



**COMMONWEALTH BANK'S**

# **COMMITMENT TO SUSTAINABILITY**

**SUSTAINABILITY REPORT 2012**



[commbank.com.au/sustainability](http://commbank.com.au/sustainability)

# 2012 HIGHLIGHTS

Over  
14 million  
customers



Main Financial Institution for  
**1 IN 3**  
Australians\*

**2.83**  
Products Per Customer  
(No.1 among peers  
in Australia)



Over 1 million  
home loan customers

In FY12, we reduced  
our greenhouse  
gases by more than  
**23,500**  
▼ tCO<sub>2</sub>-e



Over  
**51,000**  
employees globally

**80%**  
employee  
engagement score



**30.9%**  
women in Executive  
Manager and above roles

As at 30 June 2012,  
we exceeded our target  
and created  
**354**  
Indigenous career  
opportunities

**\$200**  
million+  
community contribution

**800,000**  
shareholders

**18.6%**  
Return On  
Equity (ROE)

**\$3.34**  
dividend per share  
▲ UP 4%

**\$7,113m**  
Net profit after  
income tax (cash)  
▲ UP 4%



Australia's  
3rd largest  
tax payer

\*Results presentation for the Full Year ended 30 June 2012



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# ABOUT THIS REPORT

This is the Commonwealth Bank Group's (the Group's) fourth annual Sustainability Report. The Report outlines our approach to sustainability, together with our key initiatives and achievements during the 2011–12 financial year.

## AUDIENCE AND SCOPE

The Sustainability Report 2012 is written for our customers, employees, shareholders, community partners and professional groups – everyone who has an interest in the Group's approach to the sustainability of our business.

The report covers the activities of companies wholly owned by the Group within Australia, from 1 July 2011 to 30 June 2012.

## ASSURANCE

The key metrics in the Sustainability Scorecard on page 11 and the Metrics and Definitions at [commbank.com.au/sustainability2012](http://commbank.com.au/sustainability2012) have been independently reviewed and assured by KPMG.

## MORE INFORMATION

You can find a range of case studies on our Sustainability Report microsite - [commbank.com.au/sustainability2012](http://commbank.com.au/sustainability2012) and more information about our approach and initiatives at [commbank.com.au/sustainability](http://commbank.com.au/sustainability)

The following Commonwealth Bank Group's wholly owned subsidiaries also publish their own reports:

- ◆ **Bank of Western Australia (Bankwest):** Sustainability Snapshot at [commbank.com.au/sustainability](http://commbank.com.au/sustainability)
- ◆ **Colonial First State Global Asset Management (CFSGAM):** Responsible Investment Report at: [cfsgam.com.au/RI.aspx](http://cfsgam.com.au/RI.aspx)
- ◆ **ASB Bank:** ASB in Your Community at [asb.co.nz/community-and-sponsorship/corporate-responsibility](http://asb.co.nz/community-and-sponsorship/corporate-responsibility)

## YOUR FEEDBACK

If you have any feedback on our sustainability approach and reporting, we would love to hear from you.



## CONNECT

Connect with us through social networks:

- [facebook.com/commonwealthbank](http://facebook.com/commonwealthbank)
- [twitter.com/commbank](http://twitter.com/commbank)
- [Google+](http://Google+)
- [blog.commbank.com.au](http://blog.commbank.com.au)



## EMAIL

Email us at: [sustainability@cba.com.au](mailto:sustainability@cba.com.au)



## WRITE

Write to us at:  
Corporate Sustainability  
Commonwealth Bank  
Level 5, Tower 1  
201 Sussex Street  
Sydney NSW 2000

# A message from our CEO

I'm pleased to present our fourth annual sustainability report. Sustainability has been at the forefront of our minds even more than usual recently, as we reflect on 100 years of history of the Commonwealth Bank Group. We take pride in this history. But we also acknowledge the responsibility that it places on all of us currently working in the Group.

During the last century, the Group has played a critical role in the lives of millions of Australian customers, employees and shareholders, as well as in the broader community. We see it as our responsibility to ensure that this role continues for the next century and beyond.

For the Group, sustainability means building a successful business today while ensuring long-term value for our customers and shareholders, as well as to the wider community. As such, sustainability is integral to the customer focus to which we aspire across the Group.

**“Sustainability is integral to the customer focus to which we aspire across the Group.”**



**“As the temporary custodians of this Group, we have a responsibility to make it even better for future generations.”**

### **Sustainable business practices**

Sound risk and financial management remains at the core of all our business activities. Our strength and stability rest on robust corporate governance, a strong and flexible balance sheet, transparent reporting and, above all, a culture of integrity and risk awareness. This all ensures that we can continue to support our customers, shareholders and employees for the long-term.

### **Responsible financial services**

Providing responsible financial services and ensuring high customer satisfaction remain key priorities. We offer high-quality and innovative financial solutions to our diverse customer base, while continuously improving our technology and maintaining the highest levels of integrity and customer service. We know what to do and we have the right people with the right mindset to make it happen.

### **Engaged and talented people**

Our people are central to our success; so we continue to invest in people development and talent management. We are also dedicated to creating a diverse and safe workplace where our people are proud to work.

During this reporting period we launched our new People and Culture Survey to give us insights into how to continuously improve the engagement of our people. Our latest employee engagement result is 80 per cent, placing us within the top quartile of the global industry benchmark.

### **Community contribution and action**

We have a proud legacy of supporting Australian communities. In September 2011, I was delighted to announce our commitment to invest an additional \$100 million over the next 10 years for our people to further support our community work. I am particularly pleased that the Group is now matching dollar-for-dollar contributions made by our people to the Staff Community Fund, the oldest – and now the largest – workplace-giving program in Australia.

### **Environmental stewardship**

As one of Australia’s largest organisations, we are keenly aware of the importance of mitigating our environmental impact. In the reporting period we have continued to reduce our environmental footprint. We are now on track to meet our carbon reduction target of 20% by June 2013 (from a 2008/09 baseline). We also provide smart solutions to help our people and customers reduce their own carbon footprint.

Our Board and management team are acutely aware that as the temporary custodians of this Group, we have a responsibility to make it even better for future generations of customers, shareholders and employees.



**Ian Narev**

Chief Executive Officer  
Commonwealth Bank Group

# WHO WE ARE

Established in 1912, the Group is Australia's leading provider of integrated financial services. With established businesses in Australia, New Zealand, Europe and the Asia-Pacific region, we have over 51,000 employees globally who serve over 14 million customers.

Our products and services include retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, investment and stockbroking. Our brands include Commonwealth Bank, Colonial First State, Colonial First State Global Asset Management, First State Investments, CommInsure, CBA Advice, ASB, Sovereign, CommSec, Bankwest, PT Bank Commonwealth, PT Commonwealth Life and PT First State Investments Indonesia.

We are Australia's most profitable bank, with a strong balance sheet and we are one of only a number of global banks in the 'AA' ratings category. We help drive the Australian economy by:

- ◆ Providing cost-effective lending;
- ◆ Paying strong returns to deposit holders;
- ◆ Enabling customers to confidently transact;
- ◆ Helping protect and enhance our customers' wealth; and
- ◆ Generating returns for millions of Australians who own our shares directly or through funds.

\$ billion	2012	2011	2010
Tax paid	2.7	3.0	2.9
Dividends paid to shareholders	5.3	5.0	4.5
Salaries and related expenses paid to our employees	4.9	4.9	4.6

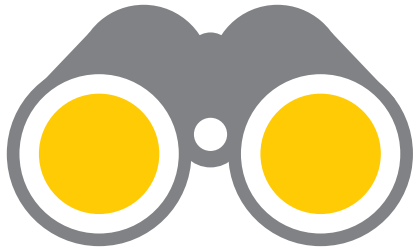
## Strong contributor to Australian economy

### Where does our income go?

FY 2012 (\$bn)



<sup>1</sup> Most recent annual results data amongst ASX 100 companies. Sourced from Bloomberg 1 August 2012.



## OUR VISION

Our vision is to be Australia's finest financial services organisation by excelling in customer service.

We aspire to:

- ◆ Having engaged, passionate and valued people;
- ◆ Providing a service experience that our customers appreciate;
- ◆ Delivering outperforming returns to our shareholders; and
- ◆ Being respected and admired in our community.

**We aim to deliver outperforming total shareholder returns.**



## OUR STRATEGY

Our strategy remains focused on creating long-term value for our customers, our shareholders and our people.

Our overarching priority is Customer Focus. This means we will continue to focus on our customers' financial goals to enhance their lives and businesses.

To support our Customer Focus, our strategy is supported by four capabilities:

- ◆ **People:** having a vibrant and customer-focused culture and people;
- ◆ **Technology:** being a world leader in applying technology to financial services;
- ◆ **Strength:** having a strong and flexible balance sheet; and
- ◆ **Productivity:** continuously simplifying the way we do things.

These capabilities support our continued growth within and outside Australia.



