

Commonwealth Bank

# Sustainability Report 2010



**Determined** to be different

# Welcome

St Marys

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# About this report

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For nearly 100 years, at the Commonwealth Bank we have been proudly working to help build a sustainable Australia.

Today, we're more determined than ever to support our customers, our employees, our shareholders and the wider community, now and in the future.

This report describes our key sustainability initiatives over the last 12 months, and sets out focus areas for the future. It is centred around our **five foundations of sustainability**: Customers, People, Community, Environment and Governance.

We publish an annual sustainability report because it's important for us to communicate our sustainability initiatives to our customers and the broader community, and ensure we provide transparency around how we are continuing on our journey to be a sustainable business.

## Scope

The Sustainability Report 2010 covers the activities of companies owned and operated by the Commonwealth Bank Group within Australia, including our subsidiaries, for the period 1 July 2009 to 30 June 2010. For the first time the report includes the Bank of Western Australia (Bankwest) which was acquired in December 2008. The Bankwest section begins on page 42.

ASB Bank (ASB) is our wholly owned New Zealand bank. Read ASB's 2008–09 corporate responsibility report 'ASB in your community' at [asb.co.nz/community-and-sponsorship/corporate-responsibility](http://asb.co.nz/community-and-sponsorship/corporate-responsibility).

For more detailed information on our financial performance, refer to our 2010 Annual Report found at [commbank.com.au/about-us/shareholders/financial-information/annual-reports/](http://commbank.com.au/about-us/shareholders/financial-information/annual-reports/).

## United Nations Global Compact

We are a signatory to the Global Compact and committed to communicating 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.

## Independent assurance

Key metrics in this report have been independently reviewed by KPMG. See the 'Independent Review Report' on page 50 for more details.

**We are committed to improving all aspects of sustainability across the Group.**

# A message from our CEO



**Ralph Norris**  
CHIEF EXECUTIVE OFFICER

Welcome to the annual Commonwealth Bank Group Sustainability Report. Over the 2009–10 financial year we have continued to build sustainable practices into every aspect of our business through our focus on our five sustainability foundations – Customers, People, Community, Environment and Governance.

By taking a sustainable approach now, we can create long-term value for our customers, our employees, our shareholders and the community.

One way we can continue to enhance sustainability at the Commonwealth Bank is by developing our business strategy and our strategic priorities. Our strategy incorporates five areas of opportunity: customer service; business banking; technology and operational excellence; trust and team spirit; and profitable growth. In each of these areas, we have been working on initiatives and continuing to build a more sustainable business that contributes to an even more prosperous and successful Australia.

## **Customer service**

Customer service is our highest priority. That's why we have made it our goal to become number one in customer satisfaction. Our 'determined to be different' service promise means we place our customers at the centre of everything we do, and feedback from our customers shows that our efforts in this area have not gone unnoticed. Over the year we have improved our customer satisfaction among our retail customers by 2.6 per cent, as measured by the Roy Morgan Research Main Financial Institution Retail Customer Satisfaction survey. Our people have also been working hard to provide our business customers with excellent customer service,

“By taking a sustainable approach now, we can create long-term value for our customers, our employees, our shareholders and the community.”

while our wealth management customers have rated us number one in customer satisfaction in the Wealth Insights Platform Service Level survey for the third year running.

### Business banking

This year we launched several initiatives to improve our service to business customers. They included new developments in CommBiz, our real-time, online banking service for business, corporate and institutional customers; enhanced features in NetBank, providing a more personalised service; and updates to internal systems, allowing us to deliver when our customers need us most.

In a sometimes difficult economic environment, our front-line business specialists continued to support our business customers – including 100,000 small-to-medium business customers – with the financial challenges they faced during the year.

### Technology and operational excellence

During 2009–10 we made substantial progress on our Core Banking Modernisation (CBM) project, designed to improve and modernise our systems and provide an exceptional service experience for all of our customers. This significant, long-term commitment involves an investment of around \$730 million over four years.

The CBM project will create a world-class customer service platform. It's an integral part of our vision to be Australia's finest financial services organisation through excelling in customer service. It also supports our focus on sustainability by helping us to use resources more efficiently and leverage innovative technology to position our business for the future. Most importantly, it allows us to significantly improve customer service by:

- Putting the customer at the centre of our processes.
- Simplifying and automating our processes to make banking faster and easier for our customers and our people.
- Processing account transactions in real-time.

