESG issues, oversees ESG governance and facilitates ESG reporting internally and externally.
- In addition, we have two advisory bodies, i) the External Advisory Panel and ii) the Opportunity Initiatives Council. The External Advisory Panel is chaired by our CEO with four prominent members of the Australian community. The purpose of the Panel is to provide structured input and challenge from community representatives on issues including consumer advocacy, education, diversity and inclusion and broader sustainability. The Opportunity Initiatives Council is comprised of senior staff nominated by the Executive Committee. Council members advise, action and advocate on a broad range of corporate responsibility issues and associated targets.

# Opportunity Initiatives – our corporate responsibility plan

**We take a long-term approach to everything we do. Through initiatives and programs that assist our customers, engage our people, support our communities and lessen the impact we have on the environment, we continue to deliver on our vision.**

We play an important role in enabling economic and social development, supporting jobs, driving innovation and creating opportunities.

Every day we make a positive difference to the financial wellbeing of people, businesses and communities. We look after savings and investments, help people buy a house or a business, insure lives and property, help businesses manage risks, and help people prepare for and enjoy retirement. As Australia's largest company, we also need to think beyond what we do every day to strengthen the community around us for the long term.

We create shareholder value by conducting our business through a balanced lens which includes economic, social and environmental considerations.

Like many aspects of our business, we know we will have the greatest impact if we choose to work on a few things and do them well. Taking into account the views of our stakeholders and our material issues, we launched Opportunity Initiatives, our corporate responsibility plan, with a focus on the three pillars of education, innovation and good business practice.

Under these three pillars sit eight Opportunity Initiatives with a number of targets and commitments that drive our action, against which we have made significant progress.



## Education

Through our education, financial and digital literacy programs, we help people acquire the skills our economy and society needs



## Innovation

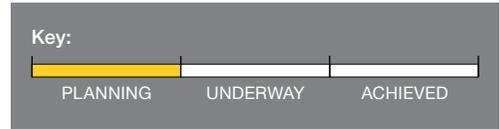
We use our innovation capability to empower people, businesses and communities, improving social outcomes and financial wellbeing through our products, services and programs



## Good Business Practice

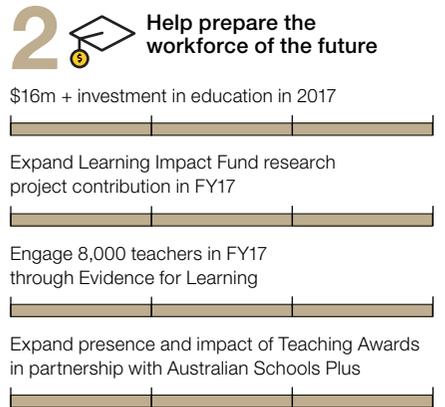
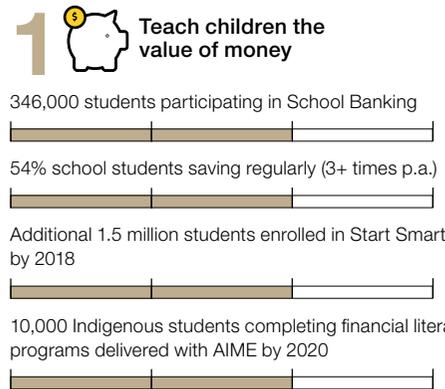
By focusing on good business practice, we use our influence and impact to support positive social, environmental and economic outcomes

# Opportunity Initiatives Scorecard 2017

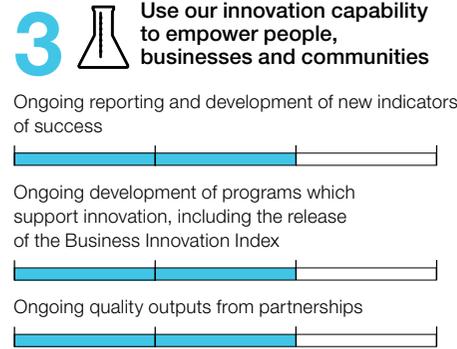


As the interests, priorities and concerns of our stakeholders evolve, so too will our initiatives and targets. Over time we will set new goals and benchmarks to drive sustainable value, support our vision and drive positive change for all our stakeholders.

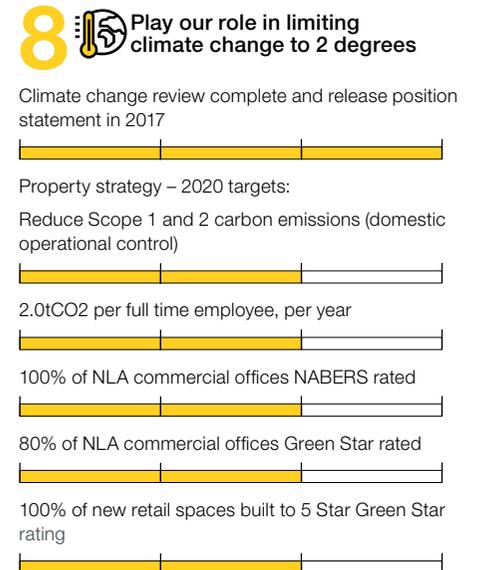
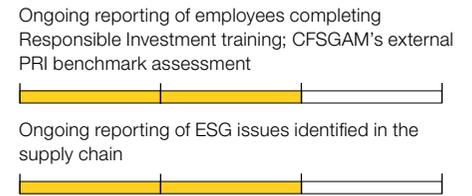
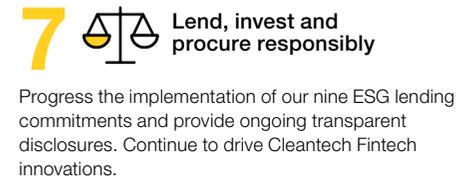
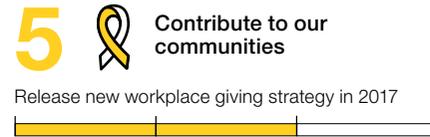
## Opportunity from education



## Opportunity from innovation



## Opportunity from good business practice



# Opportunity Initiatives and the UN Global Compact

**Demonstrating our progress on, and commitment to, corporate responsibility is increasingly important not only for our own people and community partners, but also for our customers, shareholders and investors.**

Our Corporate Responsibility Report and our Annual Report provide a comprehensive view of both our non-financial and financial performance annually.

The Group is a signatory to the United Nations Global Compact (UNGC) and committed to communicating progress on integrating the UNGC principles covering human rights, labour, environmental and anti-corruption matters.



We actively consider key developments such as the Sustainable Development Goals (SDGs) to evolve and refine our approach to corporate responsibility. We have again this year mapped our existing programs of work to the SDGs. The relevant SDGs are identified against each of the eight

Opportunity Initiatives. In future years we will continue to review our strategy and programs of work in light of the SDGs.

As a major financial services organisation, our approach to supporting the SDGs is to focus on those areas where our impact is most material.

We have mapped the SDGs that we are most directly contributing to through Opportunity Initiatives.

<b>#1</b> Teach children the value of money	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 	
<b>#2</b> Help prepare the workforce of the future	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 	
<b>#3</b> Use our innovation capability to empower people, businesses and communities	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			
<b>#4</b> Mirror our community's diversity and role model Reconciliation	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 
<b>#5</b> Contribute to our communities	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 			
<b>#6</b> Listen to and balance stakeholder needs	1 NO POVERTY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 		
<b>#7</b> Lend, invest and procure responsibly	7 AFFORDABLE AND CLEAN ENERGY 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 		
<b>#8</b> Play our role in limiting climate change to 2 degrees	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 			

# Education

**Empowering customers, businesses and communities through our education, financial and digital literacy programs.**



# Opportunity from Education

We know education outcomes have a profound effect on personal success, economic growth, improved health and social engagement. That's why we made a 25-year commitment to investing in education, starting with a \$50 million commitment over three years (2015-18).

1



Teach children the value of money

2



Help prepare the workforce of the future

## 2017 achievements



**\$16 million+** invested in education in 2017



**50%** of school students saving regularly through School Banking



**\$571,000** distributed in education research grants



**574,246** students participated in a Start Smart financial education program



**12** teachers each awarded a \$45,000 Fellowship



## #1 Teach children the value of money

**Education builds capability and through our financial education programs we can help Australian children understand the value of money management and long term financial wellbeing.**

346,000 students participating in School Banking



54% school students saving regularly (3+ times p.a.)



Additional 1.5 million students enrolled in Start Smart by 2018



10,000 Indigenous students completing financial literacy programs delivered with AIME by 2020



### Start Smart

Start Smart is an award-winning free financial education program that provides engaging and interactive workshops, run by expert facilitators, to primary, secondary and VET (Vocational Education and Training) students. It is the world's largest face-to-face financial literacy program and has reached more than 2.5 million Australian children since the program launched in 2007.

In the past 12 months, we have enrolled 574,246 students in Start Smart, bringing the total to 1.1 million against our 1.5 million students by 2018 target. Start Smart workshops are run by specially trained, full-time facilitators to affect the four variables that influence financial decisions and behaviours: attitude, knowledge, self-efficacy and behavioural intent.

We released the Start Smart Evaluation Report 2016, endorsed by the Australian Council for Educational Research, which drew on surveys of more than 11,000 students and 8,000 teachers and showed that Start Smart is having a positive impact. Key findings included that 96 per cent of students found Start Smart relevant to their lives and 63 per cent of students applied what they had learnt in the workshop in the month following the session.

**The full evaluation report is available on our website**

**'The most wonderful outcome of this experience was my 6 year old explaining to me the difference between needs and wants. Priceless!' – Parent of Start Smart Virtual Reality participant**



### Start Smart Virtual Reality – 'The Teleporter Adventures'

Australia's National Financial Literacy Strategy details the importance of parents' involvement in their children's learning about money from an early age. Research indicates that most children form money habits by the time they are seven years old. Despite this, findings show only about one in six parents discuss finances with their kids<sup>1</sup>.

To address this, we undertook a two-month trial to determine whether virtual reality technology combined with a storybook in a student's home would encourage parent-child discussions on financial topics.

About 1,500 students, from 24 different primary schools from metropolitan, regional and rural locations participated in the Start Smart Virtual Reality pilot, which we called The Teleporter Adventures.

At each of the participating schools, Year 1 or Year 2 students undertook a Start Smart lesson in their classrooms and were given a children's storybook called Sammy the Space Koala, and a virtual reality headset, called The Teleporter to take home. Focused on teaching children the difference between needs and wants, the feedback found that 93% of children that didn't know the difference before engaging with the Start Smart Virtual Reality did so after completing the experience.

<sup>1</sup> ASIC, Australian Financial Attitudes and Behaviour Tracker, August 2015

### School Banking

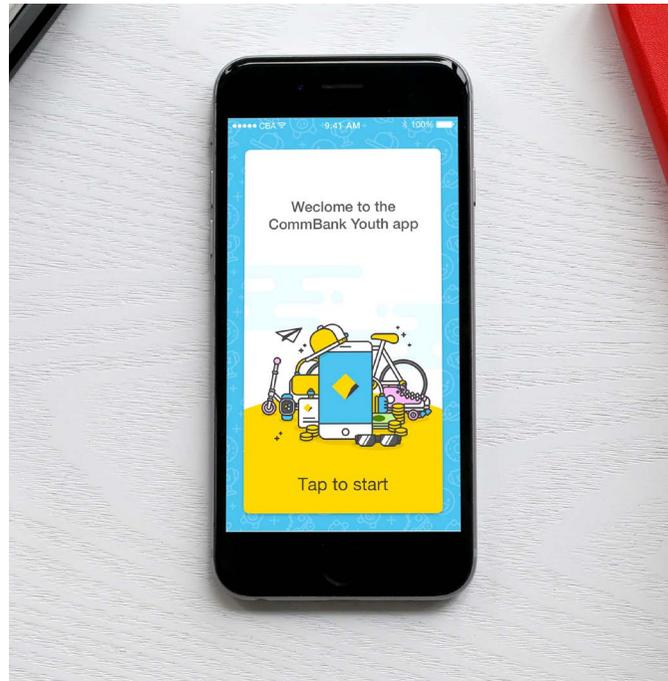
Our School Banking program, supported by parents and schools, has been teaching children lifelong money and saving skills since 1931. The program is offered on an opt-in basis to both schools and parents.

Its main purpose is to provide young children with a basic understanding of core financial values and money management skills, to help them take their first steps towards good money management and regular savings behaviour.

We are currently tracking under plan for students participating in School Banking and the percentage of school students saving regularly.

### Financial literacy for Indigenous students

We are supporting an ongoing partnership with Australian Indigenous Mentoring Experience (AIME), currently working to deliver a financial literacy program at their Tutor Squads. The program will reach 10,000 Indigenous students over the next five years.



**326,146**

students participating in School Banking (minimum of one School Banking deposit in 12 months)



**50%**

of school students saving regularly (3+ per annum)

### Teaching real-life money skills to under 14s – CommBank Youth App

This year we have released the CommBank Youth App which gives under 14s hands-on money management experience that's fun and secure. The CommBank Youth App will help young customers develop their skills in an increasingly cashless and digital society.

**Some of the features include:**

- Check account balance and transactions at a glance
- Set a savings goal, track progress and celebrate with a virtual high five when the goal's been reached
- Prompts before transferring or spending money
- Create a list of chores/jobs and tick them off and pay pocket money as you go
- See Dollarmites tokens balance if participating in School Banking

### Global Inclusion Awards: Child and Youth Friendly Banking Award

This year we were awarded the Child and Youth Friendly Banking Award for our School Banking, Youthsaver, Start Smart and Virtual Reality innovation.

The Child and Youth Friendly Banking Award acknowledges the accomplishments of financial service providers who are pioneering innovative and original Child and Youth Friendly Banking Products, combined with an education component, delivered through a variety of media channels and employing a variety of learning methodologies.



### Clever Kash

In New Zealand, ASB launched Clever Kash, a financial literacy tool that aims to get children actively engaged in saving, using a digital approach. Instead of holding physical notes and coins, Clever Kash displays the child's bank account balance digitally by interacting with the ASB Mobile banking app. Parents 'swipe' virtual notes and coins from their phone to the display on Clever Kash. The screen on Clever Kash's tummy keeps count and shows the child's progress towards their savings goals. Clever Kash has won a number of creativity and innovation awards.

Instead of holding physical notes and coins, Clever Kash displays the child's bank account balance digitally by interacting with the ASB Mobile banking app.

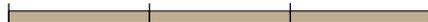




## #2 Help prepare the workforce of the future

**We believe better schools mean a better country and by supporting educators through access to best practice, evidence-based insights and recognising excellence in teaching and school leadership, we are helping prepare the workforce of the future.**

\$16m + investment in education in 2017



Expand Learning Impact Fund research project contribution in FY17



Engage 8,000 teachers in FY17 through Evidence for Learning



Expand presence and impact of Teaching Awards in partnership with Australian Schools Plus



### Support for evidence-based education

The aim of the **Evidence for Learning initiative**, which we're undertaking in partnership with Social Ventures Australia, is to support and enable a nation-wide culture of evidence-informed practice by teachers, school leaders and education systems.

The partnership comprises two key components:

**The Australian Teaching & Learning Toolkit**, a world-class online resource that assesses, then summarises, global research into a range of educational approaches: from the value of technology to class size and the importance of different subjects. There are more than 10,000 frequent users visiting the website four or more times a year.

**The Learning Impact Fund** provides grants to education program developers to partner with Australian research institutions to calculate the efficacy of their product or program. This research feeds back into the global evidence pool and also generates plain English reports for schools to use. The fund has to date invested \$1.63 million in trials that are running in 215 schools with more than 11,000 students and this year it distributed \$571,000 across three different research trials.



**\$16 million+**

invested in education in 2017

**We have reached our target investment in education through our continued focus on impactful programs and partnerships, in particular through Start Smart, the Commonwealth Bank Teaching Awards delivered in partnership with Australian Schools Plus and continued investment in Evidence for Learning.**



Evidence for Learning. Photographer Vikki Foord.



# 12 teachers

each awarded a \$45,000 Fellowship

## Commonwealth Bank Teaching Awards

High-quality teaching is the greatest in-school influence on student engagement and outcomes. The Commonwealth Bank Teaching Awards recognise and reward 12 great educators, especially those working in challenging and socially-diverse communities, who transform students' lives.

The 12 recipients were awarded a \$45,000 Teaching Fellowship each, which covers:



### \$10,000

for the recipients professional development



### \$5,000

for participation in a 12-month fellowship program that includes a study tour to a high-performing education system overseas



### \$30,000

to fund a strategic project in their school to improve student achievement and wellbeing

Teachers and school leaders from all sectors of the Australian schools system – government, Catholic and Independent – can apply or be nominated for the Awards. Applications for the 2018 Commonwealth Bank Teaching Awards will open later this year.