## OUR MARKET SHARE

- ◆ We have Australia's largest banking customer base, with the most points of access in the country.
- ◆ We are Australia's leading home loan provider, with over one million home loan customers.
- ◆ We are one of Australia's leading providers of commercial and business lending.
- ◆ We are one of the largest life insurers in Australia, with over \$1.4 billion in-force annual premiums (as at 30 June 2012).
- ◆ We are number one in household deposits in Australia.
- ◆ Commonwealth Bank's Colonial First State's retail platform, FirstChoice, has the largest market share of the \$433 billion platforms market according to Plan for Life's March 2012 quarterly market share report.
- ◆ We are one of the largest listed companies on the Australian Securities Exchange and are included in the Morgan Stanley Capital Global Index.



# OUR APPROACH TO SUSTAINABILITY

Sustainability means building a successful business today while ensuring long-term value for our customers and the wider community.

## ALIGNMENT TO THE GROUP'S STRATEGY

Making sustainability part of everything we do allows us to successfully manage our environment, social and governance (ESG) risks, and helps us maximise the opportunities that come from working in a rapidly changing operating environment.

A sustainable approach makes good business sense.

Over the years, our sustainability programs and initiatives have helped the Group:

- ◆ Excel in customer service;
- ◆ Develop a diverse and talented workforce;
- ◆ Contribute to the wider community; and
- ◆ Deliver superior returns to shareholders.

## STAKEHOLDER ENGAGEMENT

To help us understand the most important issues facing our business and our industry, we have worked with internal and external stakeholders to revisit our approach to sustainability.

In this reporting period, we held round table discussions with community partners and ESG analysts, and internal sessions with senior executives across the Group.

This resulted in our revised Board endorsed sustainability strategic framework, which helps us respond most effectively to our material issues.

For details of our material issues, please visit: [commbank.com.au/sustainability](http://commbank.com.au/sustainability)

## SUSTAINABILITY AWARDS AND RECOGNITIONS



10 year Sustainability Achievement Award

# OUR REFRESHED REPORTING APPROACH

In line with our revised sustainability strategic framework, we changed our reporting structure to clearly articulate our key areas of focus.

We continue to review the guidance provided through the voluntary sustainability reporting frameworks, such as the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC) and AA1000. We are a signatory to the Global Compact and committed to communicating our progress on integrating the Global Compact principles in the areas of human rights, labour, the environment and anti-corruption. This report fulfils our commitment to reporting as part of this important initiative. We also continue to ensure our performance indicators align to our strategy, our material issues and our remuneration framework.



Sustainability Report 2009



Sustainability Report 2010



Sustainability Report 2011



Sustainability Report 2012

## WE MAKE SUSTAINABILITY PART OF EVERYTHING WE DO

### OUR SUSTAINABILITY FRAMEWORK

<b>Sustainable Business Practices</b>	We embed sustainable business practices across our operations through strong governance, established management systems, responsible procurement and transparent reporting.
<b>Responsible Financial Services</b>	We take a responsible approach to the provision of financial products and services.
<b>Engaged and Talented People</b>	We attract, develop and retain a diverse, engaged and talented workforce.
<b>Community Contribution and Action</b>	We make impactful contributions to our communities through mutually beneficial partnerships.
<b>Environmental Stewardship</b>	We are proactive in measuring and reducing our own environmental footprint and provide smart solutions to help our customers and employees reduce their own.

# OUR SUSTAINABILITY SCORECARD

Additional metrics, associated definitions and the KPMG assurance statement can be found at [www.commbank.com.au/sustainability2012](http://www.commbank.com.au/sustainability2012)

		2012	2011	2010	2009	2008
<b>Customer Satisfaction</b>						
Retail Banking - Roy Morgan Research MFI	%	<b>79.0</b>	75.2	75.6	73.0	70.1
Rank	#	<b>2nd</b>	4th	2nd	3rd	Equal 3rd
Business and Private Banking - DBM Business Financial Services Monitor MFI	Avg. score	<b>7.3</b>	7.1	7.0	-	-
Rank	#	<b>Equal 1st</b>	Equal 2nd	Equal 1st	-	-
Wealth Management - Wealth Insights Platform Service Level Survey	Avg. score	<b>7.69</b>	7.79	7.70	7.59	7.70
Rank	#	<b>2nd</b>	1st	1st	1st	1st
<b>People</b>						
<b>Engagement</b>						
Employee Engagement Index Score <sup>(1)</sup>	%	<b>80</b>	n/a	n/a	n/a	n/a
Employee Turnover (voluntary)	%	<b>12.90</b>	12.65	12.73	11.37	18.45
<b>Diversity</b>						
Women in Executive Manager and above roles	%	<b>30.9</b>	28.2	26.3	26.1	-
<b>Safety and Well-being</b>						
Lost Time Injury Frequency Rate (LTIFR)	Rate	<b>2.5</b>	2.5	2.9	2.4	3.1
Absenteeism (Average days per FTE)	Rate	<b>6.2</b>	6.0	5.9	5.9	6.5
<b>Environment - Greenhouse Gas Emissions (tCO<sub>2</sub>-e)</b>						
Scope 1 emissions	tCO <sub>2</sub> -e	<b>8,941</b>	9,835	10,248	12,018	10,933
Scope 2 emissions	tCO <sub>2</sub> -e	<b>118,047</b>	137,948	142,218	139,303	140,571
Scope 3 emissions	tCO <sub>2</sub> -e	<b>20,137</b>	22,885	24,340	21,431	21,892
Emissions per FTE	tCO <sub>2</sub> -e	<b>4.7</b>	5.2	5.5	5.7	5.6
<b>Financial Literacy Programs</b>						
School banking students (active)	#	<b>191,416</b>	140,280	92,997	91,601	108,001
StartSmart students (booked)	#	<b>235,735</b>	200,081	119,669	51,426	47,918

1. In 2012 the Group moved the people and culture survey administration to a new provider. No prior year data is available.

# SUSTAINABLE BUSINESS PRACTICES

Outstanding governance is essential to good corporate practice. The Group's experienced management team has a strong corporate governance culture, embedding sound management systems, responsible procurement and transparent reporting across all our operations.

## SHAREHOLDER COMMUNICATIONS AND DISCLOSURES

We believe it is important to be transparent about how we are working to be a sustainable organisation. This transparency and the role we play in the wider community are essential parts of how we do business.

**We cater to a range of stakeholders with a suite of reporting mechanisms. For more information, please visit:**  
[commbank.com.au/sustainability-reporting](http://commbank.com.au/sustainability-reporting)



## REMUNERATION

In the reporting period, markets continued to be volatile due to ongoing turmoil in Europe and inconsistent signs of economic recovery in the United States. We have demonstrated strong discipline throughout and will continue to do so in the 2012–13 financial year. For example, in the 2012-13 financial year, there are no base remuneration increases for our most senior leaders. For most other employees, salary increases are lower than in previous years. However, we continue to ensure strong performance is appropriately recognised. We believe this serves the best interests of the Group and our people, customers and shareholders.

## RESPONSIBLE PROCUREMENT

Our Procurement Policy requires our employees to:

- ◆ Adopt strategies to avoid unnecessary consumption and manage demand;
- ◆ Foster a viable market for sustainable goods and services; and
- ◆ Support suppliers who are socially responsible and adopt ethical practices.

In May 2012, the Group developed a new way to assess sustainability risks and supplier performance by leveraging our centralised procurement system.

Through the Group's centralised procurement system, suppliers tendering for work must provide information about their sustainability practices. The information provided on topics such as occupational health and safety, risk management, human rights, governance, community investment and environmental performance automatically forms part of the selection process.

Offshore, the Group continues to use the Hong Kong-based International Procurement Office (IPO) to procure goods for our Australian business. In the reporting period, the IPO conducted social compliance audits on all suppliers it engaged via Intertek, an external sustainability compliance auditor.

## RISK MANAGEMENT

The Group's Risk Management division develops the risk frameworks that allow the Group to take on well understood and managed exposures to credit, market, operational, compliance and insurance risks. These exposures are consistent with the Group's risk appetite, which is approved by the Board.

In 2011, the Institutional Banking and Markets (IB&M) division acknowledged Environment, Social and Governance (ESG) risks in its formal Risk Appetite Statement.

## GOVERNMENT AND INDUSTRY ENGAGEMENT

The pace of regulatory reform increased during 2011–12. Due to the continuing effects of the global financial crisis (GFC) and international regulatory responses, the financial services sector remained the subject of regulatory focus.

During 2011–12, we aimed to minimise unintended consequences of legislation and sought to influence government to establish efficient, cost-effective policies. To achieve this, we engaged directly with government on a range of public policy issues, including:

- ◆ The government's Competition and Sustainable Banking System package;
- ◆ Consumer credit reforms relating to credit cards, investment lending and reverse mortgages;
- ◆ Capital proposals for the financial services industry, including international reforms arising from Basel III;
- ◆ Future of Financial Advice (FOFA) reforms;
- ◆ Stronger superannuation reforms;
- ◆ Insurance cover reviews, following an increased number of natural disasters;
- ◆ Bank funding;
- ◆ The Financial Claims Scheme;
- ◆ Price signalling;
- ◆ Privacy reforms;
- ◆ Account-switching reforms; and
- ◆ Personal property securities.

Our senior executives regularly meet with a range of stakeholders, including Members of Parliament and industry regulators such as the Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia.

## Case study

### Account Switching

**In 2011 some competition advocates were calling for improved account 'switching' arrangements to allow customers to transfer between banks more easily.**

Whilst the Group had already established switching processes to help account transfers, we thought there could be further customer benefit if we streamlined the process.