### Trust and team spirit

For us, trust and team spirit are about creating a culture where our people feel engaged, passionate and valued. They are also central to the sustainability of our business, since engaged people create satisfied customers, leading to better returns for our shareholders.

There is no doubt that our improvement in customer satisfaction has been possible because our people are more engaged and more satisfied with the Group as a place to work. The results of our annual People and Culture Survey, set out on page 20 of this report, reflect this.

We believe it is essential to support and enrich the Indigenous communities in which we operate. Through our Reconciliation Action Plan we are implementing initiatives to create employment opportunities for Indigenous Australians, enhancing customer service for our Indigenous customers, and strengthening our people's appreciation of Indigenous culture. You can read about our Indigenous initiatives throughout this report.

### Profitable growth

Profitable growth is not only a strategic priority but a good measure of the sustainability of our business. And it isn't only important for the Group; it also helps to support Australian society generally. That's because our growth creates employment opportunities, generates better returns to shareholders and government, and contributes to a stable and secure banking system.

I am pleased to say that we have a strong history of profitable growth, which has continued during the 2009–10 financial year. For our full year results ended 30 June 2010 we announced Net Profit After Tax (NPAT) on a cash basis of \$6,101 million, which represents an increase of 42 per cent on the prior year and a statutory NPAT of \$5,664 million, which represents a 20 per cent increase on the prior reported year. Over the years we have also achieved significant total returns for our shareholders, for example 36 per cent over two years and 70 per cent over five years.

## A message from our CEO

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Our ability to deliver sustainable growth is underpinned by good governance practices, prudent risk management and reliable funding. And we continue to develop our capabilities in areas which offer good opportunities to generate a higher return on our shareholders' investment. For example, our improvement in customer satisfaction has allowed us to increase the average number of products held per customer from 2.17 in June 2006 to 2.56 in June 2010 (according to Roy Morgan Research, based on Australians aged 14+, Banking and Finance customers).

We have also continued our focus on offshore growth, particularly in Asia where we launched a number of new business divisions and branches. In January we entered into a new strategic partnership with Vietnam International Bank (VIB) while in March we opened our first institutional banking branch in Shanghai to service our Australian and Greater China corporate and institutional customers.

### Sustainability in the aftermath of the global financial crisis

The relative strength of the Australian economy during the global financial crisis (GFC) was in no small part due to the strength of the Australian banking system, which allowed Australian banks to continue lending to customers.

While we have come through the GFC in good shape, the crisis has also underlined a number of key principles. In particular, it has demonstrated the importance of:

- Building robust, diverse, flexible business models.
- Embedding an effective risk culture.
- Nurturing a well-developed understanding of the trade-off between risk and growth.
- Focusing on product profitability.
- Maintaining a depth of talent.

The importance we place on our people and the long-term view we take of our business was reflected in decisions designed to retain talented employees while managing our cost base. We implemented a number of efficiency measures, including freezing pay increases and cutting executive pay. We retained talented staff so that, as business conditions improve, the right people are there to take our business forward.

At the same time, we were determined to continue investing in the future of the business. As a result, we decided not to decrease capital expenditure and to maintain spending on technology and operational excellence through projects such as Core Banking Modernisation.

While Australia has managed the effects of the financial crisis relatively well, the world economy continues to face risks which could slow the global recovery. For that reason, we continue to take a cautious and conservative approach to our business. At the same time, we remain confident that our business is strong and sustainable, and that our focus on our customers and our people, together with the results we have achieved, are world class.

### Looking forward

We are pleased to be making solid progress on our sustainability journey. Over the coming year we are committed to further embedding sustainability practices within our business and contributing to a more sustainable Australia. Some of the activities we'll be focusing on in the year ahead are:

#### Customers

Improving customer satisfaction remains our most important strategic priority. The continued rollout of our Core Banking Modernisation project will provide our customers with more efficient banking and help us achieve excellence in customer service.

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## People

Embedding our Diversity Strategy will be a major focus as we implement a range of initiatives to strengthen the diversity of our workforce. In particular we will work towards our goal of increasing the representation of women in Executive Management and more senior roles to 35 per cent by December 2014.