[Meet the 2017 fellows on our website](#)



## Teaching Fellow: Sarah Mathews

Brisbane Bayside State College (QLD)

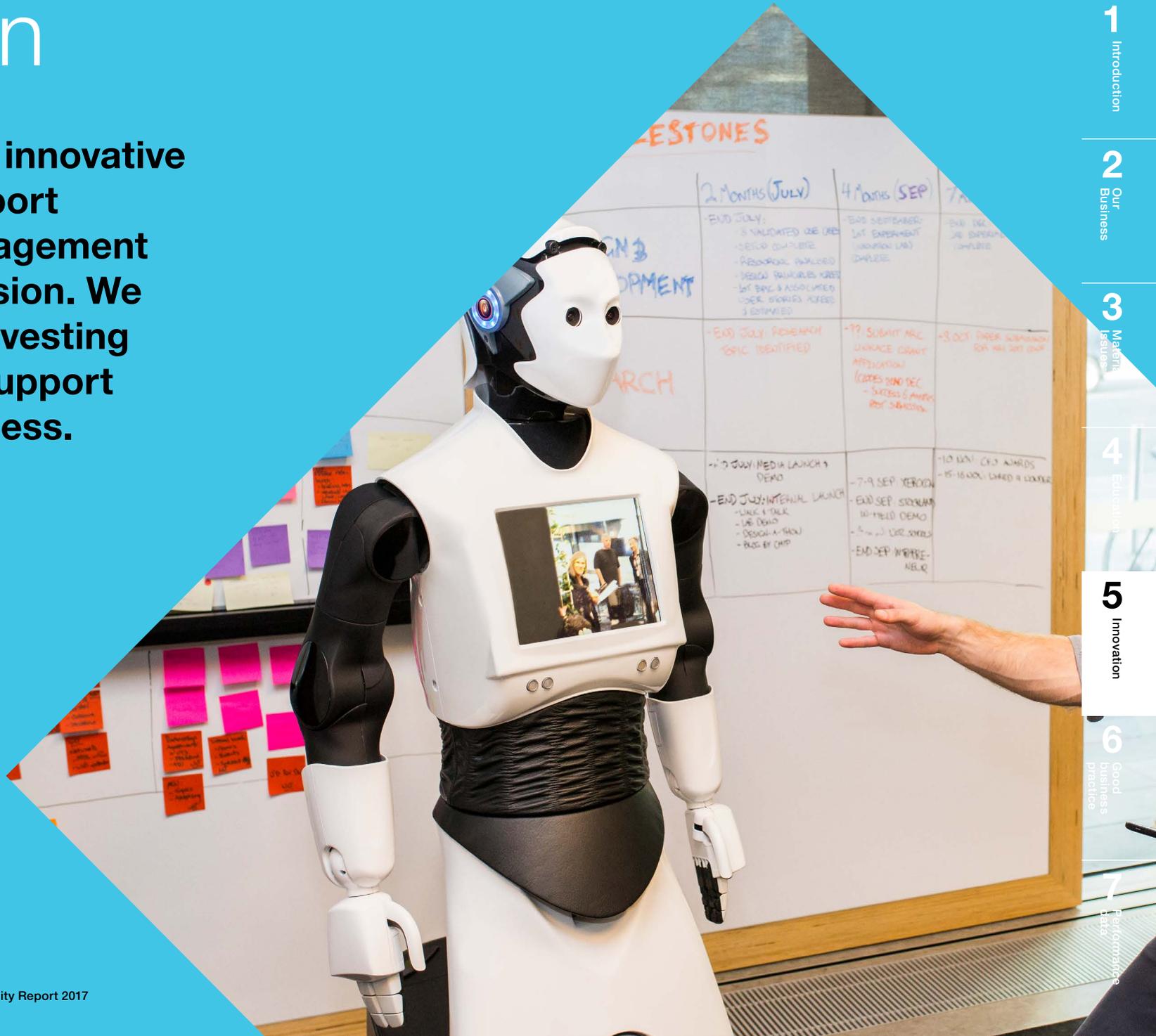
In 2008, Dr Sarah Mathews took a big risk, leaving behind her 17-year career as a scientist to become a high school maths and science teacher at Brisbane Bayside State College.

Through her analysis of NAPLAN trends, Sarah observed that many students had limited numeracy ability. This led her to develop a numeracy committee that introduced the evidence-based practice of 'numeracy moments' – a program that enriches mathematical thinking by incorporating mathematics into real-life situations.

Since the launch of the initiative in 2013, there has been a marked improvement in students' problem solving and reasoning skills and a significant improvement in the College's NAPLAN numeracy results.

# Innovation

**We are developing innovative products that support better money management and financial inclusion. We are creating and investing in programs that support innovation in business.**



# Opportunity from Innovation

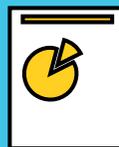
We are constantly working to deliver simple and convenient payment experiences for our customers.

# 3



Use our innovation capability to empower people, businesses and communities

## 2017 achievements



### CommBank Business Insights Report launched

Unlocking Everyday Innovation



### 40,000+ visitors

through our Innovation Labs globally



### First physical trade

transaction between two banks using blockchain, Internet of Things and smart contracts



### 200 countries

now receiving International Money Transfer via mobile



### Quantum computing simulator

developed this year



### #3 Use our innovation capability to empower people, businesses and communities

**We are bringing the future forward by challenging, leading, inspiring and empowering our people, businesses and communities with emerging technologies.**

Ongoing reporting and development of new indicators of success



Ongoing development of programs which support innovation, including the release of the Business Innovation Index



Ongoing quality outputs from partnerships

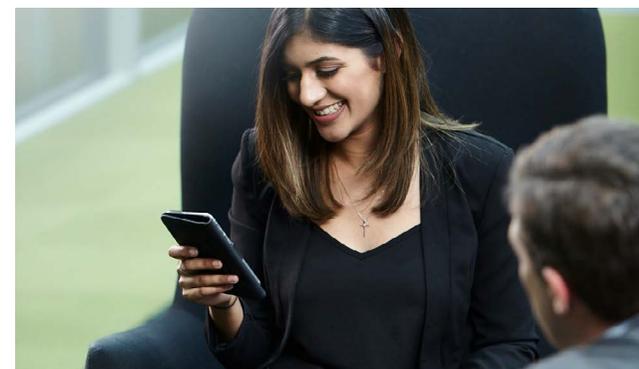


#### Empowering people

Society, technology, banking and the way we manage money are all changing. We see it as our responsibility to bring our customers with us on this journey and prepare them for the future of banking. With the fast evolution of technology and with more transactions being conducted via smartphones and tablets, as well as telephone and Internet banking, the role of branches needs to evolve. Our focus is to assist and enable our customers so they can benefit from new methods of banking both in-branch and digitally.

Over the past twelve months we have launched:

- **Better Bill Experience** – Customers have greater control receiving and managing their BPAY View bills and scheduled payments and transfers.
- **Transaction Notifications** – real time credit card transaction notifications that give customers immediate awareness and insights into their daily spend so they can better manage their finances and improve their savings.
- **Spend Tracker** – a month-to-date summary of credit card activity that automatically categorises transactions and shows customers where their money is going so they can make better decisions on where to spend.
- **Youth App** – the CommBank Youth app which gives under 14s hands-on money management experience that’s fun and secure. See case study on pg 21.



- **Credit limit slider** – Customers can now decrease credit limits and cap a portion of their limit in NetBank and the CommBank app giving them greater control over their money.
- **Camera Pay** – Camera Pay allows customers to use their phone’s camera to scan a code to send and receive money.
- **International Money Transfer (IMT) via mobile** – Customers can use CommBank’s successful pay-to-mobile technology to send money overseas with just an international mobile number – to 200 countries, in 30 currencies.



40,000+ visitors

through our Innovation Labs globally

### Innovation Labs

**We have expanded the reach of our Innovation Labs, launching in Hong Kong, London and our roaming Pop Up Labs in Australia.**

This year, we have had more than 40,000 visitors through our Innovation Labs, creating a strong global and domestic approach to innovation that connects customers, employees and the community to a global innovation ecosystem.



### Empowering businesses

We continue to prioritise investment in technology and innovation as a way to better support and empower businesses to operate more efficiently, keep things secure and improve the customer experience.

#### Blockchain

This year, together with Wells Fargo and Brighann Cotton, we completed the first physical trade transaction between two banks using the emerging technologies of blockchain, smart contracts and the Internet of Things. The transaction involved a shipment of cotton from Texas, USA to Qingdao, China, using the efficiencies of a distributed ledger.

We are actively experimenting with blockchain technology and exploring how it can provide more transparency, reduced cost, increased efficiency and choice for our customers. We have an in-house team dedicated to experimenting with blockchain to understand the opportunities and test the limitations of the technology.

Our blockchain team collaborate with clients, fintechs, banks, government, regulators and other market stakeholders to explore blockchain driven solutions in partnership.

We are an active participant in industry groups and consortiums looking to promote understanding of blockchain technology, develop global blockchain standards and apply blockchain technology to cut costs, keep things secure and improve

customer experience. As a member of the R3 global consortium of banks, we are working to accelerate the development of distributed ledger technology alongside other members, including successfully completing two blockchain prototypes for smart contracts.

We see blockchain opportunities in a number of areas including payments, international remittance, trade finance, and capital markets. We have also arranged a virtual cryptobond for Queensland Treasury Corporation using its capital markets blockchain platform, in the first blockchain bond issuance by a government entity both in Australia and in the world.

#### Artificial Intelligence

In November, we announced we were developing artificial intelligence technology to help with cyber security, fraud detection and regulatory compliance. Machine learning technology will be used to help the bank make sense of large sets of “noisy” data and alert management to areas requiring their attention.

#### Internet of Things

We are also investing in Australia’s Internet of Things (IoT) ecosystem. In October 2016, we were the main sponsor for the Everything IoT Global Leadership Summit, a conference with 500 attendees from industry, government, the entrepreneurs’ community and universities. We were also the first bank to join the Internet of Things Alliance of Australia executive council, participating in the working groups and sponsoring a collaborative IoT showcase.

## Empowering communities

Our commitment to innovation and technology investment will help to empower communities by transforming industries and aspects of the broader community, including the banking sector.

This year we became the first non-university institution in Asia-Pacific to develop a quantum computer simulator, which will give Australian developers a head start on the massive step change in computing power promised by quantum processing. It will enable us, along with the Australian quantum community to develop quantum ready applications, in parallel to the hardware being developed by the quantum research project led by the University of NSW.

Our investment in quantum computing has a long-term focus. It allows us to support Australian innovation that is world leading and that we believe will materially benefit our customers and shareholders over the next decade.



## Quantum computing

simulator developed this year

## CommBank Business Insights Report – Unlocking Everyday Innovation

Enhancing innovation in business can drive value through revenue and productivity gains.

Our inaugural CommBank Business Insights Report measures the innovation performance of Australian businesses across a range of categories, quantifies the value that businesses generate from innovation and outlines the pathways to enhance innovation. Following the launch of the national report, we have rolled out a regional vs metro report as well as location and industry-specific reports (Retail, Professional Services and Healthcare). We are now evolving the program which will cover more industry sectors and also the creation of an online tool for businesses to calculate their own Innovation Index number and depending where they fall on the scale, we will provide tips on how they can improve. The CommBank Business Insights Report – Unlocking Everyday Innovation is part of our commitment to supporting business clients to better understand how innovation can support their daily operations.

### Businesses innovating in key areas



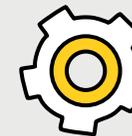
#### Product

41% Improving  
15% Innovating



#### Organisation

31% Improving  
13% Innovating



#### Process

36% Improving  
19% Innovating



#### Marketing

25% Improving  
15% Innovating

Portrait of an innovative business

Located in a regional area

From the manufacturing, or wholesale trade sectors

Medium sized, with an annual turnover between \$2m and \$20m

Actively exporting

Focused on growth

Planning to take on more staff in the year ahead

## Cybersecurity

Technology is rapidly transforming economies around the world, creating new opportunities for growth and prosperity, but is also a risk to the integrity of our systems. This year there were no reportable information security breaches or other cybersecurity incidents.

To assist with keeping our systems and our customers safe, we have continued to take a proactive industry-leading approach to improve cyber security in Australia through:

### 1. Expanding the nation's cyber security skills base and capitalising on the opportunity to create a cyber security export industry

- A \$1.6m partnership with University of NSW to boost cyber security education and research;
- The first ever Commonwealth Bank Cyber Prize introduced this year which awards the top students across Australia enrolled in applied cyber security courses at the following five universities: University of NSW, Monash University, University of Sydney, RMIT University and Edith Cowan University;
- Sponsorship of the Government's annual Cyber Security Challenge competition, through team mentoring, judging and prizes; and
- A rolling program of guest lectures at universities across Australia.

### 2. Improving intelligence sharing and collaboration

- Public advocacy for stronger intelligence sharing between industry, including through the Government's Joint Cyber Security Centre;
- Hosting our industry peers for workshops on key strategic issues.

### 3. Lifting cyber security capabilities and awareness across the economy

- Sponsorship and support for the school-based ThinkUKnow online safety program through Australian Federal Police where we volunteer to teach cyber education to parents and carers;
- Educating our customers via: [www.commbank.com.au/security](http://www.commbank.com.au/security) website and business through the [www.commbank.com.au/business/security](http://www.commbank.com.au/business/security) website;
- Employee education campaigns on awareness of cyber hygiene issues.



\$1.6m

Five-year partnership with University of NSW designed to provide a complete cyber security curriculum

## Customer security and privacy

Protecting the privacy and security of our customers is extremely important to us. We have world-class security capabilities and teams of experts dedicated to protecting our customers' information.

Customers can utilise our product security features, such as Lock, Block & Limit for credit cards or set up NetCode, a one-time security code sent via CommBank app notification or SMS, to keep their account secure when completing certain transactions.

### NetBank's 100% Security Guarantee



# Good Business Practice

**Good business practice can empower people, strengthen communities and play a role in responding to global trends. We are focused on sustainable, balanced and transparent policies and decisions.**



# Opportunity from Good Business Practice

4



Mirror our community's diversity and role model Reconciliation

5



Contribute to our communities

6



Listen to and balance stakeholder needs

7



Lend, invest and procure responsibly

8



Play our role in limiting climate change to 2 degrees

## 2017 achievements<sup>1</sup>



**44%** women in Manager and above roles



**0.8%** of our workforce identifies as Aboriginal or Torres Strait Islander



**\$1.02bn** climate bonds arranged



**\$272m** community investment in total



**48.5%** reduction in direct emissions in Australia since 2009



**44% women**

in Manager and above roles



## #4 Mirror our community's diversity and role model Reconciliation

### Diversity and inclusion is a strategic imperative for us at Commonwealth Bank.

40% women in Executive Manager and above positions by 2020



1.5% CBA's workforce Indigenous by 2020



Match the cultural diversity of our senior leaders to the cultural diversity of the Australian population by 2020



Implement RAP actions



Grow number of employees completing Indigenous cultural awareness training

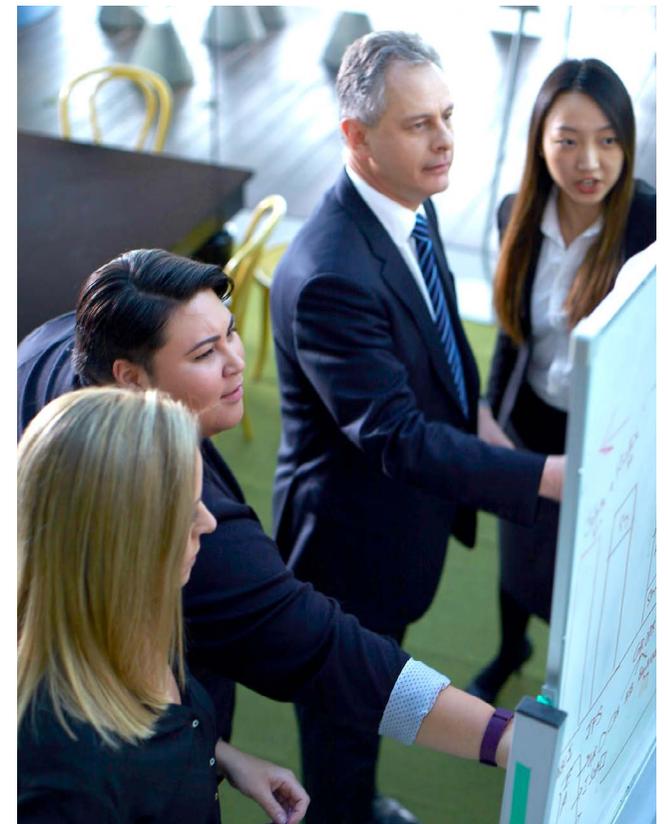


### Diversity and Inclusion

Creating an inclusive workplace that reflects the communities where we operate is essential to listening and responding to the needs of customers and delivering on our vision.

Executive guidance is provided by the Diversity & Inclusion Council comprising the 12 Group Executives, and chaired by the CEO. The Council meets regularly to review progress and evaluate strategy. The strategy is executed by several groups across the organisation – Business Unit leadership teams, Business Unit Diversity & Inclusion councils, employee networks and Human Resources.

In 2015, the Diversity & Inclusion Council approved and endorsed a three-year Diversity & Inclusion Strategy. The purpose of this Strategy is to leverage diversity and foster inclusion in order that all our people feel valued and respected. In doing so, they would be motivated to do their best to deliver our vision. The strategy has five focus areas with Building an Inclusive Culture as the overarching goal.