One concern was a related proposal to introduce transaction Account Number Portability (ANP) – an idea that would have added very little benefit above the revised switching system while at the same time resulting in system costs for both employers and government agencies (Australian Taxation Office, Department of Social Security, Medicare) as well as financial institutions.

The Group made a factual case, outlining the potential impacts of ANP, to former Treasury Secretary Bernie Fraser who was evaluating the proposal. Subsequently the Fraser report refrained from recommending ANP.

John McLenaghan, Commonwealth Bank Head of Government & Industry Affairs commented:

**“We see our role as assisting the development of sensible public policy that is efficient as well as effective – and maximises customer benefit.”**

# RESPONSIBLE FINANCIAL SERVICES

We take a responsible approach to providing financial products and services to our customers. Our customers are at the centre of what we do. We will continue to focus on our customers' financial goals to help them move forward in their lives and their businesses.

## RESPONDING TO CUSTOMER NEEDS

### Supporting customers in financial difficulty

Over the last year, continuing uncertainty in the economic environment has had an impact on many of our customers. In response, we expanded our Customer Assist team to 100 members. We also provide Case Management Officers who give personalised support to customers who are experiencing hardship.

The Group also supports a number of customer segments with a wide range of fee-free and discounted financial services. In the year to 30 June 2012, we have forgone over \$170 million in revenue to support low-income earners and the not-for-profit sector.



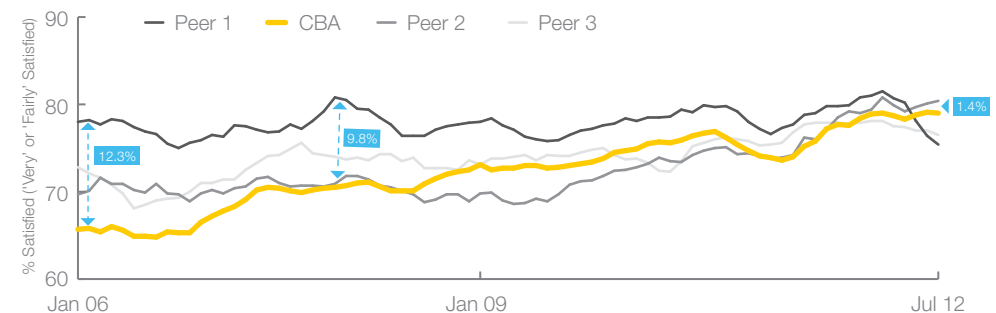
## HIGH CUSTOMER SATISFACTION

Customer satisfaction is one of our key performance indicators. In 2012, we continued to progress towards our customer satisfaction goals across our key business segments.

### Retail Banking

During the 2012 financial year, we attained our highest score in customer satisfaction since the inception of the survey for retail customers who use us as their main financial institution. We also achieved our narrowest gap to the leader (among the four major banks in Australia) and are now 2nd among the four major banks.

### Retail customer satisfaction

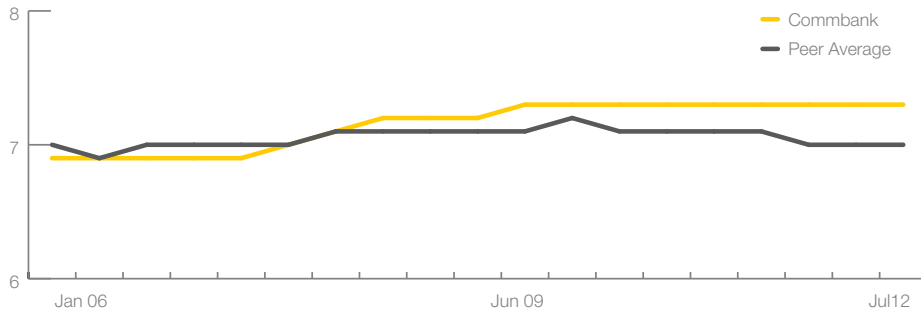


<sup>1</sup> Roy Morgan Research Main Financial Institution (MFI) Retail Customer Satisfaction. Australian population 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. 6-month rolling average. Note the institution definitions were updated in March 2012.

## Business Banking

The DBM Business Financial Services Monitor customer satisfaction results for the year show that we were equal first amongst our peer group with a satisfaction rating of 7.3 out of 10. We also ranked outright or equal first across all four DBM Business Financial Service Monitor customer segments since November 2011.

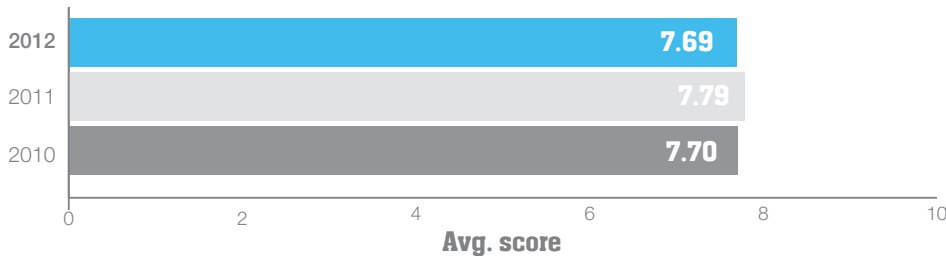
### Business customer satisfaction



## Wealth Management

For Wealth Management, customer satisfaction is measured by the Wealth Insights Platform Service Level survey. This survey measures satisfaction of financial advisers with the service of master trusts/wraps in Australia. We changed the way we calculate satisfaction in this reporting period and now include the average of our two platforms, FirstChoice and FirstWrap, rather than FirstChoice only. In 2012 we achieved a combined rating of 7.69 (out of 10) placing us second amongst the four major banks for adviser satisfaction.

### Wealth Insights Platform Service Level survey



## A CAN APPROACH

In May 2012 we launched our new brand campaign, Can.

Can is about having a vibrant, positive attitude. It's a belief that we can have a positive impact on everyone we meet and everything we do. It's a belief that we can enable our customers to move forward and achieve their financial goals.

Examples of our Can approach include: our leading-edge core banking platform; our real-time banking; everyday settlement and CommBank Kaching, our smartphone payment app.

## REVOLUTIONISING THE CUSTOMER EXPERIENCE

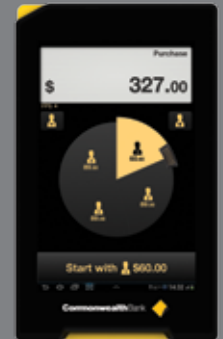
We recently revolutionised the point-of-sale experience, by introducing Pi, Albert and Leo.

**Pi** enables application developers and businesses to easily create product applications for business use and distribute them through CommBank Pi's AppBank to merchants.

**Albert**, a new Android based omni-commerce device, features an interactive touchscreen which provides secure pin interface, printer, and merchant terminal functionality.

**Leo** attaches to several compatible Apple devices to enable Pi to transform them into a fully functioning merchant terminal.

Pi is already available for developers, Leo is currently in pilot, whilst Albert will be rolled out in 2013. Find out how we are revolutionising the point-of-sale experience at [commbank.com.au/pi](http://commbank.com.au/pi)



## Case study

# Providing superior customer service through technology

### The challenge

In the reporting period, the Group ran a competition, asking our people how they can use technology and communications to improve the customer experience.

### The idea

Alain Rondot, Enterprise Services Executive Change Manager, and Brian Moseley, Retail Banking Services General Manager Channel Development, submitted the winning idea of offering video conferencing to our branch customers so they could access expert advice more easily.

Video conferencing helps reduce the carbon footprint of both our staff and customers and saves them time in the process. Our customers can talk with off-site specialists regardless of their locations.

### Our progress

James Twiss, General Manager Cross Business Unit Projects worked with Alain and Brian, investigating the feasibility, funding, and possible implementation of video conferencing in branches.

In 2012, we implemented a video conferencing pilot program in 22 branches across the country. The Group is now looking to expand the service to more locations.

Trevor Harrison, Branch Manager, from Roma, Queensland said he had received very positive feedback from customers about the initiative.

“With video conferencing, my customers can easily talk to someone about their specialised needs, such as financial planning or agribusiness. It means they no longer have to schedule appointments around the time a specialist is in the branch,” he said.



## TAKING CUSTOMER FEEDBACK ON BOARD

We actively encourage feedback from our customers and regard complaints as opportunities that enable us to improve our customer relationships and our business. Customer feedback is addressed at the first point of contact where possible or escalated to our Group Customer Relations team, a standalone business unit focused on resolving issues quickly and transparently. Customers can provide feedback through a range of channels, including a freecall phone number, in person, via mail or email, online and via social media such as Twitter or Facebook.

In September 2010, we introduced Firstpoint, a frontline customer feedback management system requiring employees across the business to record compliments and complaints. We amended the definition of what amounts to a complaint to include comments indicating a customer was seeking a response from us. As a result, Firstpoint recorded an increase in the number of complaints whilst compliments also continued to rise. We are now focusing on further training staff in recognising and managing complaints in line with our commitment to exceptional customer service.