## Community

In the community, we will continue our comprehensive and leading investment in helping to build sustainable communities. We'll further our focus on building financial literacy skills among Australia's youth and taking our StartSmart program into additional primary and secondary schools. We will also continue supporting Indigenous communities by improving access to banking services in regional and remote areas, and working towards our Indigenous Employment Strategy commitment to create 350 additional positions for Indigenous Australians by June 2012.

## Environment

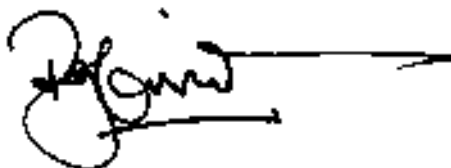
We will continue to implement initiatives to reduce our carbon emissions in accordance with our carbon reduction target. One key initiative is the rollout of the Refreshingly Green branch refit program, where more than 750 branches will be fitted with energy and water efficiency improvements. Other programs will focus on air-conditioning efficiency in the retail network, and further energy efficiency initiatives in our commercial building portfolio.

The construction of Darling Walk, our six star Green Star-targeted commercial premise known within the Group as 'Commonwealth Bank Place', will be completed in the next 12 months.

## Governance

Following the establishment of the Group Risk Appetite Statement, which defines our risk appetite and the degree of risk we are willing to accept on behalf of our shareholders, we will progress our risk management activities with further developments. We will also continue to nurture our existing strong ethical culture and ensure all employees are provided with the guidance and decision-making frameworks they need.

Our aim remains for the Commonwealth Bank Group to continue to deliver long-term value for our shareholders, our customers, our people, the community and the environment.



**Ralph Norris**  
Chief Executive Officer

# Our sustainability scorecard

All metrics capture data from Australian domestic operations unless otherwise stated. Definitions for all metrics are on pages 46–48.

	2010	2009	2008	2007
<b>CUSTOMERS – Customer Satisfaction</b>				
Roy Morgan Research	75.6%	73.0%	70.1%	70.5%
MFI Retail Customer Satisfaction	(ranked 3rd)	(ranked 4th)	(ranked equal 4th)	(ranked 5th)
TNS Business Finance Monitor	67.9%	72.8%	73.9%	60.7%
MFI Customer Satisfaction	(ranked 4th)	(ranked 4th)	(ranked 5th)	(ranked 5th)
Wealth Insights	86.5%	84.1%	88.2%	89.4%
Platform Service Level Survey	(ranked 1st)	(ranked 1st)	(ranked 1st)	(ranked 2nd)
<b>PEOPLE</b>				
Lost Time Injury Frequency Rate (LTIFR)	2.5	2.4	3.1	3.7
Gallup Survey GrandMean	4.32	4.37	4.28	4.13
People and Culture Indicator (PCI)	4.31	4.36	–	–
Absenteeism (average days per FTE)	5.9	5.9	6.5	6.2
Employee Turnover (voluntary)	12.73%	11.37%	18.45%	14.94%
<b>ENVIRONMENT</b>				
Property and fleet carbon emissions (tonnes CO <sub>2</sub> -e)	176,806 5.5 per FTE	172,752 5.7 per FTE	173,397 5.6 per FTE	163,964 5.4 per FTE



# Who we are

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

Since we first opened our doors in 1912, the Commonwealth Bank has played a central role in the Australian story. Today, with around 11 million customers and 45,000 employees globally, we have one of Australia's most recognisable brands.

We are a leading provider of integrated financial services, including retail banking, premium banking, business banking,

institutional banking, funds management, superannuation, insurance, investment and stockbroking products and services.

We have established businesses in Australia, New Zealand, Europe and the Asia-Pacific region, including China, Vietnam and Indonesia. At home, we have the largest customer base of any Australian bank, as well as the country's largest financial services distribution network.

## The Group at a glance

- We are the **world's fourteenth largest bank** by market capitalisation and the second largest company on the Australian Stock Exchange (as at June 2010).
- Almost **one in two Australians bank with us**. We process around 45 per cent of the nation's electronic transactions.
- With over **1.3 million home loans** (including line of credit accounts), we have helped one in four Australian homeowners.
- Nearly **one in three Australians** do their everyday banking with us. In April 2010, our market share in personal transactions was 29.3 per cent.
- Through our Local Business Banking division, we provide financial and advisory support to around **100,000 small-to-medium businesses** with a turnover of less than \$10 million.
- **One in four Australians use NetBank** for their banking needs. There were 5.5 million registered NetBank users at 30 June 2010.
- Our share price trades at a premium to our banking competitors, with shares trading at \$48.64 at market close on 30 June 2010, **up 27.7 per cent over the financial year**. The S&P/ASX 200 Financials Index increased 14.2 per cent over the same period.
- In the 12 months to 30 June 2010 we paid **\$4.5 billion in dividends to shareholders** and \$2.9 billion in taxes.
- In 2009 we were named the **world's twelfth safest bank** by *Global Finance* magazine.
- We employ 45,000 people.