# 1 Inclusive Culture

**We are striving to create an inclusive culture where everyone belongs because of their uniqueness – a place where ‘You Can Be You’ to do the best you can every day to achieve our organisation’s vision.**

1 Inclusive Culture

2 Diversity in Leadership

3 You Can Be You

4 Flexibility

5 Reputation & Engagement

We continue to build a diverse and inclusive workforce that at all levels, mirrors the communities where we operate. Our employees and customers hail from a broad spectrum of backgrounds and regions, with operations in Australia, Asia, Europe, New Zealand, North America and South Africa. Our people come from many different cultures, observe a multitude of faiths, identify across the gender spectrum, demonstrate a range of ages and abilities, and include all sexual orientations. Having an inclusive culture ensures we are more understanding of customer needs.

## 2 Diversity in Leadership

### Gender diversity

In 2015, we set a new gender diversity in leadership target having achieved our previous target. This target is 40 per cent women in Executive Manager and above positions by 2020 and 45 per cent women in Manager and above positions by 2020. This year, we achieved 37 per cent of women in Executive Manager and above positions; and 44 per cent of women in Manager and above positions. Women represent 40 per cent of the Commonwealth Bank Board of Directors and the Chairman is a woman. The CEO’s Executive Committee is split equally between women and men. Currently, 45% of Manager level or higher roles in revenue generating businesses are occupied by women.



### Gender Pay Equity

This is the first year we are reporting publicly on our gender pay equity figures, but we have been reporting internally for a number of years as part of the annual remuneration review.

In the most recent Workplace Gender Equality Agency Report for FY16, there has been a decrease in the gender pay gap (Group-wide) with a 1.1 per cent decrease for base remuneration and 3 per cent for total remuneration. Similar to the previous year, this gap is comparable with the Group’s direct peer group of Australian banking organisations with 5,000+ employees, and slightly higher than the average gender pay gap for the Finance and Insurance Industry.

We have put in place a number of targeted solutions to achieve gender pay equity, including:

- Reporting pay equity metrics to both the Board and Executive Committee;
- Education in removing unconscious bias in pay and other management decisions;
- Mandatory pay reviews for employees on parental leave;
- Use of data and metrics to inform objective decisions and actions for managers who make pay decisions.

**Cultural Diversity**

In 2015, the Executive Committee endorsed a cultural diversity in leadership target. A Cultural Diversity Index (CDI) was developed to measure the cultural diversity of its leadership using a modified Herfindahl-Hirschman Index methodology. The CDI is applied by measuring the concentration mix of all the cultures in our Australian employee population, resulting in an index position of between 0 and 1 – the higher the score, the more diverse the population. We compare our index position with that of the Australian Bureau of Statistics Census. Due to the late release of the Australian Census, our progress against the CDI will be published in next year’s reporting.

This year, 50 per cent of our workforce identified as Australian, 40 per cent identified as non-Australian and 10 per cent chose not to respond.

**3 You Can Be You**

We value the individuality, needs, different perspectives and ambitions of our people regardless of gender, age, cultural identity, sexual orientation or disability.

Our six employee networks help drive the inclusion agenda across the Group. The networks include: **Women CAN** – gender, **Unity** – sexual orientation and gender identity, **Enable** – accessibility and disability, **Advantage** – age and life stage, **Mosaic** – cultural diversity and **Yana Budjari** – lead reconciliation actions within our Reconciliation Action Plan. Each network has the sponsorship of at least one Group Executive and is chaired by a senior leader. The exception is AdvantAge, which is chaired by a senior leader and a graduate in order to represent all life stages. The employee networks continued to drive awareness, engagement and behavioural change to further enhance an inclusive culture for our people, supporting their respective communities externally and improving the experience of our customers.

**4 Flexibility**

Our iCAN Flex program is designed to promote and facilitate the benefits of flexible work arrangements for our people. A range of flexible working options is available to our people. These include, but are not limited to: reduced hours, work from home, job sharing, altering normal work hours, compressed working weeks, working from other Group locations, part-time roles and adaptable roles where a team member may work in one role for part of the week and in another for the rest of the week.

In 2017, 69 per cent of our workforce work flexibly, an increase from 43 per cent in FY16<sup>1</sup>. Specifically, in the past 12 months we have promoted flexibility in the following ways:

- Enhanced **policies** around parental leave for both primary and secondary carers to help parents share the responsibilities of childcare
- Continued to embed flexible work practices especially in our people processes and build manager capability to manage teams that work flexibly
- Shared individual and team flexibility stories across the Group and externally



Secondary carer leave increased from 1 week to

**4 weeks**



**26%**

increase in staff working flexible hours



**iCAN Flex**

**Boston Consulting Group – What’s Working to Drive Gender Diversity in Leadership**

In October 2016, Commonwealth Bank’s Group Lending Services team engaged 160 employees in a flexible working test-and-learn pilot, encouraging employees to work periodically from home. After the four-month trial, 90 per cent of participants said they felt more engaged, while customer outputs increased 12 per cent, thanks to fewer interruptions, better concentration and increased commitment. Following the success of the pilot, some 3,500 eligible staff in group operations centres across Australia were offered the opportunity to work from home.

[Further information is available online](#)

<sup>1</sup> Note the question in FY16 varied slightly: ‘My manager allows me the flexibility I need to meet my work goals and personal needs’.

## 5 Reputation and engagement

We have continued with broad engagement across the communities we operate in. This has included working with community organisations and Government to play a role in helping end domestic and family violence in a generation.

Our CEO is a member of Male Champions of Change, which aims to use their individual and collective influence and commitment to ensure the issue of women's representation in leadership is elevated on the national business agenda. Our CEO has also recently joined the Australian Human Rights Commission's Leadership Council on Cultural Diversity committed to improving the representation of cultural diversity within the leadership of Australian organisations. Our Chairman is a member of the 30 per cent Club, campaigning for 30 per cent women on ASX 200 boards by the end of 2018.

The Group (excluding ASB and Sovereign) are compliant with the Australian Workplace Gender Equality Act 2012, following the submission of the **annual compliance report** for 2017. We have also received the 2016 Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency. In addition, Commonwealth Bank and Bankwest were proudly named Gold employers in the Australian Workplace Equality Index Awards and Unity, was named network of the year for a second consecutive year. Supporting this achievement was recognition of Commonwealth Bank as a Gold Standard employer in the Hong Kong LGBT+ Workplace Inclusion Index.

We are currently working on our new Diversity and Inclusion Strategy for FY18 onwards which will be released in the coming months.

### Sponsorships and affiliations



International Women's Day



### Bankwest Curtin Economics Centre and Workplace Gender Equality Agency Gender Equity Insight Series

The Bankwest Curtin Economics Centre (BCEC) is an independent economic and social research organisation established in 2012 with support from Bankwest (a division of the Commonwealth Bank of Australia).



The BCEC has partnered with the Workplace Gender Equality Agency in order to pursue a common goal of improving gender equality throughout Australia's workplaces through its Gender Equity Insights series. This year, BCEC released Gender Equity Insights 2017: Inside Australia's Gender Pay Gap, the second report in the series, which extends and strengthens the evidence base around gender pay gaps and how these have changed over time across Australian workplaces.

The report finds that top tier female managers in Australian organisations earn on average \$93,000, or 26.5 per cent, less per year compared to their male counterparts. It explores how gender pay gaps vary across industries and occupations, and also includes special investigations on gender pay gaps for graduate program participants, workforce gender segregation and the balance of women in top-tier management positions and how this impacts on the gender pay gap over time.

[Further information is available online](#)

To enhance the performance of our workforce, we focus on diversity and inclusion in combination with health, safety, wellbeing and training. This helps us to attract and retain staff and keep them engaged.

### Health and safety

The Group's Health, Safety and Wellbeing strategy sets out the long-term objectives that will assist the Group in providing a consistent and appropriate approach for managing and enhancing the health, safety and wellbeing of its people. Priority actions have been set for each of the strategic pillars, along with quantifiable performance targets which allow the Group to measure its progress and success against each action.

Performance reports are provided across the Group (including Human Resources teams and executive management) on a monthly basis, this includes board reports to the Group's employing entities.

These reports outline progress on performance measures such as Lost Time Injury Frequency Rate (LTIFR), claims and rehabilitation data and health and safety management system compliance measures for business units. The Group is committed to continuous improvement of health and safety systems, processes and performance.

Our LTIFR has decreased to 1.1 incidents per million hours.

### Employee wellbeing

The Thrive portal was launched to employees during the year, providing a source of mental and physical health and wellbeing information and resources which aim to assist our staff to better understand their mental and physical health, encourage appropriate conversations and help support others.

The portal also provides access to information on mental health, physical wellbeing, nutrition, work/life balance and also has easy access to confidential counselling advice through our Employee Assist Chat.

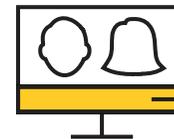
### Training

This year training increased to 39 hours per employee, up from 34 hours per employee last year. Training hours is further broken into role level and gender, which is available in the performance data section of this Report.



1.1 incidents

per million hours LTIFR



Thrive portal

employee wellbeing resource launched in 2016



39.1 hours

in training per employee



2,056,261

total training hours

## Employee engagement

This year we refreshed and simplified our people and culture survey, 'Your Voice', to include a greater emphasis on our values, as we continue to embed our vision and values in everything we do.

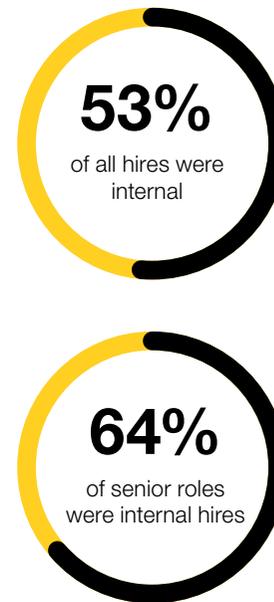
'Your Voice' survey includes fewer targeted questions and is easier to complete via a new technology platform accessible via smartphone, tablet and laptop. People leaders are able to access their results via an interactive dashboard to draw insights from their results and choose focus areas for implementation at a local level.

With a strong response rate (88 per cent, up 5 per cent from 83 per cent in 2016), the results are a good indicator of the areas we are performing well in and those we can improve. Our overall employee engagement score is 78 per cent, a 1 per cent increase from the previous year. The areas of strength are in relation to diversity and inclusion, aligning team activities to our vision and individuals being clear on their own accountabilities. The areas we have opportunities to improve are employees believing that speaking up will make a positive difference and feeling that others are clear on their accountabilities.

'Your Voice' Employee engagement score



Internal hires in 2017



**Our employment proposition focuses on our role as the industry leader in technology, innovation and the opportunity to work within an inclusive, diverse, values-based culture.**

## Talent attraction and retention

This year our talent acquisition strategy has continued to focus on building the organisation's employer brand and proactively build pipelines of talent within our core segments – including technology, analytics, customer-centric design, recent graduates and senior leaders. In all segments, we place a specific focus on attracting diverse talent.

Our employment proposition focuses on our role as the industry leader in technology, innovation, and the opportunity to work within an inclusive, diverse, values-based culture. Our talent pipelining extends to actively identifying and mobilising internal employees, with talent acquisition actively involved in succession planning and finding career development opportunities for top talent.

53 per cent of all hires are internal, a figure which rises to 64 per cent of senior executive roles. A focus on mobility has allowed us to provide a more agile response to changing business needs and to engage and retain top talent looking for diverse experiences to accelerate leadership development.

We have the highest Glassdoor.com rating for any bank globally. We are ranked number 3 in the 2017 Unversum Australia's Top 100 employer rankings – our highest ever ranking and the only bank represented in the Top 10.



168,218

calls to our Indigenous Customer Assistance Line

## Role modelling Reconciliation

Last year we launched our latest Reconciliation Action Plan (RAP) which received 'Elevate' status, the highest level of endorsement from Reconciliation Australia. We have made some significant developments on our RAP actions this year, across its four key areas:

### 1 Cultural capability and engagement

Ensuring our people have the skills to build strong relationships with Aboriginal and Torres Strait Islander peoples, businesses and communities

- We rolled out a Group-wide Cultural Capability Framework which we developed in conjunction with Blackcard, a Supply Nation-certified business. 106 people have participated in our BlackCard training this year. The training includes a face to face workshop with the team from BlackCard, including Elders, and a one-on-one coaching session which is a confidential session where our people can seek advice and support from BlackCard.
- 35 of our leaders attended a cultural immersion program at Bawaka, an Aboriginal homeland in North East Arnhem Land and seven employees attended Garma.
- We have grown our Yana Budjari Reconciliation Network (employee network), to 158 members. Yana Budjari organised 28 events to celebrate National Reconciliation Week across the Group.
- We have sponsored the National NAIDOC Person of the Year Award since 2009, providing the winner with a \$20,000 bursary. We also support the annual National NAIDOC Ball and provide six NAIDOC grants to community organisations each year.

### 2 People

Supporting education and pathways into meaningful careers

- We publicly committed to increasing employment of Aboriginal and Torres Strait Islander peoples across our domestic workforce to be at parity with the Australian population (3 per cent) by December 2026, with an interim target of 1.5 per cent by 2020.
- We recruited 54 Aboriginal or Torres Strait Islander people into direct employment placements, taking the overall Indigenous employment to 0.8%.
- We offered 35 School Based Traineeships to Indigenous students completing their final two years of high school. On graduation these students will receive a Certificate II in Financial Services. We also offered 20 full time traineeships to Aboriginal and Torres Strait Islander people looking to enter the finance industry.
- We continued our partnerships with the Australian Indigenous Education Foundation (AIEF) and the Australian Indigenous Mentoring Experience (AIME), to ensure Aboriginal and Torres Strait Islander students have access to quality education.
- 25 CareerTrackers interns completed a 12 week traineeship as part of our CareerTrackers Indigenous Internship Program 10x10 partnership, through which we have committed to a minimum of 25 internships for Indigenous university students each year until 2025.

### 3 Business

Investing in the growth of a strong Indigenous business sector

- We launched the Indigenous business banking team and trained 14 Indigenous business banking specialists, ensuring we have a network of culturally capable business bankers.
- Our Community Business Finance continued to provide low-interest loans, lower fees bank accounts and services to Aboriginal and Torres Strait Islander businesses to buy equipment, set up a new business, grow an existing business or move their business to a larger space.
- We spent approximately \$1.5 million with 17 unique Indigenous suppliers through our partnership with Supply Nation.
- Group Procurement hosted the first in a series of Meet the Buyer events in April, bringing together Indigenous business owners and CBA buyers for tailored seminars, meetings and discussions.

## 4 Communities

*Strengthening relationships with Indigenous communities to enhance financial independence.*

- Our Indigenous Customer Assistance Line (ICAL) received 168,218 calls, providing tailored banking service to customers in over 150 remote communities across Australia.
- Through the Indigenous Consumer Assistance Network's Indigenous Financial Counselling Mentorship program, during the past three years we have supported 24 Indigenous Australians to complete their Diploma in Financial Counselling.
- We partnered with Jawun to provide 13 skilled secondees to the Central Coast, Inner Sydney, North East Arnhem Land and Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) Lands.
- We work to improve the social and financial wellbeing of Indigenous Australians and realise that, as the country's biggest bank, we have an important role to play in the national reconciliation movement.

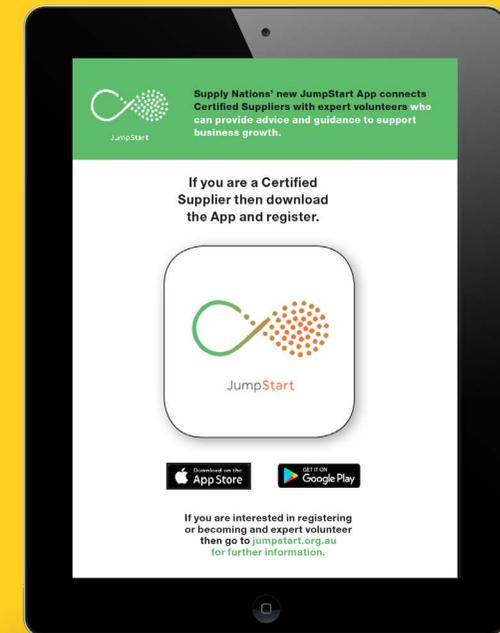


### JumpStart

**This year we launched the JumpStart app which aims to connect Indigenous businesses with skilled volunteers from Supply Nation's corporate, government and not for profit members interested in volunteering their skills – support, advice and mentorship. We developed JumpStart with Supply Nation, who worked with our Emerging Technology team and the Innovation Lab.**

**JumpStart allows for both short-term and longer-term volunteering opportunities, covering tasks that may take as little as one hour to projects that could take a number of weeks. Projects can also be completed either face-to-face, remotely or through a combination of both.**

**Through the JumpStart app, skilled volunteers are able to create an online profile, outlining their skills and the times they are available to volunteer. As and when Indigenous businesses require specific skills to support them with projects, they are able to create a succinct brief outlining the project for which they seek assistance.**





## #5 Contribute to our communities

**We contribute to our communities through community investment, disaster relief and as a taxpayer. Our people are actively engaged in the community we operate in and contribute through volunteering, fundraising and payroll giving.**

Release new workplace giving strategy in 2017



**We have developed a new workplace giving strategy that has been endorsed by the Executive Committee.**

### Volunteering

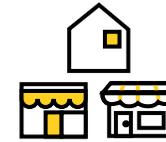
We encourage a culture of volunteering to provide a focused and relevant benefit for the community, while offering personal, and often professional and cultural, development opportunities for our people. Our Skilled Volunteering program offers community organisations access to volunteers with specific skills and expertise essential to their sustainability.