Complaints and Compliments	2012	2011	2010
Complaints received	268,756	137,910	32,213
Compliments received	11,337	9,389	3,371
Complaint to compliment ratio	23.7	14.7	9.6

Note: All complaints based on internal dispute resolution cases only.

Data source: Satisfy4 (2009–10, 2010–11), Firstpoint (2010–11, 2011–12)

Until September 2010, compliments and complaints were centrally recorded through the Satisfy database by the Group Customer Relations team.



## SUPPORTING CUSTOMERS WITH A DISABILITY

As outlined in our Disability Strategy, we are committed to continually improving access to banking services for customers with a disability, including access to branches, on-line banking, EFTPOS, telephone banking and ATMs. This commitment is supported by our Disability Action Plan (DAP).

As part of our DAP, available at [commbank.com.au/sustainability](http://commbank.com.au/sustainability), we are developing a range of initiatives including:

- ◆ ATM screens providing better contrast and larger fonts;
- ◆ A new NetBank User Guide for screen-readers; and
- ◆ New support resources for customer-facing staff to raise awareness and provide practical information to support customers with a disability



Donna Purcell, Disability Support Manager

### Case study

## Focus on accessibility

### The challenge

Like many Commonwealth Bank customers, Bruce Maguire uses NetBank to do most of his banking. As Bruce is blind, he uses a screen reader and Braille output to access his banking information.

In November 2011, after one of our regular upgrades to NetBank, our vision-impaired customers who use screen-reading technologies experienced some problems accessing NetBank.

“I was very frustrated and inconvenienced when I logged onto NetBank only to find it was no longer working with my screen-reader,” Bruce said. “So I called Commonwealth Bank to let them know.”

### Our response

“We took Bruce’s complaint very seriously,” said Kathryn Kelly, Executive Manager, Online Solutions and User Experience Design.

“We worked with Bruce to find out which areas he was having difficulty accessing and then we worked with an Accessibility Project Manager from Vision Australia to help identify the problem and to work with us to find a long term solution.”

### Our progress

The Group has continued to implement other initiatives to make NetBank more accessible to vision-impaired users, including a new instructional guide for people using screen-reading technology, web accessibility workshops and accessibility tool training for our online

teams. We will continue to work with experts like Vision Australia to continually improve access to NetBank and other online services for customers with a disability.

The Group’s DAP outlines our commitment and strategies for supporting our people and customers with a disability and continues to guide our programs and initiatives. Donna Purcell, our Disability Support Manager, said:

“In my day to day role, I am inspired by the Group’s commitment to addressing issues related to disability. I can see the impact of my role in very practical ways as I advise and support the implementation of strategies across the business.”

## INVESTING RESPONSIBLY

Colonial First State Global Asset Management (CFSGAM) seeks to consider ESG issues in every investment process across the organisation. CFSGAM directly engages with company management and directors about any issues affecting shareholder interests and long-term shareholder value.

CFSGAM was one of the first global investment managers to become a signatory to the Principles for Responsible Investment (PRI) in early 2007. In 2010–11, the latest UNPRI survey result, CFSGAM sits in the top quartile in five of the six principles relative to global investment managers.

For more information: [cfsgam.com.au/RI.aspx](http://cfsgam.com.au/RI.aspx)



Global Asset Management

*Signatory of:*



### Case study

## Brisbane Airport Corporation (BAC) water efficiency program, Qld

CFSGAM is a foundation investor in Brisbane Airport Corporation (BAC). Brisbane Airport is Australia's third largest airport by passenger movements. In 2011, 20 million passengers went through Brisbane Airport terminals and 420 businesses and nearly 17,000 employees are on site every day. The vital role BAC plays in the Queensland economy means environmental and community issues are critical to its future growth.

In 2004 with an annual water consumption of 1,620ML per year, Brisbane Airport was among the top ten water users in Queensland. At the time, this was exacerbated by the worst drought in South East Queensland in over 150 years.

CFSGAM advocated early on the need to change existing practices to avoid rapid and unsustainable growth in water consumption. A Sustainable Water Management strategy was devised with an implementation plan

comprising four related streams of work: greater water use efficiencies, reduction in wastage through leaks, conversion from potable to recycled water use wherever practical, and stakeholder/tenant engagement and education to ensure behavioural change away from an over-reliance on water.

Following successful implementation of the strategy, in the period 2004-05 to 2008-09, BAC reduced potable water consumption by 78%, despite growth in passenger numbers and increased commercial and construction activities. The cost saving in 2008-09 was \$2.3M, and the projected annual saving thereafter \$2.4M. Non-monetary benefits include strengthened reputation through winning International Water Association Awards and improved stakeholder relations, as well as risk mitigation through weaning off reliance on potable water.

# ENGAGED AND TALENTED PEOPLE



We continue to foster a culture that supports our people in achieving our goal of becoming Australia's finest financial services organisation through excelling in customer service. We have over 51,000 employees, each of who contributes to make us the organisation we are today.

We remain committed to making the Group a great place to work and we aim to create an environment where our people feel engaged in their role, passionate about our organisational goals, and valued for their contribution. Successful people will lead to success for our customers, shareholders and our community over the long term.

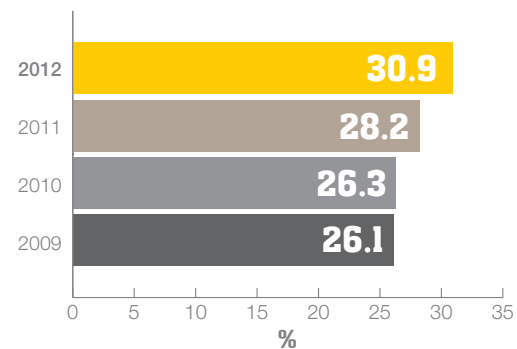
**In the reporting period we have continued to put programs and initiatives in place to attract, foster and retain a diverse, engaged and talented workforce.**

## People Engagement Score

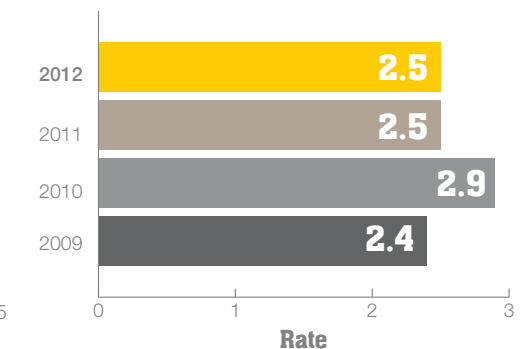
# 80%

As at 30 June

### Women in Executive Manager and above roles (%)



### Lost Time Injury Frequency Rate (LTIFR)



## EMPLOYEE ENGAGEMENT

As we strive to achieve our vision, it is not only what we deliver, but also how we deliver that will determine our success.

The Group has a vibrant, customer focused and high integrity culture, one in which our people are proud to work.

Each year we seek feedback from our people through the annual People and Culture Survey. In 2012 we achieved an overall engagement score of 80%. This is a Global Best in Class result.

## DIVERSITY

The Group is committed to leveraging the diverse backgrounds, experiences and perspectives of our people to provide excellent customer service to an equally diverse community. Our Diversity Policy and Strategy outline how we are achieving this through a focus on four key areas with measurable objectives.

### 1. Diversity in Leadership:

Our goal is to increase the representation of women at Executive Manager and above level from 26.6% in December 2009 to 35% by December 2014. We are progressing well towards this goal and as at 30 June 2012, women represented 30.9% of our people at this level.

Our programs, which include raising the awareness of the impact of bias in the workplace, are helping us to achieve our goal and were recognised in 2012 with the prestigious global Catalyst Award for gender diversity and the Employer of Choice for Women citation from the Equal Opportunity for Women in the Workplace Agency (EOWA).



### Case study

## Challenging unconscious bias

### Our approach

A key factor in the Group winning the Catalyst Award was the roll out of a comprehensive Unconscious Bias Leadership Program to 2,000 senior leaders, which addressed unconscious bias in the workplace. The program ensured leaders gained a greater understanding of the active role they play in promoting a diverse and inclusive workplace through their actions and behaviours.

### Our commitment

Steve McGregor, Executive General Manager, Information Technology, participated in the program in 2011 and is the Executive Sponsor of the Enterprise Services Diversity Council.

“Driving cultural change is about role modelling what you expect from others and holding people accountable for the changes we expect to see,” said Steve.

“Attracting female employees to traditionally male IT areas remains a challenge for us, one that we’re keen to go after. We’ve implemented a number of initiatives internally and externally to strengthen our female talent pipeline,” he said.

“We sponsor women in IT events in high schools and universities, run mentoring programs for senior female leaders, track the application process for females applying for senior leadership roles, and ensure there are females on all interview panels, in line with our Appointment to Role policy.”

### Our progress

Steve said many of the actions from the Unconscious Bias Leadership Program were simple and easy to implement once recognised and discussed.

“Ensuring diversity on interview panels and candidate pools, trialling blind CVs where cultural and gender references are removed from shortlisted CVs, recognising cultural days, and the distribution of bias help cards to all people managers have been effective in raising awareness and driving change,” he said.

Retaining talented female employees is also a focus area, and the Enterprise Services Diversity Council is implementing strategies to support female employees to progress their careers and see IT as a sustainable career path.