## Who we are

### Some of our awards in 2009–10

#### MONEY MAGAZINE AWARDS 2010

- Bank of the Year
- Money Minder of the Year – Retail Banking Services
- Margin Lender of the Year – CommSec

Judged by a team of *Money* magazine experts, these awards evaluate thousands of products from banks, building societies and credit unions across Australia.



#### CANSTAR CANNEX 2010

- Five star rating, all deposit and transaction accounts
- Five star rating, online share trading – CommSec
- Innovation Excellence Award – Travel Money Card
- Best Online Banking Award

CANSTAR CANNEX analyses and researches over 20,000 financial products to provide fact-based data and ratings to Australian consumers and financial institutions.



#### AUSTRALIAN BANKING AND FINANCE AWARDS 2010

- Australian Financial Institution of the Year – Retail Bank
- Best Career Development Programme – CommLeader
- Financial Services Executive of the Year – Ralph Norris
- Chief Information Officer of the Year – Michael Harte

The Australian Banking and Finance Awards are Australia's premier financial services awards with winners selected by an independent panel of senior industry professionals.



#### AUSTRALIAN PRIVATE BANKING COUNCIL AWARDS 2010

- Outstanding Private Banking Institution of the Year (\$1 million to \$10 million) – Commonwealth Private

Hosted by the Australian Private Banking Council, these awards recognise outstanding institutions and individuals within private banking, private wealth and private client services.



#### RECONCILIATION AWARDS FOR BUSINESS 2010

- Established Business Award – Indigenous Banking Team

The Reconciliation Awards for Business recognise businesses and community organisations who are taking positive steps in advancing reconciliation in Queensland.

#### ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARDS 2010

- Best Retail Bank in Australia
- Best Retail Bank in Asia Pacific
- Best Brand Building Initiative

The Asian Banker Excellence in Retail Financial Services Awards recognise financial institutions that have excelled in meeting the needs of their retail financial services customers.



## Some of our awards in 2009–10

## EUROMONEY 2010 AWARDS FOR EXCELLENCE

- Best Bank in Australia

Euromoney combines quantitative data with informed and subjective judgements to honour those institutions that have brought the highest levels of services, innovation and expertise to their customers.



## INSTO AWARDS 2010

- Hybrid Deal of the Year – PERLS V

The benchmark for achievement in Australia's finance and capital markets, the Insto Awards draw on the views of a broad sample of leading international institutional investors.



## WEALTH INSIGHTS – SERVICE LEVEL SURVEY AWARDS 2010

- Fund Manager Service Level Award – FirstChoice platform

Wealth Insights is Australia's leading provider of industry-wide market research, focused exclusively on the wealth management industry, to fund managers and platform providers.



## INVESTMENT WEEK'S FUND MANAGER OF THE YEAR AWARDS 2010

- Specialist Group of the Year – First State Investments

Investment Week's Fund Manager of the Year Awards aim to highlight funds that produce consistent performance and where there is, in the judges' opinion, a high chance that the manager will not disappoint in the future.



## ETHICAL INVESTOR AUSTRALIAN SUSTAINABILITY AWARDS 2009

- Special Award for Labour Relations and Human Capital Management

The Ethical Investor Australian Sustainability Awards recognise best practice in corporate sustainability across Australian listed companies.



## INTERACTIVE MEDIA AWARDS 2010

- Best in Class, Banking – Intranet
- Outstanding Achievement Award, Investor Relations – Shareholder Centre
- Outstanding Achievement Award, eCommerce – eVolve iShop
- Outstanding Achievement Award, Banking – NetBank
- Outstanding Achievement Award, B2B – Institutional Banking and Markets site

The Interactive Media Awards recognise the highest standards of excellence in website design and development internationally.