Our employees contributed \$1.2 million in-kind volunteering.

### Payroll giving

The Staff Community Fund is one of Australia's longest running employee contribution programs and will celebrate its 100th anniversary in 2017. More than 13,500 current and retired staff contribute to the Fund. The Staff Community Fund's major initiative is the Community Grants Program. Launched in 2007, the Community Grants program has awarded \$13.7 million in grants to more than 1,600 community organisations that support the wellbeing of Australian youth.

This year we awarded more than \$2 million in Community Grants of up to \$10,000 to 229 youth-focused organisations across Australia, supporting a range of education, health, and social inclusion programs.



# \$272m

total community investment

**This is made up of \$50 million in cash, time and program implementation costs, and \$222 million in foregone revenue.**

### Staff fundraising

Our staff raised just under \$1 million to support cancer research in the last financial year through the annual CAN4CANCER ride and walk in partnership with Tour De Cure, Breast Cancer Trials and Prostate Cancer Foundation of Australia. Through our employee networks, our people organised a number of fundraising activities to support aligned charities including Clown Doctors Smile Day, AIME's National Hoodie Day and the Smith Family's annual book drive.



### Clown Doctors

Alison Graham is one of our employees and a member of the Staff Community Fund. She did not imagine that her family would end up relying on the services and support networks that have been provided through funding from the Staff Community Fund.

Clown Doctors are specially trained performers who visit Australian children's hospitals and wards to help improve the experience for sick kids and their families, including Alison and her son Jack who was diagnosed with acute lymphoblastic leukaemia and has undergone intensive chemotherapy.

Clown Doctors helped to lift the spirits of Jack and many other sick children and we are proud to have supported them since 1999.

### Contributing to disaster relief

We have continued to support many communities that have been impacted by natural disasters, including flooding and bushfires in NSW, Cyclone Debbie in Queensland and storms in South Australia, through various grants and recovery programs.

For example, as part of our support for customers affected by Cyclone Debbie in March 2017, we activated our Emergency Assistance Package, waived fees for customers using other banks' ATMs to withdraw cash, prioritised our general insurance calls coming in from customers in the affected areas and texted our general insurance customers in the affected areas alerting them to our customer care line and fast-track online claim form in case they needed to make a claim.

In addition, we frequently extend assistance to farmers in rural and regional areas to help manage short and medium-term crises, including drought, floods, cyclones and bushfires.

We are a proud supporter of our local communities and continue to provide assistance in times of need.

### Tax transparency

The Commonwealth Bank is Australia's largest taxpayer<sup>1</sup> and this contribution continues to grow in line with profits. Our global tax expense was more than \$3.9 billion, and goes back into the community in many forms including schools, hospitals, roads and social welfare payments. We are committed to being a responsible corporate taxpayer and to acting with the highest integrity in complying with all prevailing tax laws. As a signatory to the Voluntary Tax Transparency Code, we will continue to provide transparency on our approach to tax risk, governance and tax paid in Australia.

**[A copy of the most recent Tax Transparency Code can be found on our website](#)**

## Good business practice continued

### Spirit of ANZAC Centenary Experience

Between 2014 and 2018, Australia is commemorating the ANZAC Centenary, marking 100 years since our nation's involvement in the First World War. In 2014 we partnered with the Australian Government and Telstra to deliver the Spirit of ANZAC Centenary Experience, a travelling exhibition that has brought a piece of ANZAC history to 23 communities across Australia. We have made a \$12 million total contribution, including a \$2 million donation to the ANZAC Centenary Public Fund.

For almost two years the commemorative exhibition, which shared the story of Australia's involvement in the First World War and beyond toured across 23 tour locations. The experience was incredibly well received – 99 per cent of those who responded to the survey said they would recommend the experience to friends and family.

This year:



# 190,893

people visited Spirit of ANZAC Centenary Experience



# 12 locations

hosted the Spirit of ANZAC Centenary Experience



# 638 shifts

were covered by CBA staff volunteers





## #6 Listen to and balance stakeholder needs

**We build transparent stakeholder engagement policies and processes to encourage ongoing open dialogue. We are also helping our customers achieve financial wellbeing by evolving our approach to financial inclusion, supporting customers affected by hardship and ensuring our practices support balanced customer outcomes.**



## Conduct

Our Commitments is the foundational policy and guiding framework for our employees in performing their role.

With Our Commitments, our employees commit to:

- Upholding the guiding framework of our vision and values
- Appropriate use of technology and communications
- Honesty
- Operating in a safe and inclusive manner
- Maintaining confidentiality
- Maintaining personal standards that support our vision and values
- Disclosing and managing conflicts of interest
- Understanding and fulfilling all aspects of their role

Our Commitments is available in Chinese, Vietnamese and Bahasa Indonesia reflecting the geographical reach of our operations and ensuring we meet our employees' needs. The launch of Our Commitments has been supported by an e-learning module. Currently our completion rate for training is 98 per cent.

We treat any deviation from, or breach of, Our Commitments as misconduct. This year we have closed 1,022 substantiated misconduct cases. Outcomes from these misconduct cases ranged from verbal warning to dismissal.

### Customer experience and satisfaction

Our customers are at the centre of everything we do. By continually improving the customer experience, and striving to satisfy customer needs in more ways, we keep raising the bar in customer satisfaction and achieve our Group vision.

We do this by listening to our customers and having timely and relevant conversations to understand their current needs and future goals. By focusing on understanding our customers' experiences, we're continually striving to simplify our processes, improve service and have a comprehensive suite of products that meet their needs.

Whether it's in person, through Australia's largest branch network, over the phone with our Australian-based contact centres, or digitally through our award-winning online and mobile channels, our goal is to make it simple and easier for our customers to have their needs met, no matter how or when they choose to bank with us.

We were first or equal first among the major banks for Retail MFI Satisfaction for 11 out of the past 12 months, and for the fifth year in a row, finished in the outright first place. These latest results demonstrate our strong foundation of customer service excellence, being number 1 in customer satisfaction for more than 80 per cent of the time since January 2013.



#1

we were first or equal first in retail MFI Satisfaction among the major banks 11 of the past 12 months



### Focus on Better Banking

Banks have come together to respond to community feedback to improve banking overall in Australia, recognising the important role of banking in the Australian economy and society. In April 2016 the Australian Bankers' Association (ABA) announced a range of changes to improve banking and better protect banking customers.

We have made progress to deliver for our customers the following initiatives:

#### Rewarding employees and third parties for customer-oriented results

We believe that the way we motivate, recognise and reward our employees should support them to deliver exceptional customer service and outcomes and reduce any potential or perceived conflicts of interest. In recent years we have made a broad array of changes. For example, in our Retail Banking Services Division we have moved away from incentives linked to product sales and moved towards team based incentives for our customer-facing branch staff. These changes are consistently encouraging and focusing the whole branch on being customer-focused.

## Good business practice continued

We actively participated in the industry-initiated independent review of how customer-facing employees and third parties are remunerated. The review, led by Mr Stephen Sedgwick AO, made several recommendations, many of which have already implemented. A key change has been introducing a new approach to remunerating our lenders in the Retail Banking Services Division. The new scheme has completely removed any financial targets as a prerequisite to receiving an incentive. Under this new approach the best performing and recognised lenders are those who demonstrate a focus on customer needs and satisfaction. The lenders who participated in the year-long pilot reported that under this new approach they are clearer on the expectations of them in their role and felt there was a strong emphasis on customer outcomes.

We will implement all of the Sedgwick Review recommendations by the next financial year, well ahead of the industry deadline of 2020. Through these changes, customer outcomes will be an even stronger component of how we reward our employees.

### Protection for whistleblowers

We have had our SpeakUP Hotline in place for a number of years, as well as our Whistleblower Policy. Both of these make it easy for our people to call out any suspected or actual misconduct they may see, and allows them to do so anonymously if they wish.

Earlier this year, we enhanced our Whistleblower Policy to ensure it aligns with global best practice, protecting a broader group of people, and the ABA's guiding principles for whistleblower protections. This includes making the process clearer to understand for those who wish to make a report, linking the policy to Our Commitments, and broadening the scope of whistleblower protection to include people outside the Group, such as suppliers and former employees.

Regular reporting on volumes and trends in disclosures made under the SpeakUP Program is provided to the CBA Board, the Audit & Risk Committee, as well as other sub-boards and committees.

We have had 171 cases reported under the SpeakUP Program, of which 44 were whistleblower reports.

## We believe our employees are critical to securing and enhancing the financial wellbeing of communities and customers.

The way we motivate, recognise and reward our employees supports them to deliver exceptional customer service and outcomes and reduces any potential or perceived conflicts of interest.

In recent years we have refined our people management practices, performance management, and remuneration to ensure we are have a strong culture focused on delivering good outcomes for our customers. As an example in our Retail Banking Services division we have moved away from incentives linked to product sales and moved towards team based incentives for our frontline branch staff.

From 1 July we are implementing a new variable remuneration scheme for all our lenders in the Retail Banking Services Division. The new scheme has completely removed any financial targets as a prerequisite to receiving a variable incentive, with the best performing and recognised lenders being those who can demonstrate a focus on customer needs and satisfaction. Lenders who participated in the year-long pilot reported having greater role clarity and felt there was a strong emphasis on customer conversations and outcomes.

The changes to our lender incentive scheme reinforce our commitment to adopting the Sedgwick Review recommendations in full and support our focus on fostering a culture that recognises and rewards our people for meeting customer needs.

### Customer Advocacy

In August 2016 we announced the appointment of an independent Customer Advocate and the establishment of a Customer Advocacy team to support the Customer Advocate in championing fairness for customers.

Making things simpler, faster, easier and fairer is at the heart of customer advocacy. While advocating for the interests of all customers, the team is particularly focused on helping those who are disadvantaged, experiencing hardship, have language difficulties or face other challenging circumstances.

Over the last several months the team has focused on several large initiatives, ranging from data analytics and community liaison to policy review and customer case management.

The Customer Advocacy team now includes a dedicated complaints review function. This is a way for customers to receive an independent review of their complaint if they are not satisfied with the outcome they have received elsewhere within the Group. Importantly, the Customer Advocate's decisions are binding on us, but not on customers. In its first three months, 98 customers approached the team for a review of their complaint and a further 175 complaint files were reviewed for themes and opportunities for improvement.

The team has also identified new ways to improve access and fairness for customers through data analysis and independent research. To date the team has conducted 'own motion inquiries' into how the Group responds to customers in three critical areas: those in financially vulnerable circumstances, those with low English proficiency and those managing mental health challenges.

These reviews are resulting in practical changes that are providing better outcomes for customers, such as the



Customer Advocate Brendan French meets a customer in Wagga Wagga, NSW, joined by local employees Sara Sutton (middle) and Kym Hampton (right).

development of a tool that helps proactively identify when customers may be in vulnerable circumstances, so that we can tailor our processes based on their needs.

A significant area of focus for the Customer Advocacy team has been working with Group businesses to improve product design and distribution. The idea is to ensure through various means – including regular ‘health checks’ – that our products are well suited for the needs of customers.

In April 2017, a Customer Advocate Community Council was established, comprised of 20 representatives covering social policy, community welfare, and issues advocacy. The Council is a forum to listen and respond to concerns from the community, demonstrating our commitment to addressing vulnerable and disadvantaged customer need, and supporting community relationships. The Customer Advocate is also visiting towns and regional centres across the country, and speaking with community workers, academics and experts across a wide range of disciplines, to ensure he is representing as broad a range of views and experiences as possible.

The Customer Advocate has also established a specialist team to review and update our existing remediation principles and processes. These enhancements will ensure we have the highest standards in place and support our commitment to put things right for customers when they go wrong, and to do this in a timely, fair and consistent way.

**Stopping poor conduct moving around the industry**

Over the past year, we have been working with the banking industry on a range of activities that promote ethical conduct and positive customer outcomes. From 1 July, enhanced background checks are part of the hiring process for new employees. The conduct background check protocol requires banks to request fact-based information about whether potential employees were dismissed or resigned in circumstances relating to specified categories of misconduct, or are under investigation for such misconduct, as part of the recruitment process. This is an important industry-wide measure to make sure that people with a record of misconduct do not move around the industry.

**Supporting a new customer-focused Code of Banking Practice**

During the past year, we have supported the independent review of the Code of Banking Practice completed by Mr Phil Khoury and we are working with the ABA and other banks to redraft a new code to make it easier to understand and more accessible to our customers.

The new code expected to be completed late this year, will also provide more transparency on products and services, a greater emphasis on ethical behaviour to reflect the high standards of service and conduct customers can expect from banks. It will also include a new section dedicated to small businesses.

**Helping small businesses and farmers**

In April, we announced a range of changes to simplify small business lending contracts and provide greater certainty to customers. We simplified our small business loan terms and conditions to make it easier for our customers. For almost all of our small business loans, financial indicator covenants will no longer be included in loan contracts and therefore will no longer be a possible cause of default. Existing customers will be advised of the removal of these covenants to their loan contracts while future loan contracts will be simplified to make it easier for new customers to understand the loan contract. This will benefit 95 per cent of our small business customers. We also support the idea of a national approach to farm debt mediation to help farmers in financial difficulty.

**A renewed commitment to help customers experiencing financial difficulty through a new debt repayment service**

We will be one of the founding banks establishing and funding a free debt repayment service for customers. This service will provide customers who are in financial hardship with access to expertise to better manage their debts and build the financial skills to avoid poor debt in the future.



## Better Banking initiatives: Our progress

<p><b>Rewarding employees and third parties for customer-oriented results</b></p> <ul style="list-style-type: none"> <li> Independent review of product sales commissions and product based payments</li> <li> Review of remuneration principles to support good customer outcomes</li> </ul> <p>We have committed to implementing all of the Reviewer's recommendations by the next financial year, ahead of the industry deadline of 2020.</p>	<p><b>Customer advocacy</b></p> <ul style="list-style-type: none"> <li> Appoint a Customer Advocate</li> </ul> <p>We announced the appointment of a dedicated Customer Advocate in August 2016. A team supports the Customer Advocate to independently review customer complaints and customer remediation principles and processes in line with ASIC regulations.</p>	<p><b>Strengthening external dispute resolution for customers</b></p> <ul style="list-style-type: none"> <li> Participate in Government review of external dispute resolution</li> </ul> <p>We are actively working with the Government on the transition from Australian external dispute resolution bodies to Australian Financial Complaints Authority (AFCA) by July 2018.</p>	<p><b>Establishing a compensation scheme of last resort</b></p> <ul style="list-style-type: none"> <li> Contribute to the Ramsay Panel's review into establishing a last resort compensation schemes</li> </ul> <p>We continue to work with the Ramsay Panel to establish a compensation schemes of last resort. Implementation will follow the release of the Ramsay Panel's recommendations (expected to be in late 2017).</p>
<p><b>Protection for whistleblowers</b></p> <ul style="list-style-type: none"> <li> Develop industry guiding principles on whistleblower protection</li> <li> Implement highest standard of whistleblower policies</li> </ul> <p>Commonwealth Bank has revised and published its Group Whistleblower policy in line with the Australian Bankers' Association guiding principles.</p>	<p><b>Stopping poor conduct moving round the industry</b></p> <ul style="list-style-type: none"> <li> Establish a background conduct check protocol for the industry</li> </ul> <p>Commonwealth Bank implemented the industry background checking protocol in July 2017.</p>	<p><b>Supporting a new customer-focused Code of Banking Practice</b></p> <ul style="list-style-type: none"> <li> Independent review of the Code of Banking Practice</li> <li> Publish the revised Code of Banking Practice</li> </ul> <p>The revised Code of Banking Practice will be published in coming months and we will be making changes to products and services in accordance with the revised Code.</p>	<p><b>Supporting ASIC to be a strong regulator</b></p> <ul style="list-style-type: none"> <li> Implement an industry funding model</li> <li> Participate in Government's review of breach reporting</li> </ul> <p>Following the passing of the ASIC Supervisory Cost Recovery Levy Bill 2017 in parliament, we will contribute funding to support ASIC in accordance with this legislation.</p> <p>We will implement changes to breach reporting following the completion of the Government's review.</p>

### CommInsure

Following a program on the ABC in 2016 which made a number of allegations about misconduct CommInsure commissioned independent experts, Deloitte, DLA Piper and EY, to investigate the concerns. Having regard to all of the work that was completed, including the independent expert reviews, CommInsure's Board concluded there was nothing to support the concerns of wilful or widespread misconduct. At CommInsure's request Deloitte also identified opportunities to improve elements of the claims process to improve the customer experience. We accepted these and are implementing the recommendations.

These reviews and reports were provided to ASIC and APRA. **A fact sheet is available on our website.**

In March 2017, ASIC released a report on its findings from their investigation into CommInsure, which they commenced in April 2016 in response to allegations that were aired in the media. ASIC's report also found no evidence of wilful or widespread misconduct at CommInsure relating to key allegations, and no breaches of the law in respect of claims handling.