## 2. Respect and Inclusion:

Providing an inclusive environment for all our people regardless of ethnicity, gender, sexual orientation, age, disability, family status, religious beliefs, perspectives, experience or other ideologies is important to us. In 2012 we achieved our goal to maintain Best in Class levels for respect and inclusion, as measured in our annual People and Culture Survey.

## 3. Diversity Support:

As one of Australia's largest employers and providers of financial services, we have a responsibility to implement strategies to improve workforce participation and financial pathways for people with a disability. This platform forms the foundation for our Disability Action Plan, which is progressing on track.

## 4. Adaptable Work Practices:

Being adaptable in the way we work helps us to meet the needs of our business, people and customers. Flexible work arrangements provide a way of recognising and accommodating individual circumstances whilst responding to business needs.

In 2012, our People and Culture Survey results showed that 87% of our people agreed or strongly agreed their managers allowed them the flexibility to meet their work goals and personal needs.

## PRODUCTIVITY

In April 2012, we elevated productivity as a strategic priority. Productivity is about continuously improving what we do to make things simple and easy for our customers and our people.

We are driving productivity improvements through:

- ◆ Leveraging technology;
- ◆ Process transformation;
- ◆ Continuous improvement;
- ◆ Site consolidation;
- ◆ Organisational redesign; and
- ◆ Moving activities closer to the customer.

Productivity is a Key Performance Indicator for all senior management and to further encourage our staff to embrace productivity, we have added it as a new category in the CEO Awards program, alongside outstanding customer service.

The Productivity Award aims to recognise our employees who implement effective and sustainable productivity improvements.

For further information on how we are bringing our productivity focus to life, please refer to our Results presentation for the year ended 30 June 2012 available at [commbank.com.au/shareholders](http://commbank.com.au/shareholders)

## Integrating our HR systems

In this reporting period, we have continued to use technology as a way to enhance our people's productivity. Our new HR platform, PeopleLink, integrates people processes to help us consistently and proactively manage the capabilities and careers of our people whilst supporting a culture that ensures we meet our customer satisfaction goals.

PeopleLink now includes Performance Management, Remuneration Review, Talent & Succession Management and Volunteering modules. Learning Management, Recruitment and Onboarding are scheduled to be included in the next financial year.

## LEADERSHIP AND TALENT DEVELOPMENT

Our leaders play a critical role in driving the Group's performance and strengthening our culture.

In June 2011, we launched the Executive Managers Talent Program, a comprehensive Group-wide development program offered to select Executive Managers across the Group. Twelve months in length, the program aims to develop participants' leadership experiences and prepare them for broader and more complex roles.

In the reporting period, we also continued to roll out skillBUILDER, an online coaching tool for our Retail Banking Services team. This initiative is designed to further develop customer service skills, using computer-generated avatar expert role models to teach best practice responses for various situations.



**4,681**  
online learning  
programs

### TRAINING

Training continues to play a major role in our people proposition.

During 2011–12, our staff completed more than 6,300 online learning and face-to-face programs through the Learning Centre at the Group-wide and business unit level. Of these, more than 1,600 face-to-face learning initiatives were held across the Group, with over 20,500 people participating. This is a marked increase of 35% in staff participation compared to the previous year.



**1,628**  
face-to-face  
workshops

**20,644**  
people participated in 2012  
**▲ UP 35%**

### GRADUATES

This year, we welcomed over 100 graduates into our graduate program. Being such a large and diverse business, participants have a variety of career paths open to them. All major areas of the Group participate in the graduate program.

### SAFETY, HEALTH AND WELLBEING

We remain committed to providing a healthy and safe working environment for all our people. In January 2012, new workplace health and safety laws were implemented to harmonise work health and safety legislation nationally. Across the Group we are transitioning our systems and processes to meet new legislative requirements and further improve our health and safety performance.

Throughout 2011–12 we continued to improve our Occupational Health & Safety (OHS) Management System through internal and external auditing. The Group's OHS Management System was externally audited in July 2011 and achieved zero non-conformances. The Group was again granted a Tier 3 licence status by the Federal Government's Safety, Rehabilitation and Compensation Commission indicating well developed and implemented safety and injury management systems and successful health and safety performance.

#### Lost-time injury frequency rates (LTIFR)

The Lost Time Injury Frequency Rate (LTIFR) at 30 June 2012 was 2.5. This improvement from last year is the result of our continued focus on promoting positive health and safety behaviours and targeting specific health and safety risk trends across the Group. In the reporting period, no fatalities occurred.

# COMMUNITY CONTRIBUTION AND ACTION



The Group has a long and proud history of supporting our local communities. We continue to build a sustainable future for future generations by contributing to communities through mutually beneficial partnerships.

In September 2011 we announced we would increase our investment in Australian communities by \$100 million over the next 10 years, by:

- ◆ Extending our StartSmart financial literacy programs;
- ◆ Matching staff contributions to the Staff Community Fund, dollar-for-dollar; and
- ◆ Expanding our breadth of volunteering activities.

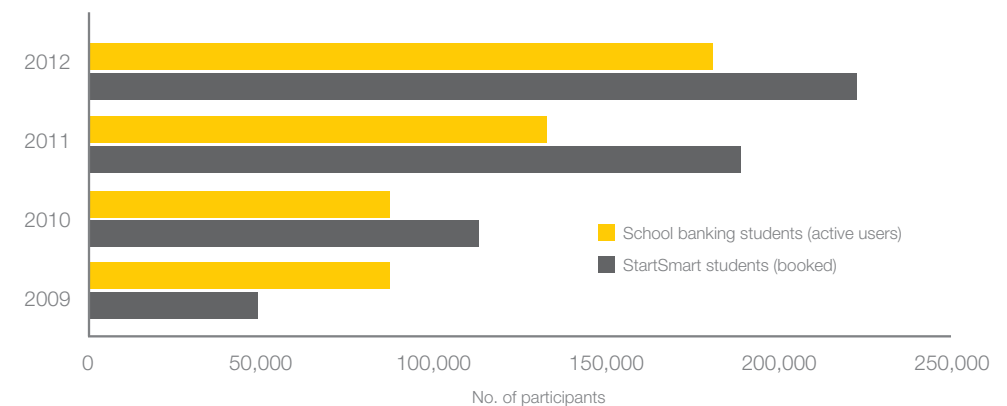
During the reporting period, we continued to:

- ◆ Build a more financially literate society;
- ◆ Contribute to society through our workforce with our Staff Community Fund and our staff volunteering programs;
- ◆ Work with Indigenous Australians; and
- ◆ Engage with the community through our continued commitment to a variety of sponsorships.

## BUILDING THE FINANCIAL LITERACY OF A NATION

The Group has a proud tradition of supporting generations of young Australians to learn how to save and manage their money. In the reporting period, we helped to educate 235,735 children through our StartSmart programs.

### Financial Literacy programs



## StartSmart

We established the Commonwealth Bank Foundation in 2003 to improve the financial literacy of young people. Every year we teach tens of thousands of students about essential money management skills through our Foundation's StartSmart school financial literacy program.

The StartSmart program is offered free of charge to primary and secondary school students across Australia. In 2012, we launched StartSmart Pathways to bring money management skills to vocational students in year 11, year 12 and TAFE programs. As of August 2012, over 49 TAFEs and colleges across Australia had enrolled in StartSmart Pathways programs.

### School Banking

Our School Banking program contributed \$1,403,550 to Australian primary schools in commission during the 2011–2012 financial year. The program has been running for more than 80 years. In the reporting period, 191,416 students from 3,310 schools participated in the program. The School Banking Program continues to provide schools with a way to teach children money management skills that they can use for the rest of their lives.

See [commbank.com.au/schoolbanking](http://commbank.com.au/schoolbanking) for more information

### Coinland

Coinland is an online world that teaches children about financial literacy. During the 2011–12 financial year, 38,427 children logged on to Coinland. See [commbank.com.au/coinland](http://commbank.com.au/coinland) for more information

### Teaching Awards

In 2012, the inaugural year of the Commonwealth Bank Foundation Teaching Awards, we rewarded individuals who are also working hard to build students' financial literacy skills. The teaching awards were open to teachers in all Australian schools, Kindergarten to Year 12, as well as Australian TAFE Colleges. There were 15 winners, each receiving \$10,000 to invest in their program, plus \$2,000 as a personal reward.

### Case study

## Getting off to a good financial start through StartSmart

### The challenge

Budgeting and money management remain a challenge for many young Australians. In fact, less than half of young adults in Australia use a budget. Just over half of 18 to 24 year-olds have some consumer debt (mostly car loans and personal loans), and one fifth of young people with credit cards claim to hardly ever, or never, pay the full balance every month. We understand that programs like StartSmart Pathways can help improve individuals' financial literacy, which in turn can deliver significant benefits to the broader economy and the nation as a whole.

### Our response

Kate Squires, the Commonwealth Bank Foundation StartSmart Pathways Facilitator in Queensland, joined as a facilitator when the program was first launched in February 2012 to help bring money management to life for Vocational Education and Training (VET) students. Kate explained how the program was making an impact. "I recently had a young man from TAFE approach me shyly after a morning workshop. It was my second session with the group, and the young man explained to me that he went home after our session and sat down with his house mate, who is apparently terrible with money," said Kate.