## WEBBY AWARDS

- Webby Honouree, Banking/Bill Paying – NetBank
- Webby Honouree, Mobile Marketplace – NetBank Mobile Banking

The Webby Awards are a leading international award program honouring online excellence.



# Customers

In 2009–10 we have continued to find new ways to improve our service and satisfy our customers. By providing a secure and reliable banking service, listening and responding to customer feedback, reducing fees wherever possible, helping geographically remote customers and leveraging new technology, we're determined to enhance our customers' experience.

Customer satisfaction has always been a high priority for us and listening to our customers is a major part of how we do business. We encourage our customers to tell us what they think we do well and what needs improving. We take every complaint seriously, and respond to all requests.

This year, we continued our drive to reduce a number of fees, providing a highly competitive fee structure. We have also refined how we serve remote customers with changes to our AgriLine service, and by investing in new technology we have continued to innovate to deliver relevant and convenient services to our customers.

## Customer satisfaction

We achieved a customer satisfaction rating of 75.6 per cent in the Roy Morgan Research Main Financial Institution (MFI) Retail Customer Satisfaction survey in June 2010 on a 6-month rolling average, an increase of 2.6 percentage points from last year and placing us in third position among the five main Australian banks.

Over the past five years we have made the biggest improvement of the five main banks, moving from a 12.3 percentage points gap to the leader in January 2006 to a 5.1 percentage points gap in June 2010 – up 9.9 percentage points and putting us in third position.

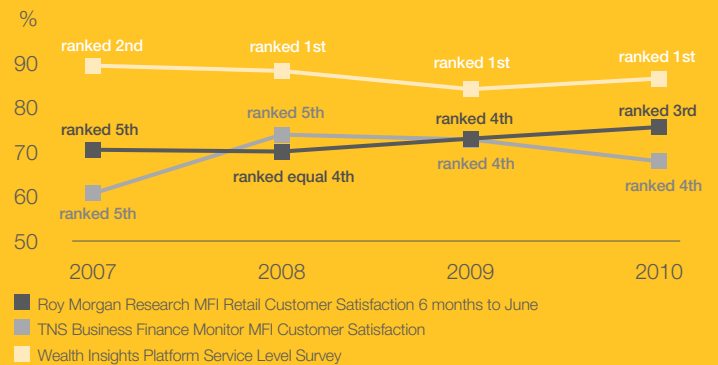
**We have more than 5.4 million retail customers who consider the Commonwealth Bank to be their main financial institution and over four million satisfied customers.**

Our business customers gave us a satisfaction rating of 67.9 per cent on a 12-month rolling average to 30 June 2010, according to the TNS Business Finance Monitor. Our score was down 4.9 per cent on the previous year, equivalent to the average decline of the four main banks.

**Our gap to leader for business customer satisfaction was 6.2 per cent in June 2010, a significant improvement on the 16.6 per cent recorded in January 2006.**

Colonial First State's FirstChoice platform was once again ranked number one, scoring 86.5 per cent in the Wealth Insights Platform Service Level Survey (formerly called the Wealth Insights MasterTrust/Wrap Survey). We have maintained our number one position in this survey since 2008.

## Customer satisfaction



This financial year we continued to see a 'flight to quality' in the business and retail market. The strength of our deposit book and lending book and the continuance of our AA rating post-GFC provide customers with a sense of security and trust in our management of their financial needs.

**For more information on Customers visit:**

**Customer commitment** – [commbank.com.au/about-us/customer-commitment](http://commbank.com.au/about-us/customer-commitment)

**Personal banking** – [commbank.com.au/personal](http://commbank.com.au/personal)

**Business banking** – [commbank.com.au/business](http://commbank.com.au/business)

**Customer Assist** – [commbank.com.au/about-us/customer-commitment/customer-service/financial-assistance](http://commbank.com.au/about-us/customer-commitment/customer-service/financial-assistance)

**Viewpoint Report** – [commbank.com.au/viewpoint](http://commbank.com.au/viewpoint)

**Women in Focus** – [commbank.com.au/business/women-in-focus](http://commbank.com.au/business/women-in-focus)

**School Banking program** – [commbank.com.au/personal/youth-students/banking-at-school](http://commbank.com.au/personal/youth-students/banking-at-school)



# Customers

## Complaints

Our Group Customer Relations team receives and addresses all customer feedback – both compliments and complaints. We look at complaints as an opportunity for us to learn and grow.