Last year we updated our heart attack definitions and backdated them to May 2014. Having carefully considered ASIC's commentary, we extended our updated heart attack definitions back to include claims from October 2012. We believe this is the right decision and demonstrates our commitment to our customers. We are still in discussions with ASIC on advertising material and we have agreed to have an independent expert report by June 2018 on the progress of implementing our improvements.

### A new approach to help customers secure their financial wellbeing

As Australia's largest bank, we have a role to play in helping our customers achieve financial wellbeing.

Research has shown that almost half of all Australians spend more than they'd like to; one in five report having zero savings; and almost half feel as though they are not progressing towards their financial goals. We are responding by collaborating with community organisations, leading academics, regulators and social service agencies to help tackle the most pressing financial wellbeing challenges in Australia.

We are using technology and innovation to help customers meet their financial obligations every day, to ensure they are covered for a rainy day, and to help them progress towards future goals.

With more than 4 million people logging onto our CommBank app every day, we have a unique ability to use our technology and innovation capabilities to directly support good financial habits, and better financial decisions.

### We will continue to advocate for:

1. Industry initiatives to achieve a better balance between retirement outcomes and life insurance
2. The use of plain English and regulatory assistance to implement standardised definitions
3. Changes to make it easier to rationalise legacy products and reduce the costs to customers.

For example new CommBank app features are giving people more visibility and insight into their spending so they can take more control:



**Transaction Notifications** – real time credit card transaction notifications that give customers immediate awareness and insights into their daily spend so they can better manage their finances and improve their savings.



**Spend Tracker** – a month-to-date summary of credit card activity that automatically categorises transactions and shows customers where their money is going so they can make better decisions on where to spend

In an Australian first, Commonwealth Bank credit card customers are now able to close their credit card account online in real time giving them even greater control over their financial wellbeing. The fully digital experience enables customers to close their credit card using the CommBank app or online without the need to go into branch or speak to our contact centre.

### Open Advice Review Program

In June 2017, the seventh and final report on the Open Advice Review program was released. The report confirmed that the program to assess advice provided to customers of Commonwealth Financial Planning and Financial Wisdom between 1 September 2003 and 1 July 2012 is nearly complete. More than 90 per cent of the 8,654 advice assessments have now been finalised and approximately \$31 million (including interest) has been offered or paid to customers to date.



### Financial Inclusion Action Plan

As one of Australia's largest companies and employers, we are committed to the financial wellbeing of our customers and staff. Our Financial Inclusion Action Plan (FIAP) demonstrates how we are working to better meet the needs of our customers, staff, suppliers and communities.

The FIAP program, led by Good Shepherd Microfinance, aims to enable organisations to contribute to inclusive economic growth by reducing inequalities and increasing financial inclusion and resilience.

**[Our FIAP is available on our website](#)**

### Financial inclusion

Our 27 foundation FIAP actions focus on products and services; capabilities, attitudes and behaviours; awareness and understanding of culture and diversity; and economic participation and status. We are currently working on our 2018 onwards FIAP.

Our commitment to financial inclusion has led the way for 18 more organisations to sign up to the FIAP program. The FIAP program has undertaken modelling to forecast the project's outcomes, guided by independent economist Saul Eslake. The modelling found that the actions of the 30 organisations – if embedded across all sectors – have the potential to drive significant economic benefits. It is estimated that in 10 years from now, the program can contribute a \$2.9 billion annual uplift in GDP, potential government savings of \$583 million and increase household wealth by \$11.8 billion per year.



**\$400,000**

to train financial counsellors across Australia to assist people affected by domestic and family violence



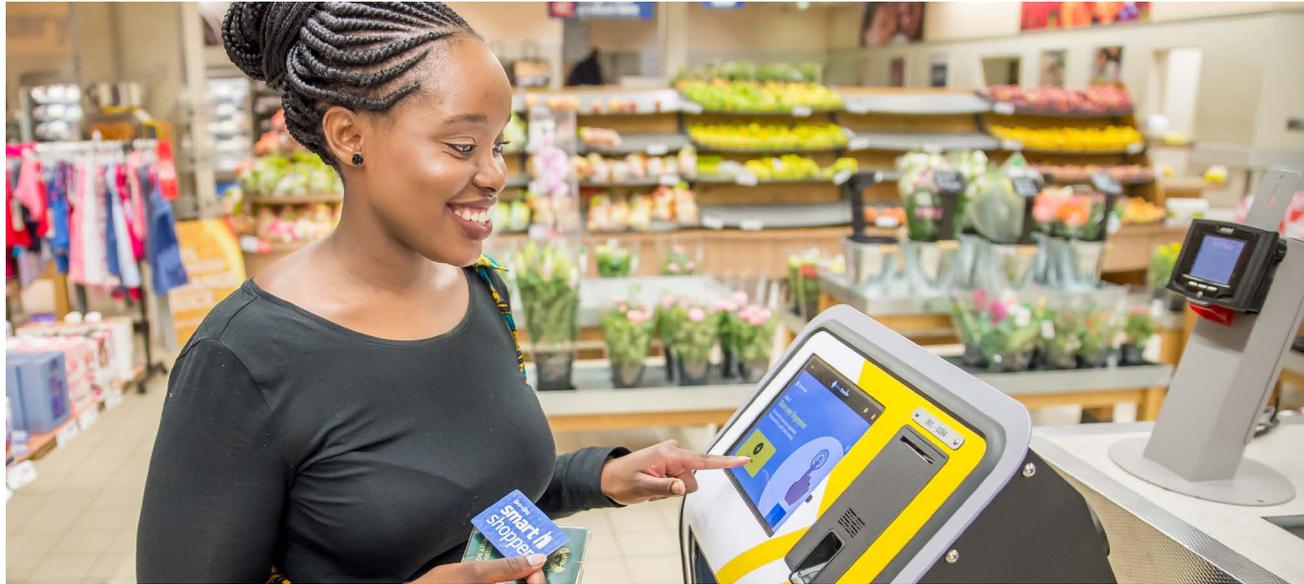
**\$500,000**

pledged to the Jan Petland Foundation to fund 10 scholarships annually for the next 10 years for people to study financial counselling

Key financial inclusion initiatives we are supporting are:

- \$900,000 to enhance the skills of financial counsellors. The partnership with Financial Counselling Australia involves \$400,000 to train financial counsellors across Australia to assist people affected by domestic and family violence. We have also pledged \$500,000 to the Jan Petland Foundation to fund 10 scholarships annually for the next 10 years for people to study financial counselling.
- Released the *Addressing Financial Abuse Guide*. Research shows that financial abuse is one of the most powerful ways an abuser can keep their partner trapped in an abusive relationship. It can also diminish the partner's ability to stay safe once they leave the relationship. The Guide helps those who work with domestic and family violence victims to provide support to individuals experiencing financial abuse.

**[The Guide is available on our website](#)**



**International financial inclusion**

In May 2017 the South African Reserve Bank formally granted Commonwealth Bank a full Bank Licence in South Africa. This is a critical milestone, not only towards launching our digital bank in South Africa but as part of our overall strategy to deliver financial inclusion across the emerging markets we serve.

Initially, the launch of MoneyTransfer allowed customers to send money between Pick n' Pay stores at the cash-register in a low cost, easy and secure way, delivering a cost effective money remittance solution in South Africa. MoneyTransfer has grown to include self-service kiosks that have allowed more than 150,000

customers to be registered, performing more than 350,000 transactions, which has meant we are able to increase access to financial services to more South Africans.

The digital kiosk has now evolved to create a customer on-boarding solution for our business in Indonesia. We are able to on-board a new customer via the kiosk and they are able to open an account, obtain a debit card, and use it at an ATM in around 10 minutes. Indonesia's Financial Services Authority has formally approved the kiosk roll-out, which saw some 15 kiosks go live in June 2017 located in both Commonwealth Bank branches and key retail locations.

**The launch of MoneyTransfer allowed customers to send money between Pick n' Pay stores at the cash-register in a low cost, easy and secure way, delivering a cost effective money remittance solution in South Africa.**

In Indonesia we also continue to grow and develop our WISE (Women Investment Series) initiative. WISE was refreshed to build on the success of the existing program with some new additions including broadening our target audience to include women entrepreneurs.

The WISE program also focuses on partnerships with organisations that share the same commitment to financial literacy and inclusion among Indonesian women, such as Austrade's Women in Global Business Indonesia program and the country's largest women entrepreneur association, IWAPI.



6,000+

customers provided with hardship assistance every month.

### Domestic and Family Violence Initiative

Our aim is to be part of a movement that ends domestic violence in a generation. This includes a focus on employee training, execution of a Financial Inclusion Action Plan, participation in Government roundtables, and collaboration with the Male Champions of Change on the 'Playing Our Part' report. This is supported by our continued commitment to financial wellbeing and gender equality in recognition that existing disparities between men and women in both areas can affect domestic and family violence.

The Domestic and Family Violence and Work training module helps employees better understand and respond to those who may be experiencing domestic or family violence. So far, more than 1,000 employees have completed some form of domestic and family violence training.

### Financial hardship

Financial hardship assistance ranged from short term assistance right through to longer term assistance which includes debt waivers, partial reductions, contract variations and extensions.

This year we have continued to provide our financial hardship program, Financial Assist, to help customers if they are experiencing financial difficulty. Assistance might include offering flexibility with instalments due, debt relief, grants of funds, a review of financial commitments, or more detailed financial rehabilitation support.

The Financial Assist team also continues to provide support via the Financial Assist Domestic Violence policy which is designed to provide assistance as quickly as possible to domestic violence survivors and minimise the need for additional documentation.

### Financial assistance

**David\* is a life-long CommBank customer who was diagnosed with two types of cancer a number of years ago. Today, he is 77 years old and is no longer able to undergo surgery. He also has a \$37,000 balance on his MasterCard credit card.**

**Due to his health condition, David has been struggling to make repayments on his card, and decided to seek help from our Financial Assist team. After completing a full assessment of David's situation, we realised that David was unable to make repayments on his card, and we agreed a full debt waiver would be appropriate and greatly assist David in focusing on his health going forward.**

**General Manager Financial Assistance Solutions Rob Kennaugh said that helping customers in their greatest time of need by providing financial assistance is at the heart of what the team does every day. "It truly reflects the Group's focus on the financial wellbeing of people, businesses and communities."**

\*Customer's name has been changed.

### Political donations

Our policy precludes donations to political parties. Staff do attend some political events such as business observer programs, and associated payments are disclosed to the relevant electoral commission. These disclosures and those of previous years are publicly available on the relevant electoral commission website.

In November 2016 we disclosed payments for the 2015-16 financial year to the Australian Electoral Commission (AEC) in accordance with AEC rules. This shows a total of \$130,595 was paid to political parties for FY16.

This is broken down into \$56,550 (43%) to the Australian Labor Party, \$55,895 to the Liberal Party of Australia (43%) and \$18,150 to the National Party of Australia (14%). The disclosure for the 2016-17 financial year will be made in November 2017 according to the AEC guidelines.



**\$1.02bn**  
climate bonds arranged



## #7 Lend, invest and procure responsibly

**As a major financial institution, our influence extends beyond our direct operations to our customers and suppliers. We continue to strengthen the robust responsible lending, investing and procurement practices we have in place and use our influence to improve environmental, social and economic outcomes.**

Progress the implementation of our nine ESG lending commitments and provide ongoing transparent disclosures. Continue to drive Cleantech Fintech innovations.



Ongoing reporting of employees completing Responsible Investment training; CFSGAM's external PRI benchmark assessment



Ongoing reporting of ESG issues identified in the supply chain



### Responsible lending

We actively consider the environmental, social and economic impacts and influence of our business, and look for ways to use our unique capabilities and resources to make a positive contribution beyond our core business. We have committed to nine ESG Lending Commitments which embed ESG considerations into our business-lending decisions.

### Supporting the transition to a low carbon economy

This year, we have arranged \$1.02 billion of climate bonds. In March 2017, we issued the largest Australian dollar climate bond from an Australian bank at \$650 million, demonstrating active leadership and best practice in the climate and green bond market. The bond is backed by Australian renewable and low carbon assets including wind power generation, green buildings and low carbon transport projects.

In addition to our own climate bond, we have also arranged the following:

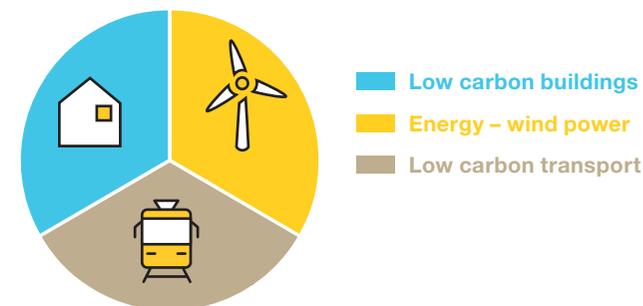
- A \$100 million 10-year Australian dollar MTN climate bond for Investa Commercial Property Fund which financed a number of low carbon office buildings in Sydney and Melbourne
- A \$218 million US Private Placement climate bond transaction for Monash University to finance a series of capital expenditure initiatives which achieved Climate Bonds Initiative certification

- A \$50 million securitisation for FlexiGroup to finance solar equipment consumer receivables with Climate Bonds Initiative certification. This is the second climate bond arranged for FlexiGroup.

We have become a partner of the Climate Bonds Initiative and will continue to work towards increasing large-scale investment in climate bonds to deliver a global low-carbon economy.

We also launched a \$100 million Energy Efficient Equipment Finance Program with the Clean Energy Finance Corporation to support business investment in energy efficient assets.

### Climate bond sector exposures



 **\$2.8bn**  
lending exposure to renewable energy projects



### Supporting Australian renewables

#### Three new solar farms, QLD & VIC

In March 2017, we were a lead bank supporting local renewable developer Edify Energy's project to construct three new solar farms in Queensland and Victoria. The project will see close to 700,000 solar panels installed at Whitsunday solar farm and Hamilton solar farm in Queensland, and Gannawarra in Victoria, generating enough electricity to power an estimated 87,000 homes.

#### Sapphire wind farm, NSW

In December 2016, we were a lead bank supporting one of the largest wind farms in Australia, Sapphire Wind Farm in the New England Tablelands in New South Wales. The project by CWP Renewables and Partners Group uses the latest in wind technology and its 75 turbines are expected to generate enough energy to power an estimated 100,000 households and offset over 600,000 tonnes of carbon emissions per year.

### Renewable energy

Our lending exposure to renewable electricity generation continues to increase. At 30 June 2017, our exposure to renewable energy projects was \$2.8 billion, up from \$2.2 billion last year.

In support of the renewable energy market, in the past year, we have completed significant and landmark transactions in Australia and overseas.

Funding three solar farms by Edify Energy as the lead bank marked our first long-tenor debt financing for renewable projects in Australia, demonstrating the ongoing evolution of the local renewable sector and the increasing willingness for banks to accept merchant risk to support renewable development.

The Bungala solar project is a \$450 million project involving more than 1.2 million solar PV panels in South Australia. The project was the largest equity and debt finance arrangement for a new solar project in Australia to date, as well as the first major Australian renewable project delivered without government funding assistance. CBA's role was as a mandated lead arranger.

Bungala's unique investment model also saw project finance raised alongside a full equity sell-down at financial close, a tailored innovative structure that has potential to attract more private investment to renewable projects.

### Renewable industry advocacy

This year we became a member of the Clean Energy Council, the peak body representing Australia's clean energy sector, to engage further with the local renewable energy sector.

As a member, we will contribute to the Clean Energy Council's efforts to accelerate clean energy innovation, advocate effective energy policy and market frameworks, to grow the sector and transform Australia's energy system in the interests of all Australians.

### Equator Principles III

We are a signatory to the EPIII, which is a set of standards to assess, mitigate, manage and monitor ESG risk in project-related financing.

By adopting EPIII, we build on our commitment to responsible lending and formalise the reporting of our ESG risks for project-related corporate lending and project finance deals. We will release this year's EPIII on our website in October.

This year we were elected to the Equator Principles Association Steering Committee, alongside a number of other global banks. This is an opportunity to further contribute to the management and development of the Equator Principles' implementation, operations and membership.

## Assessing ESG risks – our ESG risk assessment process

As a major provider of lending services globally, assessing potential transactions for ESG risks is a key step in our due diligence process. Project finance loans that qualify as EPIII follow its comprehensive ESG risk management process. Other loans are assessed under our ESG policies, systems and processes.

Our pricing platform for all of our Institutional Banking, Business Banking and ASB loans includes a compulsory ESG risk assessment process for all Institutional Bank loans, and for larger loans in other business units. The process includes an initial ESG risk assessment based on country of operations and over 500 industry sectors. Additional ESG due diligence is required for transactions which have medium or high ESG risks identified in the initial assessment. The ESG risk assessment provides prompts for seven key ESG focus areas: biodiversity, water, carbon & energy, pollution, health & safety, labour & human rights, and anti-corruption & governance.

As part of the assessment, teams are required to:

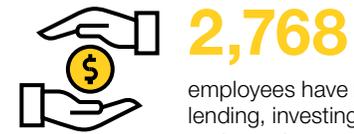
- Describe any ESG risks for each of the seven focus areas
- Detail any client mitigation strategies for each risk identified
- Assess the likelihood and consequence of these risks
- Assess the client capability and motivation to mitigate these risks

## As a major provider of lending services globally, assessing potential transactions for ESG risks is a key step in our due diligence process.