"They followed the resource links off the StartSmart website and found the online budgeting tool, which they both filled in. He just wanted to let me know they thought the budgeting tool was really good, and that it had made a big difference to them."

### Our progress

Since February 2012, 16,411 VET students have completed the program. We have also introduced an iPhone feedback App to provide feedback on the sessions.

In our latest report, we received 834 pieces of feedback:

- ◆ 99% of students agree or strongly agree that the workshop is engaging.
- ◆ 91% of students agree or strongly agree that they feel more confident about managing money after participating in the workshop.



## CONTRIBUTING TO SOCIETY THROUGH OUR STAFF COMMUNITY FUND

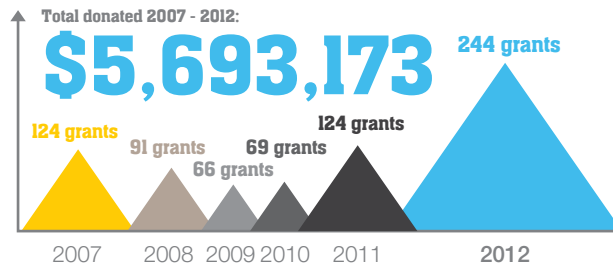
The Group's Staff Community Fund is Australia's largest and longest-running workplace-giving program.

In this reporting period alone the Fund received contributions from over 10,000 of our people across the Group. As part of our Centenary celebrations commitment, from 2012 onwards we now match our people's contributions to the Fund. In 2012 the Fund awarded \$2 million to organisations that support the health and wellbeing of Australian youth.

Specifically, funds were allocated to:

- ◆ Our Community Grants program, which supports youth and children's charities by allocating grants of up to \$10,000 each;
- ◆ Midnight Basketball, which encourages underprivileged youth living in high risk areas to participate in sport and educational activities; and
- ◆ The Humour Foundation's Clown Doctors, who brings fun and humour into the wards of children's hospitals around Australia with magic, mime and mimicry.

### Grants awarded through the Community Grants Program each year:



## CONTRIBUTING TO A VOLUNTEERING NATION

We encourage and support our people to contribute their time and skills to the community, by offering skilled and general volunteering opportunities with community groups all over Australia.

### Red Cross

In 2012, we became a Red Cross national humanitarian partner, donating \$250,000 in funds and committing 100 staff members to volunteer for the Telecross service. This service provides a reassuring daily phone call to more than 4,500 isolated or elderly people in every State and Territory.

### Jawun

In the reporting period, we became an active member of Jawun, a partnership of organisations connecting skilled people with Indigenous communities to share knowledge and expertise.

In 2012, the Group sent staff to Redfern, La Perouse and Cape York to support Jawun's mission to promote self-reliance, entrepreneurial activity and business planning among Indigenous people. Find out how we are making a difference at [commbank.com.au/sustainability](http://commbank.com.au/sustainability)

### Case study

## Staff Giving Back: The Cerebral Palsy Alliance Centre

### Our initiative

As part of the Group's Centenary celebrations, our people nominated charities they felt strongly about. One of these was the Cerebral Palsy Alliance (CPA) centre in Ryde, NSW. So in May 2012, during National Volunteer Week our staff volunteers took the opportunity to roll up their sleeves and renovate the CPA's centre.

### The impact

Peter Horsley, Volunteers and Corporate Engagement Manager, CPA's Ryde centre, was very appreciative of our volunteers' efforts.



"The staff at the Commonwealth Bank have helped create an environment where therapists can help children with cerebral palsy build greater movement or help them develop their communication skills," he said.

"This isn't just a playground – it is an investment into the treatment of cerebral palsy," Peter said.

# CLOSING THE GAP – WORKING WITH INDIGENOUS AUSTRALIA

We acknowledge and celebrate the inherent strengths of Aboriginal and Torres Strait Islander people and communities. Our Indigenous strategy aims to create social and economic opportunities for Aboriginal and Torres Strait Islander people through education, employment, enterprise support and appropriate banking services.

## EDUCATION

We believe education and financial literacy help people build and support economically sustainable communities. We work with organisations that have on-the-ground knowledge of Indigenous communities to ensure our programs are relevant and practical.

### Walkabout Your Business

We support Walkabout Your Business, a business literacy program which helps Aboriginal and Torres Strait Islander entrepreneurs to establish and successfully operate businesses in remote communities. Managed in partnership with Ambrose Business Solutions, Darwin, the program provides practical advice, business knowledge and access to banking services.

## EMPLOYMENT

In 2009, as part of our Reconciliation Action Plan, we committed to providing 350 career opportunities for Aboriginal and Torres Strait Islander people across the Group by June 2012. As at 30 June 2012, we had exceeded our target and created 354 opportunities.

Creating these opportunities involved:

- ◆ Delivering job readiness training;
- ◆ Participating in cultural awareness work;
- ◆ Sourcing suitable candidates; and
- ◆ Developing strong relationships.

## ENTERPRISE SUPPORT

Our enterprise support initiatives aim to create social and economic opportunities for Indigenous Australians by providing specialised services and support programs.

### Desert Hub in Alice Springs

The Desert Hub links, grows and supports social enterprises working in the social economy in the desert regions of central Australia. The social enterprise model that links profit outcomes with social outcomes is a natural fit with Aboriginal culture, social and economic aspirations, and provides employment opportunities and pathways for long-term unemployed people.

### Indigenous suppliers

The Group uses its own intranet platform to actively promote Indigenous businesses supplying goods and services including catering and teleconferencing facilities.

## FINANCIAL SERVICES

### Indigenous Customer Assistance Line (ICAL)

ICAL is a unique service offered by the Group to Indigenous customers in remote areas. Through ICAL, customers can speak with a specially trained team member who can cater to their cultural and financial needs. ICAL also provides a range of banking services over the phone, including balance enquiries, money transfers, and bill payments. ICAL currently takes around 1,500 calls each week.

**As at 30 June 2012, we exceeded our target and created 354 Indigenous career opportunities**

## Case study

# Creating meaningful career opportunities for Indigenous students

### The idea

In 2012 alone, the Group offered 79 school-based traineeships to Aboriginal and Torres Strait Islander students around the country.

The Indigenous school-based traineeship program began in 2003 in regional New South Wales, and is now offered nationally. Successful applicants start their traineeship during their summer school holidays, then work one day a week in the branch during the school term.

### The impact

James Barker kick-started his banking career through the program.

"I started in the Dubbo Branch in Year 10," he said.

Now in his fifth year with the bank, James is the acting branch manager in Dubbo, and a member of our Indigenous Future Leaders Program, which develops high potential Aboriginal and Torres Strait Islander branch staff for leadership roles.



Tahnee Jash heard about the Indigenous school-based traineeship five years ago.

"I started at the St. Mary's branch and gradually my manager started giving me more responsibilities. I'm now working in head office with the Indigenous Banking Team. The job has given me confidence and improved my self-esteem."

Find out more at [commbank.com.au/indigenous](http://commbank.com.au/indigenous)

## COMMUNITY PARTNERSHIPS

We are committed to creating positive change in society. We are proud to support organisations that align with this focus. Our 2012 sponsorships and partnerships include sports, environment, national awards, arts, health and social welfare.

### SPORTS

#### Cricket

2012 was the Group's 25th year of sponsoring Cricket Australia. Our support extends from the Commonwealth Bank Series and our national men's and women's teams, right through to the community level of local clubs and teams. For the third year in a row, we supported local cricket clubs and associations at the community level through our Grants for Grassroots Cricket™ program, which donated \$385,000 in cash and equipment to clubs across Australia. We also proudly sponsored the Australian Country Cricket Championships for rural and regional clubs, and the Imparja Cup, the national cricket competition for Indigenous Australians.

#### London Olympic Games 2012

##### Australian Olympic Team

The Olympic Games is the pinnacle of sporting events, where talented athletes inspire all Australians to achieve their goals and dreams. Our support of the Australian Olympic Team competing at the 2012 London Olympic Games demonstrates our commitment to our customers, people and the community in that we support what is important to them. Swimmer James Magnussen, hockey player Jodie Schulz and javelin thrower Kim Mickle are our Olympic ambassadors. These athletes epitomise the power of CAN and we are proud to have supported them to achieve their dreams to compete at the Olympic Games.

### NATIONAL PARTNERSHIPS

#### Clean Up Australia Day

The Group has been a major sponsor of Clean Up Australia Day for the last five years. 2012 was the first year that a team of Commonwealth Bank people dived and carried out an underwater clean-up of Sydney Harbour. We were pleased to be able to provide this service to help preserve our beautiful environment.

## Australian of the Year Awards

As the major sponsor of the Australian of the Year Awards for over thirty years, we continue to support the extraordinary individuals that make such a difference to the lives of Australians. Our communities are full of unsung heroes from all walks of life: sports coaches, volunteers and charity workers, to name a few. Regardless of which field they come from, they have one thing in common – their commitment to putting others before themselves.

## ARTS

We continue to bring the arts to all Australians through our enduring partnerships with Opera Australia, the Australian Chamber Orchestra and the Bangarra Dance Theatre.

Commonwealth Bank's Opera Classics for Charity was hosted at Sydney's Opera House in September 2011. The event raised \$22,000 for two of our long-term charity partners – the Breast Cancer Institute of Australia and Prostate Cancer Foundation of Australia.