The Group Customer Relations team operates independently from the Group's business units to resolve issues quickly and transparently.

Our customers can provide feedback through our freecall telephone service, online, in branch, through our contact centre, by mail or email, using social media, or in person. We seek to deal with all complaints in a responsive manner.

Our focus on customer satisfaction has led to a decrease in the number of complaints received during the past 12 months. In addition, the improving economic climate and renewed investor confidence, has contributed to a fall in the number of complaints received. At the same time, the number of compliments received about our frontline staff has increased by 27 per cent from the previous year. This result further reflects our focus on customer satisfaction.

As a percentage of our customer base, our share of complaints (as registered with the Banking and Finance Ombudsman) is now the smallest of the big four banks.

We are presently implementing a new customer feedback system which will provide us with state-of-the-art capability. The system will allow us to record more information directly from our customers, including complaints resolved at the frontline, and will be accompanied by mandatory training on complaint handling for all customer-facing staff.

## Responsible banking

### CUSTOMER ASSIST

During 2009–10 we strengthened our Customer Assist team, our team of specialised customer service representatives who are trained to assist customers experiencing financial hardship, by:

- Growing our team of specially trained Customer Assist officers to 90 people.
- Extending the operating hours of the Customer Assist service.
- Opening up access to Customer Assist through email and NetBank.
- Providing a dedicated phone number and email address for financial counsellors so they can contact us easily and better support their clients.
- Increasing the Customer Assist team's capability to act as an on-the-ground special response team to assist customers affected by major events such as natural disasters.

## VIEWPOINT REPORT

In early March 2010 we worked with the National Centre for Social and Economic Modelling (NATSEM), an independent research institute at the University of Canberra, to launch the inaugural issue of our new economic report, *Viewpoint*.

*Viewpoint* is a barometer of the nation's economic health based on our first-hand insights into the Australian economy and NATSEM's analysis. It was created to help Australians make better informed financial decisions and provide a resource for businesses and Government.

## UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

Colonial First State Global Asset Management (CFSGAM) provides asset management services to wholesale and institutional investors and has been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2007.

The PRI provides a framework for incorporating environmental, social and corporate governance (ESG) issues into investment decision-making.

During 2009–10 CFSGAM made significant progress towards implementing the PRI through:

- Strengthening PRI governance by embedding PRI performance into the business's balanced scorecard.
- Developing sector-specific tools to enable CFSGAM's investment teams to easily and effectively integrate ESG considerations into their investment process.
- Appointing Environmental Resources Management, a global environmental services organisation, to develop a course for the CFSGAM direct infrastructure team on the environmental and social issues facing the infrastructure sector.
- Participating as a member of the PRI Academic Network Steering Committee to help provide a link between responsible investment practitioners and the academic community.
- Participating in the ESG Research Australia initiative to encourage an increase in the quality and quantity of research by Australian brokers that includes longer term ESG factors.

For more information read the CFSGAM 2009 Responsible Investment Report [cfsgam.com.au/uploadedFiles/CFSGAM/About\\_Us/Responsible\\_Investment/GAM\\_RI\\_Report2009.pdf](http://cfsgam.com.au/uploadedFiles/CFSGAM/About_Us/Responsible_Investment/GAM_RI_Report2009.pdf)

## INTEREST RATES

Over the past two and a half years we have consistently delivered to our customers the lowest or second lowest standard variable home loan interest rate among the major banks.

During this time, we have seen volatility in international capital markets and additional pressure on funding costs for deposits within Australia. We have also experienced increases in the Official Cash Rate by the Reserve Bank of Australia. After considering these factors, our aim is to take a fair position that balances the needs of our customers and shareholders when assessing any changes to our interest rates. We continue to monitor and review our interest rate position going forward and always look to balance the needs of customers and shareholders.

To help our customers manage the impact of interest rate changes, we introduced the Home Loan Health Check. This free, 15-minute discussion can be held at the customer's local branch or with their Commonwealth Banker, and helps fine tune their home loan to find potential ways to save them money and time.