Loans with high ESG risk are escalated to senior management for further interrogation and decision. Coal-related lending requires additional information to be provided and is escalated for senior review.

Outputs from ESG assessments are stored and analysed to monitor and manage ESG risk exposure in the broader lending portfolio. Hindsight reviews are conducted by the ESG risk team in our Institutional Bank to provide assurance controls as well as coaching to teams.

The Group reports regularly to the Board on the key ESG risks in the portfolio using the ESG variables collected in the assessment process. For example, the number of high, medium and low environmental, social and governance risks across the portfolios. These are also aligned with the Equator Principles' risk categories A, B and C.



2,768 employees have been trained on responsible lending, investing and procurement policies and practices.

## Financed emissions

In this third financed emissions report, the carbon intensity of our overall business lending portfolio for FY16 is 0.29 kgCO<sub>2</sub>e/AUD of expenditure. The Agriculture, Forestry and Fishing sector, along with the Electricity, Gas and Water Supply sector represent the most emissions intensive part of our lending portfolio.

Our results for FY16 show declines in the carbon intensity of Mining; Transport and Storage; Agriculture, Forestry and Fishing and Education compared to prior year. There were increases in Electricity, Gas and Water Supply; Manufacturing and Personal and Other Services. The difference in the Electricity, Gas and Water Supply intensity reflects changes in this sector, including significant new lending to a recently privatised Australian electricity transmission network.

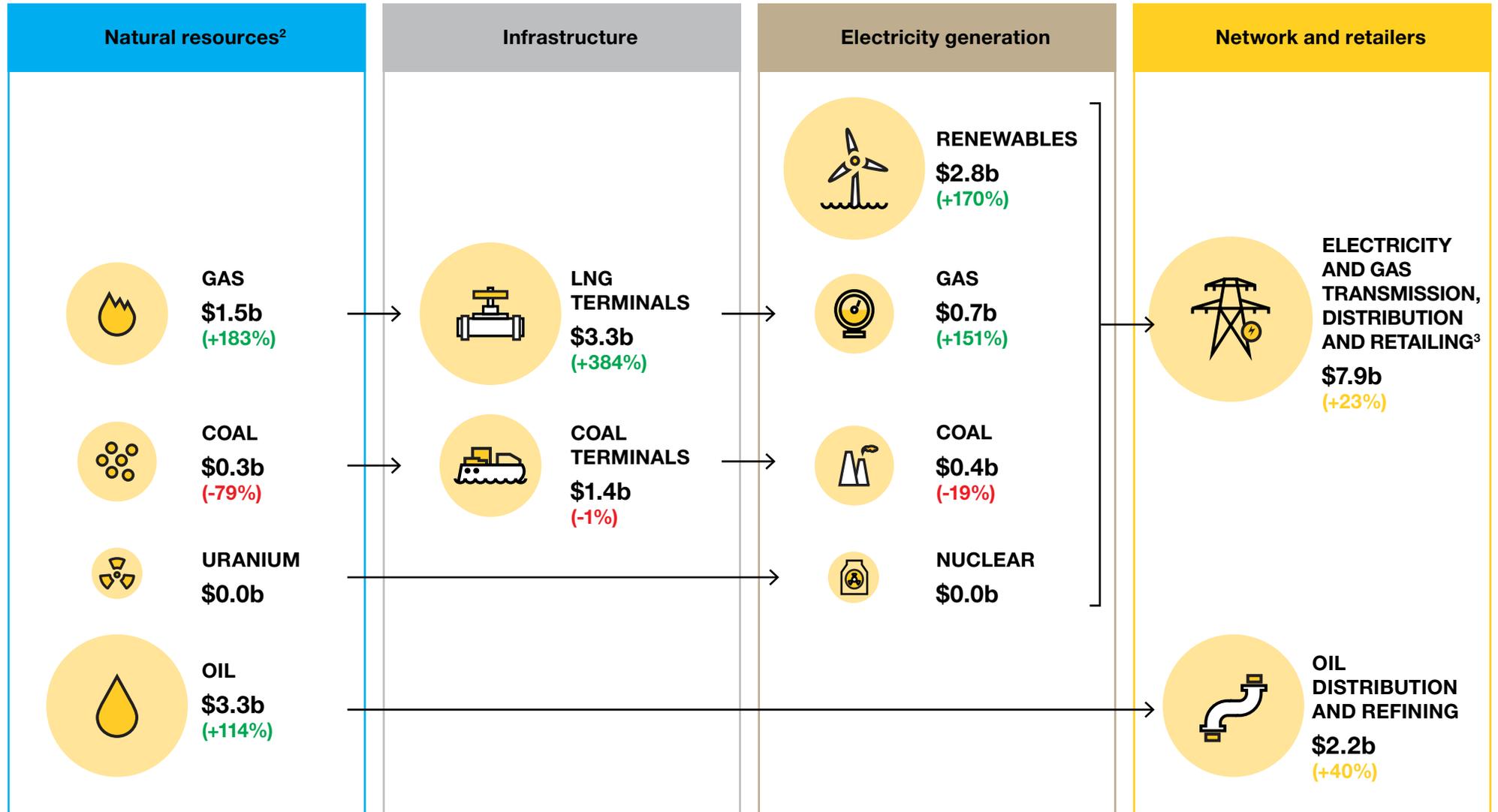
**[The latest report with the calculation method is available on our website](#)**

## Energy value chain exposure

We have been supporting the shift in the Australian economy towards low carbon energy alternatives, with a significant movement in our lending to the energy value chain from coal towards renewables and gas as a transition fuel.

Our Climate Policy Position Statement outlines our commitment to limiting climate change to well below two degrees and our responsible lending approach will contribute to this commitment.

**CBA Exposure<sup>1</sup> to the Energy Value Chain as of 30 June 2017: 2.2% of Total Group TCE**



**CBA's Group Exposures<sup>1</sup> have grown 39% over same period**

1 All figures are Total Committed Exposures (TCE) as of 30 June 2017. Figures represented have been specifically derived based on material client exposures.

2 Diversified miners not included.

3 Other energy related exposures (\$0.5b) includes smaller loans.

## Responsible investment

Our Wealth Management division is made up of four businesses: Colonial First State Global Asset Management (CFSGAM); Colonial First State (CFS); Wealth Management Advice; and CommlnSure.

Wealth managers have a responsibility to allocate clients' capital to productive purposes in the pursuit of sustainable long-term wealth protection and enhancement. Our customers, clients and stakeholders are increasingly holding us accountable to this responsibility. A stewardship mindset is an essential component of a strong approach to responsible investment and embedding responsible investment practices into the core of our investment activities is in the best long term interests of our clients.

As a major provider of wealth management services in Australia, we acknowledge the need to integrate ESG factors into our investment processes. A Responsible Investing Framework has been established to integrate ESG factors across our Wealth Management division's investment processes, consistent with our pursuit of sustainable long term investment outcomes for our customers and clients.

### Key responsible investment highlights are:

- CFS became a signatory to the United Nations-supported Principles for Responsible Investment, alongside CFSGAM and CommlnSure
- We expanded the FirstChoice, FirstWrap investment menus and Commonwealth Financial Planning Approved Product List to include 5 additional sustainable, ethical and responsible investment options
- CFS received an upgrade from B to BB for reporting on its management of climate risk by the Asset Owners Disclosure Project
- Collaborated on the FSC submission to the Australian Modern Slavery Act Inquiry

### CFSGAM:

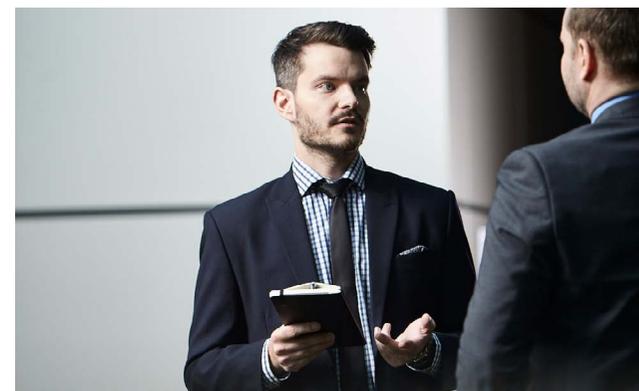
- Was rated in the top tier by the UK Financial Reporting Council for our stewardship disclosures
- Won the "Best Responsible Investor, Asset Manager" in the Asia Asset Management Best of the Best Awards 2016, after having won the "Best Application of ESG" award in 2015
- Was runner up in the ESG Specialist of the Year Award at the UK's Financial News Awards for Excellence in Institutional Asset Management, after having won the award the previous two years in its former incarnation as ESG Strategy of the Year

### CFSGAM: 10th Responsible Investment and Stewardship Report

In June 2017 CFSGAM released their tenth Responsible Investment and Stewardship Report which details their approach to responsible investment. The report includes the results of an investment beliefs survey undertaken across the business with 80 per cent of investment professionals believing that considering ESG issues leads to more complete analyses and better-informed investment decisions. CFSGAM have also provided detailed disclosures on their approach to climate change and a human rights guidance note they have developed. The report includes profiles of all 17 investment teams and over 100 case studies.



[The full report is available online](#)



## CFS responsible investment survey

This year CFS conducted a detailed survey of 75 of its fund managers to understand their approach to responsible investment.

The survey identified a wide divergence in responses between boutiques and large institutional fund managers, and indicated in most instances that Australian boutique fund managers are lagging both their larger local peers, and their global counterparts, in their approach to ESG integration and responsible investment.

In assessing ESG integration, survey responses showed that 90% of our fund managers say they are considering ESG factors. However, managers were less able to demonstrate the impact an ESG risk may have on company valuations, stock selection and portfolio allocations. It also highlighted that there is an opportunity for asset managers to better incorporate ESG factors at the portfolio construction, risk management and reporting phases of their investment processes, something that we are now discussing with the managers to incorporate.

## Responsible procurement

This year we spent \$4.8 billion with more than 5,000 suppliers. With such a large base of suppliers, we can have a positive impact on the supply chain and the communities we operate within. This year, we have done this through a number of channels.

We continued to embed the management of ESG risks and opportunities within our supply chain into the activities of our procurement staff and buyers.

To enhance our ESG capability across the Bank, we have developed a responsible procurement training module for procurement staff and buyers. This training details the ESG risks that can exist in supply chains and the processes for mitigating or managing these risks. This is now being rolled out across these stakeholders.

We continued to identify ESG risks within our supply chain through spend categories assessments. We assess for the presence of ESG risk, likelihood of occurrence and presence of mitigations and controls. We use this approach to focus resources on market engagements to assess and mitigate potential or perceived risks with our suppliers. During FY17 there were no known ESG issues identified within our supply chain.

Our Supplier Code of Conduct sets our minimum standards for human rights, labour conditions, health and safety, diversity

and the environment. The Supplier Code of Conduct has been embedded into the procurement process for establishing new suppliers.

Our supplier diversity program has two primary focuses:

- giving Indigenous owned businesses and women led businesses the opportunity to supply goods and services to the Bank; and
- ensuring that diverse businesses are supported to grow their capacity and capability.

This year we spent approximately \$1.5 million with 17 Indigenous owned businesses, of which five are new business relationships. By growing our procurement spend with innovative Indigenous owned businesses, we benefit both the community and the Group. We increased Indigenous business engagement in our supply chain by hosting, in April, the first in a series of Meet the Buyer events – bringing together Commonwealth Bank buyers and selected Indigenous businesses for tailored meetings and seminars.



**\$4.8bn**

spent with more than 5,000 suppliers this year



**\$1.5m**

spent with 17 unique Indigenous suppliers

## Human rights

Our Human Rights Position Statement affirms our responsibility and commitment to respect human rights across all of our operations. The Position Statement identifies that we must apply due diligence on human rights in four key areas: lending, investing, our people and supply chain.

Our Supplier Code of Conduct sets compliance expectations regarding forced, bonded or involuntary labour, and human trafficking for our supply chain. This was updated to improve recognition of human rights and supplier compliance with international human rights laws.

To support these efforts, we also ran an education session on supporting human rights and the abolishment of modern slavery for key procurement staff and have developed responsible procurement training.

In September 2016 we issued our first Slavery and Human Trafficking Statement, in compliance with the UK Modern Slavery Act, highlighting the development of our Human Rights Position Statement. **Our second statement, available on our website**, goes into greater detail on our due diligence processes for our operations, supply chain, lending and investing.



## #8 Play our role in limiting climate change to two degrees

**We are committed to playing our role in limiting climate change to well below two degrees, through actions across our own operations as well as our lending, investing, insuring and procurement. We will continue to measure and reduce our own environmental impact, as well as help our customers to transition to a low-carbon economy and invest in renewable technology.**

Climate change review complete and release position statement in 2017



Property strategy – 2020 targets:

Reduce Scope 1 and 2 carbon emissions (domestic operational control)



2.0tCO<sub>2</sub> per full time employee, per year



100% of NLA commercial offices NABERS rated



80% of NLA commercial offices Green Star rated



100% of new retail spaces built to 5 Star Green Star rating



### Climate risk

There have been a number of significant developments relating to climate change in relation to management and disclosure:

- The Financial Stability Board's Taskforce on Climate-related Financial Disclosures released its recommendations, highlighting the importance of disclosure of strategy, governance, risk management and metrics around climate change. We are supportive of their recommendations and their contribution to a global, consistent framework for climate-related disclosures.

- In October 2016, Noel Hutley SC released a legal opinion on the fiduciary duties of directors in relation to climate risk.
- The Australian Prudential Regulation Authority (APRA) has released guidance on its expectations for regulated entities in addressing climate risk, following on from Executive Board Member Geoff Summerhayes' speech on climate change and prudential risks.

We monitor these events and ensure we consider their impact on our approach to managing climate change.

### Climate Policy Position Statement

This year we have developed our first Climate Policy Position Statement which outlines our view on climate change and our approach to managing our response. Climate change is identified as a significant risk to our business in our Annual Report. We consider climate change to be a significant long term driver of both financial (credit, market, insurance) and non-financial (operational, compliance, reputation) risks. Our first Climate Policy Position Statement provides an initial response to climate change.

Our next step is to develop a long term strategy for how we are going to manage our response to climate change. In line with the recommendations by the Taskforce on Climate-Related Financial Disclosures and APRA, we are undertaking a scenario analysis to inform and guide the longer term strategy. We have also set a 2025 target of \$15 billion for funding low carbon projects such as renewable energy generation, energy efficiency projects and low carbon transport.

**The Climate Policy Position Statement is available on our website**

## Sustainable Property Strategy 2016-2020

We recognise that we can play our role in limiting climate change through improving the environmental efficiency of our operations. We have been measuring, reducing and reporting on our environmental footprint since 2001. Throughout the year we have continued to implement initiatives as part of our Sustainable Property Strategy. We are tracking well towards meeting our 2020 targets.



### Energy & Climate

Reduce scope 1 and 2 carbon emissions (domestic operational control) to 2.0t CO<sub>2</sub> / FTE



### Waste

Increase waste recycling rate from commercial office spaces to 90%



### Water

Reduce water consumption across retail and commercial spaces to best practice (target to be set during FY18)



### Transport

End of trip facilities at commercial office spaces

- 1 shower / 100 FTE
- 5 bicycle parking / 100 FTE
- 10 lockers / 100 FTE



### Food

Procure tea, coffee and sugar from certified local, organic and fair trade sources (target to be set during FY18)



### Culture

NABERS rating of commercial office spaces, 100% of NLA



### Green star rated

Green Star rating of commercial office space, 80% of NLA

Green Star rating of retail spaces, 100% of new retail spaces built to 5 Star



### Health

NABERS Indoor Environmental Quality (IEQ) rating of commercial office spaces, 80% of NLA rated at 4.5 Stars or above



## Solar panels on branches

We are proud to have one of the largest proprietary branch networks in the Australian market, which we are constantly investing in and reviewing. We are in the process of rolling out an onsite renewables program for our retail branch network and are the first Australian bank to do so.

We made a commitment to generating our own electricity at our retail branches and have now installed more than 500kW of solar panels at 34 locations across Australia. Two sites are currently in progress and several sites are under feasibility and we exceeded our target of 30 branches in early July.

The impact in terms of the environmental benefits and financial savings from retail operations is significant, with some sites producing up to 40% in energy savings and 60% in cost savings. To date, the solar panels have saved more than 450 tonnes CO<sub>2</sub>. This is the equivalent of around 11,600 trees being planted.

We welcome our employees, customers and the wider community to visit [our real time public portal](#) to see the impact our solar panels are having on powering our branches and reducing emissions. This site displays data on how our network of solar branches across Australia is performing.