## HEALTH

We continued supporting important health initiatives by raising funds for organisations such as the Breast Cancer Institute of Australia and the Prostate Cancer Foundation of Australia.

The Group has supported the Breast Cancer Institute of Australia for more than 15 years, raising over \$2.5 million over this time.

Our partnership with the Prostate Cancer Foundation has contributed to developing Australia's first tissue bank for research into the disease. In September 2011, a team of six Commonwealth Bank staff successfully set an official Guinness World Record for the World's Longest BBQ Marathon, the team barbecued non-stop for 26.5 hours to support the Prostate Cancer Foundation. In addition we organised over 280 barbecue events across our banking network and raised over \$155,000 in total.



## CEO Sleepout

On the winter solstice in June 2012, Group CEO Ian Narev showed the Group's support for St Vincent de Paul Society (Vinnies) and their great work helping the homeless across Australia by sleeping rough outside Carriageworks in Eveleigh, Sydney. CEO Sleepouts were held in every state capital of Australia, with over 250 CEOs participating in Sydney. The total amount raised for Vinnies was over \$4.5 million.

Ian was the top fundraiser of the year, raising over \$170,000, with a large proportion of Ian's donations coming from the generosity of our people. The funds raised will help Vinnies expand their services to include crisis accommodation, domestic violence support, access to counselling, life and occupational skill development and legal advice.



# ENVIRONMENTAL STEWARDSHIP

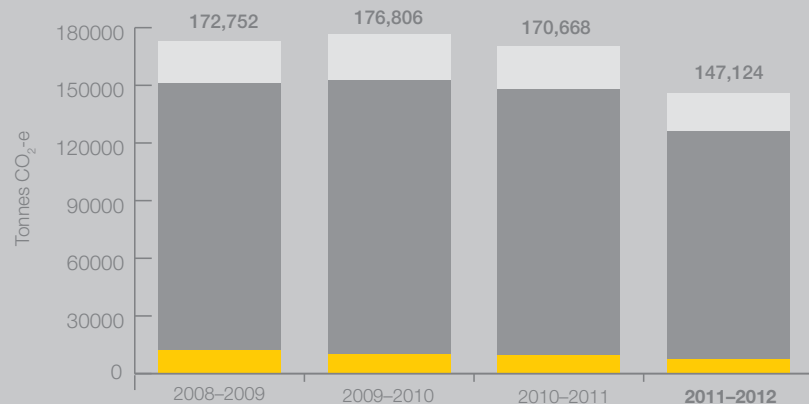
As one of Australia's largest organisations, we are keenly aware of the importance of managing our environmental impact and reducing our carbon footprint. Our main aims are to:

- ◆ Reduce our direct footprint;
- ◆ Foster clean and renewable energy technologies; and
- ◆ Engage our customers and employees on environmental matters.

## REDUCING OUR DIRECT FOOTPRINT

We are on track to meet our target of a 20% reduction in carbon emissions from 2008–2009 levels by 2013. This represents 34,550 tonnes of carbon. Over the past three years, our emissions have steadily declined as highlighted below.

**Greenhouse Gas Emissions**    ■ Scope 1    ■ Scope 2    ■ Scope 3 (of 1&2)



# OUR TOP THREE CARBON REDUCTION INITIATIVES

1.



## Green Refresh Lighting

We are implementing a lighting project to replace inefficient lighting in 950 branches across Australia, as well as lighting controls in branches, saving approximately 8,000 tonnes CO<sub>2</sub>-e per annum. As of 1 July 2012, 550 of the 950 branches are completed, and work is progressing at remaining sites. The Group is monitoring progress closely and auditing installed sites for quality and compliance.

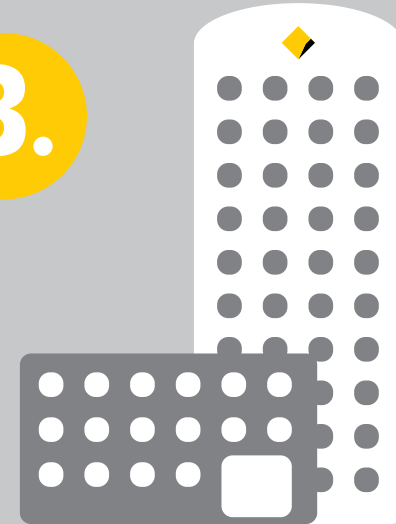
2.



## Green Refresh Heating, Ventilation and Air Conditioning (HVAC)

We are implementing a HVAC project in our retail and commercial buildings, with an ancillary component to also reduce lighting and other power consumption in commercial sites, saving approximately 12,000 tonnes CO<sub>2</sub>-e per annum. This project differs from Green Refresh Lighting in that each targeted site is different and requires a unique solution to drive the projected outcome.

3.



## Commercial building consolidations

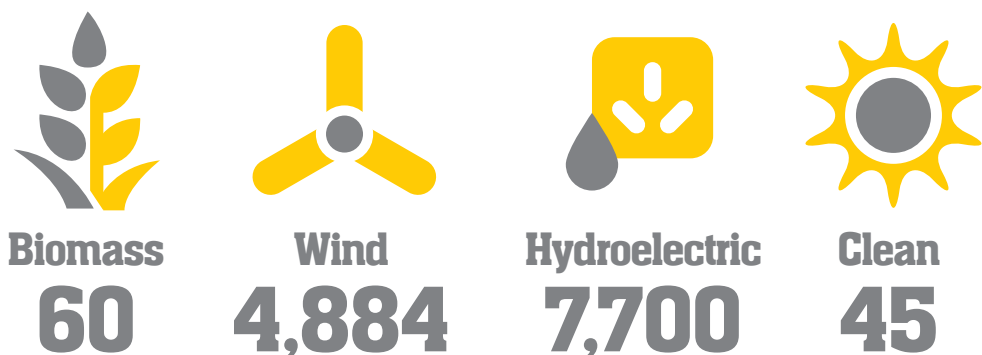
We are consolidating our commercial buildings, including relocating over 6,000 employees to Commonwealth Bank Place (CBP) in Sydney, saving approximately 12,700 tonnes CO<sub>2</sub>-e per annum. The completion of CBP was the final pillar in one of the most ambitious corporate consolidations in Australia – an 8 year Sydney Accommodation Consolidation strategy which saw the Group move over 19,000 employees from 19 buildings across Sydney into 3 purpose built campuses.

## FOSTERING CLEAN AND RENEWABLE ENERGY TECHNOLOGIES

Since 2004, the Commonwealth Bank has been a senior investor in renewable and clean energy projects in Australia and New Zealand, starting with a single wind farm at Lake Bonney in South Australia. Our participation in this industry is a long-term commitment, requiring significant investment in resources, knowledge and skills.

As at 30 June 2012, our loan facilities to single asset clean and renewable generation companies had increased to around 71% of total exposures in this sector, compared to 59% as at 30 June 2011.

### Our Renewable/Clean Energy Financing Portfolio (MW capacity)



### Responsible lending

Before deciding whether to fund a project, our Institutional Banking and Markets (IB&M) division undertakes intensive due diligence. This way, we ensure that our institutional clients are able to manage the environmental, social and governance (ESG) risks within the project. IB&M uses a 'Risk Appetite Statement' (derived from the Group's Risk Appetite Statement) which includes ESG risk mitigation considerations. All transactions take into account the appropriate risks and opportunities that have the potential to impact the loan.

## Case study Harnessing Renewable Energy

### The challenge

The Collgar Wind Farm is a \$750 million renewable power project at Merredin in Western Australia's central wheatbelt, and is the largest single stage wind farm in the southern hemisphere to date. Merredin farmers leased portions of their properties to Collgar Wind Farm for its construction.

This project supports the Renewable Energy Target (RET), which has been legislated to ensure 20% of electricity comes from renewable sources. The RET has bipartisan support from the Federal Labor Government and the Opposition.

### Our involvement

The Group is a core lender to the project, working with domestic and international banks to deliver the project funding.

The project began construction in June 2010 and finished in October 2011, with practical completion in March 2012. The project was completed under budget and ahead of schedule.

### The impact

The Collgar Wind Farm has almost doubled the level of renewable energy in the South West Interconnected System (SWIS) from 5 per cent to 9 per cent. Built over a land envelope of 18,000Ha, it has 111 Vestas V90 turbines with a power production capacity of 206MW, generating on average 792,000 MWh per year – enough electricity for approximately 125,000 homes. The annual carbon reduction (of approximately 700,000 tonnes of greenhouse gas emissions) will be equivalent to taking 160,000 cars off the road or planting 1,000,000 trees.



# ENGAGING OUR EMPLOYEES

## Case study

## 'CommBank Unplugged' – The Workplace Of The Future

In 2010, we recognised the need to fully leverage our long-term investments and develop the workplace of the future. We needed to move from a very static workplace to a dynamic, flexible use of space.

### Our response

'CommBank Unplugged' is a new way of working that allows our people to work at the time and place that suits them best, with the right people, to deliver the fastest, most effective results for our customers. Also known as activity-based working (ABW), this innovative model does away with many of the rules and norms of the traditional workplace, giving our people the freedom and the tools they need to deliver outstanding results for our customers.