# Performance data



## ESG performance data

Environmental Metrics	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>Full-time equivalent (FTE) employees (#)</b>					
Total full-time equivalent employees	45,614	45,129	45,948	44,329	44,969
Australia	35,701	35,273	35,797	34,312	35,748
New Zealand	5,409	5,518	5,371	5,416	5,419
Other overseas	4,504	4,338	4,780	4,601	3,802
<b>Greenhouse Gas Emissions (Group) (tCO<sub>2</sub>-e)</b>					
Total of Scope 1, 2 & 3 emissions	204,317	164,111	179,276	194,121	205,878
Scope 1 emissions	9,694	9,063	9,729	10,539	10,959
Scope 2 emissions	96,595	107,762	115,580	122,190	134,038
Scope 3 emissions	98,028 <sup>1</sup>	47,286	53,967	61,392	60,881
Greenhouse Gas Emissions per FTE (Scope 1 & 2)	2.3	2.6	2.7	3.0	3.2
<b>Greenhouse Gas Emissions (Australia) (tCO<sub>2</sub>-e)</b>					
Total of Scope 1, 2 & 3 emissions	174,794	139,637	152,689	166,798	180,382
Scope 1 emissions	7,411	7,682	8,025	8,678	9,565
Scope 2 emissions	83,723	94,255	101,125	108,651	120,680
Scope 3 emissions	83,661 <sup>1</sup>	37,700	43,539	49,469	50,137
Greenhouse Gas Emissions per FTE (Scope 1 & 2)	2.6	2.9	3.0	3.4	3.6
<b>Greenhouse Gas Emissions (New Zealand) (tCO<sub>2</sub>-e)</b>					
Total of Scope 1, 2 & 3 emissions	7,822	8,599	8,640	10,184	10,253
Scope 1 emissions	1,348	436	632	698	377
Scope 2 emissions	2,661	3,213	3,393	4,197	4,463
Scope 3 emissions	3,813	4,950	4,615	5,289	5,413
<b>Waste (Australia) (t)</b>					
Total waste	1,270	1,407	1,855	2,057	1,906
Waste to landfill	680	755	960	1,129	1,102
Waste recycled	590	652	895	928	804
<b>Water (Australia) (kL)</b>					
Total water	171,477	114,608	73,111	-	-
<b>Data centre</b>					
Electricity (MWh)	55,282	-	-	-	-
Water (kL)	41,124	-	-	-	-

Customer Satisfaction Metrics	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>CBA – Retail Banking Customer Satisfaction (%)</b>	82.7	82.8	84.2	83.2	83.0
Rank	1st	1st	1st	1st	1st
<b>CBA – Retail Banking Online Customer Satisfaction (%)</b>	94.0	93.3	93.7	93.1	92.4
Rank	1st	1st	1st	1st	1st
<b>CBA – Business and Institutional Banking Customer Satisfaction (out of 10)</b>	7.2	7.2	7.5	7.4	7.4
Rank	=1st	=1st	=1st	=1st	=1st
<b>Wealth Management – Colonial First State's platforms Customer Satisfaction (out of 10)</b>	8.0	8.1	7.8	7.9	8.3
Rank	1st	1st	2nd	1st	1st
<b>Bankwest – Retail Banking Customer Advocacy (out of 10)</b>	7.4	7.6	7.4	7.5	7.5
<b>Bankwest – Business Banking Customer Advocacy (out of 10)</b>	7.2	7.8	7.2	6.9	6.5
<b>Sovereign – Customer Experience Score (%)</b>	83.4	81.8	79.1	77.5	73.3
<b>ASB – Retail Banking Customer Satisfaction (%)</b>	74.4	74.5	73.0	74.1	79.6
Rank	3rd	3rd	3rd	3rd	2nd
<b>ASB – Business and Rural Banking Customer Satisfaction (%)</b>	75.0	78.0	76.0	76.0	77.0
Rank	1st	1st	1st	1st	1st
<b>PT Bank Commonwealth – Banking Service Excellence Performance (%)</b>	70.0	68.3	84.7	77.4	80.8
Rank	7th	8th	3rd	7th	7th

## ESG performance data

Social Metrics	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>Full-time equivalent employees (#)</b>	45,614	45,129	45,948	44,329	44,969
Australia	35,701	35,273	35,797	34,312	35,748
New Zealand	5,409	5,518	5,371	5,416	5,419
Others	4,504	4,338	4,780	4,601	3,802
<b>Employee engagement (%)</b>					
Employee engagement index – CBA	78	77	81	81	80
Employee turnover (voluntary)	10.1	11.3	10.2	10.2	10.2
<b>Diversity (%)</b>					
Women in workforce	57.8	58.0	58.5	59.2	59.9
Women in Manager and above roles	44.4	43.6	43.2	42.9	42.0
Women in Executive Manager and above roles	36.7	35.2	33.9	31.8	30.3
<b>Gender Pay Equity – Female to Male Base Salary Comparison (ratio)</b>					
Executive General Manager	0.95	0.96	-	-	-
General Manager	1.03	0.99	-	-	-
Executive Manager	1.00	1.00	-	-	-
Manager / Professional	0.98	0.99	-	-	-
Team Member	1.00	0.99	-	-	-
<b>Age diversity (%)</b>					
<25 years	8.1	8.3	8.9	9.4	9.8
25-34 years	34.8	35.9	36.9	36.9	36.6
35-44 years	29.7	29.5	29.1	28.8	29.1
45-54 years	18.9	18.5	17.8	17.7	17.4
55-64 years	7.6	7.2	6.8	6.8	6.6
65+ years	0.6	0.6	0.5	0.4	0.5
<b>Ethnic Diversity (%)</b>					
Australian peoples	50.0	-	-	-	-
Indigenous workforce	0.8	-	-	-	-
Non-Australian peoples	40.0	-	-	-	-
Choose to not respond	10.0	-	-	-	-

**Social Metrics continued**

	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>Flexibility (%)</b>					
Staff working flexibly	69.4	43.4	44.5	43.8	42.8
Staff working part-time or job-sharing	19.4	19.8	20.1	20.7	20.8
<b>Human Capital Development (#)</b>					
Number of graduates	149	119	114	131	95

	Full Year Ended								
<b>Training Hours (#)</b>	30 Jun 17			30 Jun 16			30 Jun 15		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executive Managers and above	74,051	83,676	157,727	89,771	130,040	219,811	45,817	92,159	137,976
Others	1,103,412	795,122	1,898,534	908,310	712,808	1,621,118	898,040	705,969	1,604,009
Total	1,177,463	878,798	2,056,261	998,081	842,848	1,840,929	943,857	798,128	1,741,985
<b>Training (hours per employee)</b>									
Executive Managers and above	70.7	43.5	53.1	89.8	65.9	74.0	46.6	45.9	46.2
Others	40.4	35.6	38.3	32.5	31.3	32.0	29.9	30.8	30.3
Grand Total	41.6	36.2	39.1	34.5	34.1	34.3	30.5	32.0	31.1

	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>Employees participating in Environmental, Social and Governance (ESG) Training</b>	2,768	1,786			
<b>Safety and Wellbeing</b>					
Lost Time Injury Frequency Rate (LTIFR) (rate)	1.1	1.5	2.0	1.5	1.9
Absenteeism (days)	5.9	6.0	6.0	6.1	6.2

## ESG performance data

**Social Metrics continued**

<b>Community Investment (\$M)</b>	Full Year Ended		
	<b>30 Jun 17</b>	<b>30 Jun 16</b>	<b>30 Jun 15</b>
Total Community Investments	272	262	243
– Cash contributions	37.2	37.8	31.3
– Time volunteering	1.2	1.4	1.8
– Foregone revenue	222	212	204
– Program implementation costs	11.7	11.6	6.8
Community Investments as a percentage of pre-tax profit (%)	2.0	2.0	1.9

<b>Financial Literacy Programs (#)</b>	Full Year Ended				
	<b>30 Jun 17</b>	<b>30 Jun 16</b>	<b>30 Jun 15</b>	<b>30 Jun 14</b>	<b>30 Jun 13</b>
School banking students (active)	326,146	330,874	310,474	273,034	233,217
Start Smart students (booked)	574,246	557,475	298,505	288,728	284,834
<b>Indigenous community support</b>					
Indigenous Customer Assistance Line (number of calls received) (#)	168,218	170,789	-	-	-
Australian Indigenous supplier spend (\$'000)	1,460	1,080	-	-	-

## ESG performance data

## Governance Metrics

	Full Year Ended				
	30 Jun 17	30 Jun 16	30 Jun 15	30 Jun 14	30 Jun 13
<b>Board diversity (#)</b>	10	12	11	10	9
Male (#)	6	8	8	7	6
Female (#)	4	4	3	3	3
<b>Female directors on Board (%)</b>	40	33	27	30	33
<b>Training related to code and conduct</b>					
Training completion rates on 'Our Commitments' (%)	97.6	-	-	-	-
Training completion rates on mandatory learning (%)	96.9	-	-	-	-
<b>Conduct and whistleblowing</b>					
Substantiated misconduct cases (#)	1,022	-	-	-	-
SpeakUP Program cases (#)	171	-	-	-	-
– Whistleblower cases (#)	44	-	-	-	-

Environmental	
<b>Greenhouse Gas Emissions (Group)</b>	Total Greenhouse Gas Emissions are the sum of Scope 1 Greenhouse Gas Emissions (Group) + Scope 2 Greenhouse Gas Emissions (Group) + Scope 3 Greenhouse Gas Emissions (Group) defined below.
<b>Scope 1 Greenhouse Gas Emissions (Group)</b>	<p>Comprises the sum of:</p> <ul style="list-style-type: none"> <li>• Scope 1 Greenhouse Gas Emissions (Australia) – refer metric definition below;</li> <li>• Scope 1 Greenhouse Gas Emissions (New Zealand) – refer metric definition below; and</li> <li>• Scope 1 Greenhouse Gas Emissions (Other) which is estimated for regions other than Australia and New Zealand. This has been estimated by multiplying the Scope 1 Emissions per FTE in Australia by the number of FTEs in regions outside of Australia and New Zealand. (This calculation approach is new in 2017 and has also been applied to restated prior year amounts.)</li> </ul>
<b>Scope 2 Greenhouse Gas Emissions (Group)</b>	<p>Comprises the sum of:</p> <ul style="list-style-type: none"> <li>• Scope 2 Greenhouse Gas Emissions (Australia) – refer metric definition below;</li> <li>• Scope 2 Greenhouse Gas Emissions (New Zealand) – refer metric definition below; and</li> <li>• Scope 2 Greenhouse Gas Emissions (Asia) – emissions relate to electricity use by the Group’s commercial offices in China, India, Singapore, Japan, Vietnam, as well as the retail branches in China and Indonesia. Data excludes joint ventures. Source of emissions factors: International Energy Agency - World CO2 Emissions from Fuel Combustion database (2016).</li> <li>• Scope 2 Greenhouse Gas Emissions (Other) which is estimated for regions other than Australia, New Zealand and Asia. This has been estimated by multiplying the Scope 2 Emissions per FTE in Australia by the number of FTEs in regions outside of Australia, New Zealand and Asia. (This calculation approach is new in 2017 and has also been applied to restated prior year amounts.)</li> </ul>
<b>Scope 3 Greenhouse Gas Emissions (Group)</b>	<p>Comprises the sum of:</p> <ul style="list-style-type: none"> <li>• Scope 3 Greenhouse Gas Emissions (Australia) – refer metric definition below;</li> <li>• Scope 3 Greenhouse Gas Emissions (New Zealand) – refer metric definition below; and</li> <li>• Scope 3 Greenhouse Gas Emissions (Other) which is estimated for regions other than Australia and New Zealand. This has been estimated by multiplying the Scope 3 Emissions per FTE in Australia by the number of FTEs in regions outside of Australia and New Zealand. (This calculation approach is new in 2017 and has also been applied to restated prior year amounts.)</li> </ul>
<b>Greenhouse Gas Emissions per FTE (Group)</b>	Greenhouse Gas Emissions relate to Scope 1 and 2 Greenhouse Gas Emissions as detailed above. FTE relates to the Group’s full-time equivalent employees. For consistency and comparability with peers, emissions per FTE relate to Scope 1 and 2 only.
<b>Greenhouse Gas Emissions (Australia)</b>	Total Greenhouse Gas Emissions (Australia) are the sum of Scope 1, Scope 2 and Scope 3 emissions (Australia) defined below. This comprises CBA and Bankwest.
<b>Scope 1 Greenhouse Gas (Australia)</b>	Scope 1 Greenhouse Gas Emissions relate to the consumption of natural gas and stationary fuel used in retail and commercial properties. It also includes the business use of our domestic tool-of-trade vehicle fleet. Source of emissions factors: NGA Factors (2016).

## Metrics definitions

<b>Scope 2 Greenhouse Gas (Australia)</b>	Scope 2 Greenhouse Gas Emissions relate to the electricity use by domestic retail, commercial, ATMs and certain residential properties. Source of emissions factors: NGA Factors (2016).
<b>Scope 3 Greenhouse Gas (Australia)</b>	Scope 3 Greenhouse Gas Emissions relate to domestic indirect emissions associated with Scope 1 and Scope 2 emission sources, rental car and taxi use, business use of private vehicles, dedicated bus service, business flights and waste to landfill. Emissions associated with electricity consumption at data centres not under CBA's operational control have also been included for the first time in 2017 (noting that prior year data has not been updated to reflect this change). Source of emissions factors: NGA Factors (2016), and DEFRA (2016) for flights.
<b>Greenhouse Gas Emissions per FTE (Australia)</b>	Greenhouse Gas Emissions relate to Scope 1 and 2 emissions sources as detailed above. FTE relates to domestic full-time equivalent employees in Australia. For consistency and comparability with peers, emissions per FTE relate to Scope 1 and 2 only.
<b>Greenhouse Gas Emissions (New Zealand)</b>	Total Greenhouse Gas Emissions (New Zealand) are the sum of Scope 1, Scope 2 and Scope 3 emissions (New Zealand) defined below. This comprises ASB and Sovereign.
<b>Scope 1 Greenhouse Gas Emissions (New Zealand)</b>	Scope 1 Greenhouse Gas Emissions relate to the consumption of gas and fuel by ASB and Sovereign in domestic operations. It includes both retail and commercial properties and business use of domestic tool-of-trade vehicle fleet. Source of emissions factors: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016).
<b>Scope 2 Greenhouse Gas Emissions (New Zealand)</b>	Scope 2 Greenhouse Gas Emissions relate to the electricity use by ASB and Sovereign's domestic retail properties, commercial properties and domestic ATMs. Source of emissions factors: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016).
<b>Scope 3 Greenhouse Gas Emissions (New Zealand)</b>	Scope 3 Greenhouse Gas relate to indirect emissions associated with Scope 1 and Scope 2 emission sources, waste to landfill, business air travel, taxi use and hire cars, as well as fuel consumed in leased vehicles and staff personal vehicles, where appropriate. Source of emissions factors: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016), DEFRA (2016) for flights. EPA Victoria 2013 for paper.
<b>Total waste</b>	Total waste comprises the sum of waste to landfill and waste recycled as defined below.
<b>Total waste to landfill</b>	<p>Tonnes of waste to landfill generated per annum from CBA and Bankwest's nine major commercial buildings located in NSW and WA. The weight is estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. In 2017, these buildings represent the home office location for 55% of the Group's total domestic FTE employees.</p> <p>In 2016, the scope comprised nine major commercial buildings located in NSW and WA which includes 2, 4 and 10 Dawn Fraser Av, 1 and 11 Harbour St, Tower 1 201 Sussex St, 101 and 150 George St and Bankwest Place. 2013-2015 results did not include Bankwest Place.</p>
<b>Total waste recycled</b>	Tonnes of recycled waste generated per annum from CBA and Bankwest's nine major commercial buildings located in NSW and WA. The weight is estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. Secure paper has not been included this year as we are currently investigating, with our vendor, issues within the data collection process. For comparability, we have removed secured paper for prior years.