The workplace is a state-of-the-art facility with the latest technology that inspires our staff and allows them to focus on our customers' needs. Laptops and non-designated desks have replaced individual workstations, so staff can move around and work with those they need to collaborate with when they need to, without disturbing their workmates.

### Our progress

The Group is now home to the world's largest and most innovative ABW environment. More than 6,000 of our staff at our new Sydney offices, Commonwealth Bank Place, have been freed from traditional workstations to discover new ways to work and collaborate.

We invested in the right technology, including lighter, faster and more energy efficient laptops, secure wireless network within the building, Follow You printing, LCD collaboration screens and smart boards in formal and informal meeting areas.

**“CommBank Unplugged is a new way of working that allows our people to work at the time and place that suits them best.”**





**Commonwealth Bank Place (CBP) has delivered the following benefits, which exceeded original targets:**



**Space efficiency**

We have improved our accommodation efficiency through ABW which has enabled 20% more employees to be allocated to CBP. This has minimised the Group's footprint by requiring less built space.



**Paper reduction**

By helping teams and individuals rely less on paper, we reduced printing by 50% (against a target of 30%), saving over \$1 million per annum and contributing to sustainable forestry.



**Cost of churn**

We have reduced the cost of churn, or staff attrition, by over 90% (against a target of 85%) saving \$0.85m per annum.

**Carbon footprint**



Property-related emissions, based on CBP employee occupants, have reduced by over 50%, through sustainability initiatives such as generating our own power, water and waste recycling and use of technology like chilled beam air-conditioning and energy efficient lighting.



**Efficiency and productivity**

By moving to ABW at CBP, 70% of employees say it is easier for them to deliver great customer service. Over 78% feel there is greater collaboration between teams they work with and more than 66% feel more productive.



**Diversity and flexibility**

ABW has helped the Group improve diversity and flexibility outcomes for our employees by allowing them to work with whomever they need to, wherever and whenever they need. In the reporting period we won the prestigious Catalyst Award for our workplace diversity and flexibility programs (which include ABW). We are only the second Australian organisation to win this global award in its 27-year history.



**New ABW sites**

The success of the ABW pilot and CBP is resulting in the ABW model being leveraged in two other significant new Group developments in Perth, Australia and Auckland, New Zealand.



**Employee pride**

The unexpected outcome was the amount of pride shown by employees in their new workplace. This is reflected in survey results, with over 80% indicating ABW makes them proud to work for the Group, and in the number of employees bringing their family in to see their workplace through organised tours and weekend family days.



**We have reduced the cost of churn by over**

**90%**

saving over \$0.85 million per annum

# OUR COMMUNITY PARTNERS



The Group is proud to be an active participant of leading global sustainability programs.

# FOR FURTHER INFORMATION

## Commonwealth Bank Sustainability – Global Reporting Initiative (GRI) index

We place a great emphasis on sustainability performance and we are committed to reporting transparently on progress. We continue to review the guidance provided through voluntary reporting frameworks such as the GRI. The table below supports our stakeholders by providing links or signposts to where information relevant to the GRI Index can be found.

Strategy			
1.1	Statement by the CEO	A message from our CEO	Sustainability Report - page 5-6
1.2	Key impacts, risks, and opportunities	Chief Executive Officer's Statement - Our operating environment	Annual Report - page 5
Organisational Profile			
2.1	Name of the organisation	Commonwealth Bank Australia	–
2.2	Main brands, products and/or services	Who We Are	Sustainability Report - page 7
2.3	Operating Structure	Who We Are, Our Vision, Our Strategy and Our Market Share	Sustainability Report - page 7-8
2.4	Address of the organisation's head office	Commonwealth Bank Tower 1, 201 Sussex Street, Sydney, NSW 2000	–
2.5	Geographic performance	Who We Are	Sustainability Report - page 7
2.6	Legal nature	Annual Report	Annual Report
2.7	Markets served	Who We Are	Sustainability Report - page 7
2.8	Size of the organisation	Who We Are	Sustainability Report - page 7
2.9	Significant changes in the year	Ian Narev's appointment as Managing Director and Chief Executive Officer of the Commonwealth Bank took effect on 1 December 2011.	Commbank.com.au/about-us/our-company/management
2.10	Awards	<ul style="list-style-type: none"> <li>Sustainability Awards and Recognitions</li> <li>The Group's awards</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Report - page 9</li> <li>Commbank.com.au/about-us/our-company/awards</li> </ul>
Report, Scope & Boundary			
3.1	Reporting period	1 July 2011 to 30 June 2012	Sustainability Report - page 4
3.2	Previous report	1 July 2010 to 30 June 2011	Sustainability Report 2011

Report, Scope & Boundary			
3.3	Frequency	Annual aligned to financial year	Sustainability Report - page 4
3.4	Contact point	sustainability@cba.com.au	Sustainability Report - page 4
3.5	Process for determining content	<ul style="list-style-type: none"> <li>Our Approach to Sustainability</li> <li>Our Refreshed Reporting Approach</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Report - page 9-10</li> <li>Commbank.com.au/sustainability</li> </ul>
3.6	Limit of the Report	About This Report	Sustainability Report - page 4
3.7	Report Scope and Boundary Limitations	Annual aligned to financial year	Sustainability Report - page 4
3.8	Subsidiaries Reporting	sustainability@cba.com.au	Sustainability Report - page 4
3.9	Data measurement techniques and calculation bases	Sustainability Report - performance data	Commbank.com.au/sustainability2012
3.10	Consequences of the restatement of information	Sustainability Report - performance data	Commbank.com.au/sustainability2012
3.11	Significant changes	Group's greenhouse gas emissions are now displayed in line with the Australian Government's National Greenhouse and Energy Reporting Scheme	Commbank.com.au/sustainability2012
3.12	GRI Summary	This table	Sustainability Report - page 35-36
3.13	External verification	KPMG Assurance Report	commbank.com.au/sustainability2012
Governance			
4.1	Governance structure	Corporate Governance	Annual Report - page 56
4.2	Identification of the key executives	Corporate Governance - composition	Annual Report - page 57

## Commonwealth Bank Sustainability – Global Reporting Initiative (GRI) index

Governance			
4.3	Independent and/or non-executive directors of the Board	Corporate Governance - composition	Annual Report - page 57
4.4	Mechanisms to provide recommendations or direction to the Board	Shareholder Communication	Annual Report - page 61
4.5	Compensation and financial, social and environmental performance	Directors' Report – Remuneration Report - Linking Remuneration to Performance	Annual Report - page 76
4.6	Avoidance of conflicts of interest	Statement of Professional Practice / Code of Conduct	Annual Report - page 61-62
4.7	Board composition, qualifications, and expertise	Corporate Governance - Board Performance and Renewal Committee	Annual Report - page 58
4.8	Values, codes of conduct, and principles relevant to economic, environmental, and social performance.	Our Sustainability Framework	Sustainability Report - page 10
4.9	Procedures for the Board to identify and manage economic, environmental, and social performance.	The Board reviews and approves the Group's Sustainability Strategy and Annual Sustainability Report that covers ESG activities and performance.	Annual Report - page 56
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance	Annual Report - page 38

Governance			
4.11	Organisation precautionary approach or principle is addressed by the organisation.	Risk management	Annual Report - page 10
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Our Refreshed Reporting Approach UN Global Compact and UNEP Finance Initiative	Sustainability Report - page 10
4.13	Memberships in associations	Our Refreshed Reporting Approach	Sustainability Report - page 10
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organisation.	Our Approach to Sustainability – Stakeholder Engagement	Sustainability Report – page 9-10
4.15	Basis for identification and selection of stakeholders with whom to engage.	Our Approach to Sustainability - Stakeholder Engagement	Sustainability Report - page 9
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Our Approach to Sustainability - Stakeholder Engagement	Sustainability Report - page 9
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Material issues	commbank.com.au/sustainability

# FOR REFERENCE

## WE MAKE SUSTAINABILITY PART OF EVERYTHING WE DO

### OUR SUSTAINABILITY FRAMEWORK

<b>Sustainable Business Practices</b>	We embed sustainable business practices across our operations through strong governance, established management systems, responsible procurement and transparent reporting.
<b>Responsible Financial Services</b>	We take a responsible approach to the provision of financial products and services.
<b>Engaged and Talented People</b>	We attract, develop and retain a diverse, engaged and talented workforce.
<b>Community Contribution and Action</b>	We make impactful contributions to our communities through mutually beneficial partnerships.
<b>Environmental Stewardship</b>	We are proactive in measuring and reducing our own environmental footprint and provide smart solutions to help our customers and employees reduce their own.

## YOUR FEEDBACK

If you have any feedback on our sustainability approach and reporting, we would love to hear from you.



## CONNECT

Connect with us through social networks:

-  [facebook.com/commonwealthbank](https://facebook.com/commonwealthbank)
-  [twitter.com/commbank](https://twitter.com/commbank)
-  [Google+](https://google.com/+commbank)
-  [blog.commbank.com.au](https://blog.commbank.com.au)



## EMAIL

Email us at:  
[sustainability@cba.com.au](mailto:sustainability@cba.com.au)



## WRITE

Write to us at:  
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Sydney NSW 2000



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