<b>Total water</b>	<p>Water consumption includes tenanted usage from CBA and Bankwest’s commercial buildings in Australia. Consumption amounts are calculated as follows:</p> <ul style="list-style-type: none"> <li>• Actual invoiced water quantities are used where available.</li> <li>• Where a complete set of invoices are not available, CBA extrapolates the remaining months of data from an monthly average based on invoiced amounts.</li> <li>• Where CBA occupies a portion of a building and invoices are only available for the whole building, CBA reports an apportioned amount, based on its occupied Net Lettable Area (NLA) of the building.</li> <li>• Where CBA occupies a portion of a building and no invoiced data is available, CBA reports an estimated amount, based on an average kL per m<sup>2</sup>, which is calculated from CBA buildings where invoices are available.</li> </ul> <p>As at 30 June 2017, 37% water consumption is based on actual invoiced amounts.</p> <p>In 2016, the data included nine major commercial buildings located in NSW and WA and retail portfolio. This year, the data represents CBA and Bankwest’s 43 Australian commercial buildings.</p>
<b>Data centres</b>	<p>The Group has five data centres and one of them is within the Group’s operational control.</p>
<b>Data centres electricity</b>	<p>This relates to the electricity consumption in our five Australian data centres.</p>
<b>Data centres water</b>	<p>Comprises metered water consumption of the Group’s five Australian data centres.</p>
<b>Social</b>	
<b>CBA – Retail Banking Customer Satisfaction</b>	<p>The metric represents the proportion of retail customers surveyed by Roy Morgan Research that are either ‘Very Satisfied’ or ‘Fairly Satisfied’ with their overall relationship with their Main Financial Institution (MFI). MFI customers are defined as retail customers who consider CBA to be their main financial institution, and hold at least one Deposit/Transaction account. The satisfaction scale ranges from 1 to 5 where 1 is ‘Very Dissatisfied’ and 5 is ‘Very Satisfied’. The metric is reported as a 6 month rolling average as at 30 June, based on the Australian population aged 14 and over. The ranking refers to CBA’s position relative to the other three main Australian banks (Westpac, NAB and ANZ).</p>
<b>CBA – Retail Banking Online Customer Satisfaction</b>	<p>The metric represents the proportion of retail customers surveyed by Roy Morgan Research that are either ‘Very Satisfied’ or ‘Fairly Satisfied’ with their overall experiences using internet banking in the last 4 weeks with their Main Financial Institution (MFI). MFI customers are defined as retail customers who consider CBA to be their main financial institution, and hold at least one deposit/transaction account, card or loan and have conducted internet banking using CBA’s website and/or using an App on a mobile phone or tablet within the last 4 weeks. The satisfaction scale ranges from 1 to 5 where 1 is ‘Very Dissatisfied’ and 5 is ‘Very Satisfied’. The metric is reported as a 6 month rolling average as at 30 June, based on the Australian population aged 14 and over. The ranking refers to CBA’s position relative to the other three main Australian banks (Westpac, NAB and ANZ).</p>
<b>CBA – Business and Institutional Banking Customer Satisfaction</b>	<p>The metric represents the average satisfaction level of CBA’s Business and Institutional Banking customers as measured by DBM’s Business Financial Services Monitor on the level of service provided by CBA. Respondents rate their overall satisfaction using an 11-point scale (where 0 is ‘Extremely Dissatisfied’ and 10 is ‘Extremely Satisfied’). Results are reported as a 6 month rolling average as at 30 June. The ranking refers to CBA’s position relative to the other three major Australian banks (Westpac, NAB and ANZ).</p>

## Metrics definitions

<b>Wealth Management – Colonial First State’s platforms Customer Satisfaction</b>	The metric represents weighted average satisfaction of the Colonial First State platforms – Colonial FirstChoice and Colonial FirstWrap in the Wealth Management business unit as measured by the annual Wealth Insights Service Level Survey. The weighted average Funds Under Administration (FUA) of Colonial FirstChoice and Colonial FirstWrap is calculated using the most recent ‘Strategic Insight’ subscription database (formerly known as Plan for Life). Respondents rate their overall satisfaction out of 10. The ranking is calculated by comparing the overall satisfaction score with the weighted average of other platform providers in the relevant peer set (using the same FUA weighted methodology as the Colonial First State’s score). The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie Bank in the Wealth Insights Service Level Survey.
<b>Bankwest – Retail Banking Customer Advocacy</b>	This metric represents the average score retail customers give on a scale of 1-10 surveyed by Roy Morgan, based on their likelihood of recommending Bankwest as their Main Financial Institution (MFI). MFI customers are defined as retail customers who consider Bankwest to be their main financial institution. The metric is reported as a 6 month rolling average as at 30 June, based on the Australian population aged 14 and over.
<b>Bankwest – Business Banking Customer Advocacy</b>	The metric represents the average score business customers give on a scale of 0-10, based on their likelihood to recommend Bankwest as their Main Financial Institution (MFI). MFI customers are defined as business customers who consider Bankwest to be their main financial institution. The metric is measured by DBM’s Business Financial Services Monitor as a 6 month rolling average as at 30 June.
<b>Sovereign – Customer Experience</b>	The metric represents the average score of customer experience measured by the Customer Experience Survey conducted by Sovereign, which is sent to customers who have had a recent interaction with Sovereign. The score is based on averages from three customer groups – new customers, existing customers and customers who have made a claim.
<b>ASB – Retail Banking Customer Satisfaction</b>	The metric represents the proportion of retail customers surveyed by Camorra Research Retail Market Monitor (RMM) that rated either ‘Excellent’ or ‘Very good’ on a scale of 1 to 5, where 1 is ‘Poor’ and 5 is ‘Excellent’ on their satisfaction level with their main provider of financial services. The metric is reported as a 12 month rolling average as at 30 June, based on the New Zealand population aged 15 - 79. The ranking refers to ASB’s position relative to the other four main New Zealand banks (ANZ, BNZ, Kiwibank and Westpac).
<b>ASB – Business and Rural Banking Customer Satisfaction</b>	The metric represents the proportion of business and rural customers surveyed by Kantar TNS that rated ‘Excellent’ or ‘Very good’ on their overall satisfaction level with their main bank on a scale of 1 to 6 where 1 is ‘Excellent’ and 6 is ‘Very poor’. Main bank is defined as the main provider of financial services by the customer. The metric is reported as a four quarters rolling average to 30 June, based on the New Zealand business and rural populations. The ranking refers to ASB’s position relative to the other main New Zealand banks. The competitor set varies for different segments. For small businesses, they are ANZ, BNZ, Kiwibank and Westpac. For commercial and corporate, they are ANZ, BNZ and Westpac. For rural, they are ANZ, BNZ, Westpac and Rabobank.
<b>PT Bank Commonwealth – Banking Service Excellence Performance</b>	The metric represents the results of the Banking Service Excellence Monitoring (BSEM) survey conducted by Marketing Research Indonesia (MRI) independently every year using Mystery Shopping methodology. In 2017, BSEM measured service excellence performance of the top 20 banks in Indonesia (private owned-banks, government banks and foreign banks).
<b>Full-time equivalent employees</b>	This metric represents the full time equivalent (FTE) employees of the Group by geographical work locations. FTE captures full-time, part-time, job-share employees, employees on extended leave and contractors. One full-time role is equal to 38 working hours per week. FY16 and FY14 numbers are restated due to internal reconfigurations.
<b>Employee engagement index – CBA</b>	The index shows the proportion of employees replying with a score of 4 or 5 to four engagement questions in the People and Culture Survey. These questions relate to satisfaction, retention, advocacy and pride on a scale of 1-5 (where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree’). The result captures the responses of CBA employees only, excluding Colonial First State Global Asset Management, Bankwest, Aussie Home Loan, ASB, PT Bank Commonwealth, IFS, TYME and Sovereign.

## Metrics definitions

<b>Employee turnover (voluntary)</b>	Employee turnover refers to all voluntary exits of permanent employees as a percentage of the average, permanent headcount paid directly by the Group (full-time, part-time, job-share or on extended leave), excluding the employees of ASB and Sovereign. Voluntary exits are determined to be resignations and retirements.
<b>Women in workforce</b>	The metric represents percentage of roles filled by women, in relation to the total headcount as at 30 June for the Group. Headcount captures permanent headcount (full-time, part-time, job-share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, excluding the employees of ASB and Sovereign.
<b>Women in Manager and above roles</b>	The metric represents percentage of roles that are filled by women at the level of Manager and above (including Branch Managers), in relation to the total headcount at this level as at 30 June. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, excluding the employees of ASB and Sovereign.
<b>Women in Executive Manager and above roles</b>	The metric represents percentage of roles at the level of Executive Manager and above filled by women, in relation to the total headcount at these levels as at 30 June. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, excluding the employees of ASB and Sovereign.
<b>Gender Pay Equity – Female to Male Base Salary Comparison</b>	Gender pay equity is defined as the pay gap between the weighted average base salary of males and females for Australian-based employees of the Group. The data reflects roles in similar functions, role size and responsibilities. The data refers to permanent full time and part time employees, excluding contractors, employees who have not defined a gender, as at March 2017.
<b>Age diversity</b>	Age diversity is the breakdown of permanent employees (full-time, part-time, job share or on extended leave) and those contractors paid directly by the Group, by their age group as at 30 June of the reporting year. The population excludes the employees of ASB and Sovereign.
<b>Ethnic Diversity</b>	The metric represents the ethnicity of respondents who chose to nominate the ethnicity they most strongly identify with in the People and Culture Survey conducted by CBA. It also includes respondents who chose not to respond to this question. The surveyed population is the same as the 'Employee Engagement Index – CBA'.
<b>Indigenous workforce</b>	The metric represents the ethnicity of respondents who chose to nominate the ethnicity they most strongly identify with in the People and Culture Survey conducted by CBA. Indigenous Workforce shows the proportions of employees who selected: 1) Australian Peoples – Australian Aboriginal 2) Australian Peoples – Torres Strait Islander; and 3) Australian Peoples – Both Australian & Torres Strait Islander. The surveyed population is the same as the 'Employee Engagement Index – CBA'.
<b>Staff working flexibly</b>	The metric represents the proportion of CBA employees that have used flexible work options in the last 12 months based on the survey responses in the People and Culture Survey. The answer options are multi-select. Answer options for flexible working include: working from home, alternating my start/finish time; working from a different location; purchased extra annual leave; job-share; part time/reduced working hours; compressed work week; and other. Note this question slightly varied from last year's: 'My manager allows me the flexibility I need to meet my work goals and personal needs' that responded with a score of 4 or 5.
<b>Staff working part-time or job-sharing</b>	The number of employees at 30 June who are employed on a part-time or job share basis, as a percentage of permanent employees (full-time, part-time, job share or on extended leave) and contractors paid directly by the Group, excluding the employees of ASB and Sovereign.

## Metrics definitions

<b>Number of graduates</b>	The number of graduates who accepted and commenced in a graduate position with CBA under the Talent Acquisition programme during the year ended 30 June.
<b>Training Hours</b>	This represents the total completed training hours recorded in CBA's learning management system 'PeopleLink' as at 30 June. Training hours are allocated to each training item such as face-to-face or online training. Executive Managers, General Managers, Executive General Managers and the Chief Executive Officer are included in 'Executive Managers and above' and 'Others' include team managers and team members.
<b>Training Hours per Employee</b>	This metric represents the average completed training hours per employee that is recorded in CBA's learning management system 'PeopleLink' as at 30 June, measured by headcount. Role Level is defined as Training Hours.
<b>Environmental, Social and Governance (ESG) Training</b>	Number of employees who have completed ESG learning modules recorded in CBA's learning management system 'PeopleLink' as at 30 June, measured by headcount. The ESG learning modules are ESG Risk Fundamentals, ESG Risk Tool and Responsible Investing and Equator Principles III eLearning.
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	LTIFR is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by domestic employees. The metric captures claims relating to Australian domestic employees only (permanent, casual and those contractors paid directly by the Group). Data is presented using the information available as at 30 June for each financial year.
<b>Absenteeism</b>	Absenteeism refers to the average number of sick leave days per Australian domestic full-time equivalent (FTE) (and for CommSec employees, it includes carers leave days), excluding Bankwest.
<b>Total Community Investments</b>	Total voluntary investments contributed to the community in the form of cash contributions, time volunteering, foregone revenue and program implementation costs as defined under each metric below.
<b>Cash Contributions</b>	Total dollars contributed by the Group through charitable gifts, community partnerships and matched giving. Matched giving excludes staff contributions.
<b>Time volunteering</b>	Total estimated cost of volunteering hours contributed by CBA and Bankwest Australian domestic employees through volunteering activities as captured in CBA's volunteering database. Average hourly rates are calculated using Australia permanent employees' salaries as at 30 June excluding the salary of executive leadership and management team.
<b>Foregone revenue</b>	Foregone revenue consists of the aggregate value of fee-free or discounted CBA customers banking accounts (relating to Monthly Account Fee and Transaction Fees only, not including discounts in interest rates) for customers who have been assessed as low-income earners, underprivileged or not-for-profit organisations.
<b>Program implementation costs</b>	Total costs incurred by the Group to implement community investment programs such as Spirit of ANZAC Experience, operating costs of managing the Indigenous Customer Assistance Line call centre, operating cost of managing the Group Corporate Affairs team and Women in Focus as well as other not-for-profit and schools. These costs include salary and wages, occupancy, IT and other administration costs.

## Metrics definitions

<b>Community Investments as a percentage of pre-tax profit</b>	Total Community Investments as a percentage of the Group's statutory pre-tax profit as at 30 June.
<b>School banking students (active)</b>	The number of active students who participated in the CBA School Banking program from the period 1 July to 30 June. Active students are those who banked at least once during the last 12 month period through a school which participated in the CBA School Banking program.
<b>Start Smart students (booked)</b>	The number of students booked to attend the CBA's Start Smart programs from the period 1 July to 30 June. Start Smart sessions cover different topics and the same student may be booked to attend a number of sessions.
<b>Indigenous Customer Assistance Line (calls received)</b>	Number of calls received via the dedicated Indigenous Customer Assistance Line (ICAL) of CBA during the period from 1 July to 30 June. The metric does not take into account calls that were abandoned by customers. This assistance line is dedicated to assist the Australian Indigenous community.
<b>Australian Indigenous supplier spend</b>	The Group's total direct and indirect supplier diversity spend on Indigenous businesses in Australia. The spend includes supply of stationery, services and other products used by CBA. Indigenous businesses are those business who are at least 50% owned by the Australian Indigenous community. This metric excludes payments to the Australian Indigenous business that were given as grants.
<b>Governance</b>	
<b>Board Size</b>	The metric represents number of Executive and Non-executive Directors on the Commonwealth Bank of Australia Board as at 30 June.
<b>Female directors on Board</b>	The metric represents percentage of female directors in relation to the total Commonwealth Bank of Australia Board as at 30 June.
<b>Substantiated misconduct cases</b>	The metric represents closed substantiated misconduct cases by Australian domestic employees that are managed by the Workplace Relations team and Group Investigations team. The metric excludes incidents reported by local associates and joint ventures. There are various internal policies within the Group that govern staff conduct obligations, such as 'Our Commitments' which is the guiding framework at CBA.
<b>Training completion rates on 'Our Commitments'</b>	The metric represents percentage of employees who have been assigned and completed 'Our Commitments' learning module recorded in CBA's learning management system 'PeopleLink' as at 30 June. This metric excludes the training completion rates of the employees of Bankwest, ASB and Sovereign.
<b>Training completion rates on mandatory learning</b>	The metric represents percentage of employees who have been assigned and completed the Group's mandatory learning modules recorded in CBA's learning management system 'PeopleLink' as at 30 June. The Group's mandatory learning modules are Anti-Bribery and Corruption, Anti-Money Laundering & Counter-Terrorism Financing, Conflicts of Interest, Fraud, Security and Privacy, Resolving Customer Complaints, Workplace Conduct and Health and Safety.
<b>SpeakUP Program cases</b>	The metric represents the number of SpeakUP cases reported via the Group's SpeakUP program as at 30 June. The cases include disclosure types such as anonymous, confidential and whistleblower.
<b>Whistleblower cases</b>	The metric represents the number of 'whistleblower' cases reported via the Group's Speak UP program as at 30 June.

## Independent Assurance Report to the Board of Directors of Commonwealth Bank of Australia

### What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the Non-Financial Metrics (Environmental, Customer, Social and Governance metrics) for the year ended 30 June 2017 as presented on pages 63 to 68 of the 2017 Commonwealth Bank of Australia Corporate Responsibility Report has not been prepared, in all material respects, in accordance with the Definitions established by management.

### What we did

Commonwealth Bank of Australia engaged us to perform a limited assurance engagement on the preparation of the Non-Financial Metrics (Environmental, Customer, Social and Governance metrics) (the "Metrics") as presented on pages 63 to 68 of the 2017 Commonwealth Bank of Australia Corporate Responsibility Report (the "2017 Group's Sustainability Performance Summary"). This limited assurance engagement was performed in accordance with the 2017 Reporting Criteria established by management for the year ended 30 June 2017.

### Subject matter

The Metrics for the year ended 30 June 2017 are as presented in the 2017 Group's Sustainability Performance Summary.

### Reporting Criteria

The Metrics and their definitions are established by management and are as presented together on pages 63 to 75 of the 2017 Commonwealth Bank of Australia Corporate Responsibility Report.

### Our Independence and Quality Control

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

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

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000,  
GPO BOX 2650 Sydney NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

### Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, defining, calculating and estimating such data.

### Limited assurance

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

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

### Responsibilities

#### PwC

Our responsibility is to express a conclusion based on the work we performed.

#### Commonwealth Bank of Australia

The management of Commonwealth Bank of Australia is responsible for the preparation and presentation of the subject matter in accordance with the Reporting Criteria.

### Restriction on use

This report has been prepared for the purpose of providing limited assurance on the Metrics for the year ended 30 June 2017 and may not be suitable for any other purpose.

Our report is intended solely for the Directors of Commonwealth Bank of Australia for the purposes described above and must not be distributed or used by any other party.

### What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This Standard requires that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

### Main procedures performed

The procedures performed included:

- Enquiries of relevant staff responsible for preparing the Metrics;
- Enquiries about the design of the internal controls and systems used to collect and process the Metrics;
- Where applicable, enquiries of third parties responsible for the preparation of data included in the Metrics;
- Enquiries about the design of the systems used by third parties to collect and process the Metrics;
- Comparing the Metrics to relevant underlying sources on a sample basis; and
- Reading the Metrics presented in the 2017 Group's Sustainability Performance Summary to determine whether they are in line with our overall knowledge of, and experience with, the Commonwealth Bank of Australia's Corporate Responsibility initiatives.

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



Marcus Laithwaite  
Partner

PricewaterhouseCoopers  
Sydney

8 August 2017



**Commonwealth**Bank

## **Contact us**

commbank.com.au

13 22 21

If you would like to provide feedback,  
or you have questions on this report  
or our corporate responsibility  
performance, please contact us at  
**[corporateresponsibility@cba.com.au](mailto:corporateresponsibility@cba.com.au)**