### RESPONSIBLE LENDING

We are committed to lending responsibly to our customers. As well as offering customers in financial difficulty assistance through our Customer Assist team, we:

- Do not offer credit increases to customers who have a poor credit history or cannot meet their credit card repayments.
- Do not proactively offer pre-approved credit card limit increases to customers who we know are receiving Centrelink payments.
- Provide customers with easy-to-understand guides on how to reduce their debt.
- Provide clear, simple information detailing applicable fees and explaining how interest is calculated.

Our Institutional Banking and Markets team also implements responsible lending practices, and before undertaking financing, they collaborate with the risk management team and relevant business unit teams to consider environmental impact, health and safety issues and community relations.

### Listening to our customers

Providing the best possible customer service is at the heart of everything we do. Our efforts to listen to our customers have been recognised by the industry with our Bank of the Year 2010 win in the *Money* magazine Consumer Finance Awards.

Understanding our customers' views enables us to better meet their needs and provide them with relevant products and services. Our focus remains on constantly improving service and providing market-leading solutions.

Through our Brand, Advertising and Reputation Tracker, we listen to 2,000 consumers every month to gain insight and a better understanding of consumer perceptions. We gather

this information through an online survey of adult consumers and cover topics such as consumer confidence, brand and reputation perceptions, and awareness and recognition of our advertising. At a weekly level we also gain an understanding of what consumers are picking up on in the media, the news stories they are reading, and the issues important to them.

Through this understanding of market conditions, and by monitoring the health of our brand, we can make better business decisions and develop our marketing strategies and business services.

### FEE REDUCTIONS ACROSS RETAIL AND BUSINESS

In August 2009 we made significant changes to fees across personal and business transaction accounts by introducing the following fee reductions:

- Dishonour fees – from \$35 on Business and Personal Transaction accounts to \$5.
- Overdraft fees – from \$30 to \$10.
- Late payment fees on home loans, credit cards and personal loans – from \$25 to \$20, with a reduction in the credit card over the limit fee from \$25 to \$10.

This decision followed an ongoing review of fees, which started with introducing a zero fee account for many disadvantaged groups, abolishing ATM fees for our customers using other financial institutions' transaction cards in our ATMs, and removing a number of one-off service fees for home loan customers.

Over 3.5 million of our customers with retail transaction accounts now pay no account fees.

### INDIGENOUS CUSTOMERS

In November 2009 we launched our Indigenous Banking Team (IBT) – the first of its kind for a major Australian bank – to ensure Indigenous customers have access to the full range of our products, services and business development expertise. In May 2010 the IBT won the Established Business Award in the Queensland Government's 2010 Reconciliation Awards for Business.

Our Indigenous Customer Assistance Line (ICAL) was developed after consulting our Aboriginal and Torres Strait Islander customers in remote communities. A free call number now connects Indigenous customers to a specially trained team who can assist them to access a range of banking services over the phone.

Our NetBank Training Program assists Indigenous customers to use NetBank effectively, while also enabling our people to learn about the banking issues affecting remote communities.

# Customers



## INNOVATIONS IN BRANCH DESIGN

In January 2010, a new Commonwealth Bank branch designed for the youth market opened at Sydney University. The branch, the first of its kind for the Group, features a brand new design focused on fast customer service and the latest technology.

The branch features a unique IT Lounge which provides an area for customers to access WiFi or log on to NetBank using one of seven iPod Touch units. A community totem pole is another feature, providing a facility for the community to display local notices, ads and posters.

While any Group customer can use the branch, the design specifically caters to Sydney University's student population.

## COMMINSURE PDS IN BRAILLE

A customer request for an Insurance Product Disclosure Statement (PDS) in Braille led our insurance division to create the Group's first Braille PDS. The team sourced a Braille translator who turned the PDS into a Braille document. Six weeks later, the customer received a two-part PDS in Braille, on the same day she settled on her new home.

Inspired by this outcome, the General Insurance team is looking into updating other PDSs, to improve accessibility for customers with a hearing or sight impairment.

## AGRILINE

AgriLine was initially set up to better service the Group's agribusiness customers. As a phone-based contact centre the AgriLine team handled customer requests quickly and efficiently. While this was convenient, customers told us they were missing the personal service of having a dedicated Relationship Manager. Based on this feedback, we restructured AgriLine. Each customer now speaks with a dedicated AgriLine Relationship Manager who services all their financial matters.

## WOMEN IN FOCUS

Women in Focus was launched in 2009 in partnership with professional services firm Deloitte. An innovative coaching and networking service, Women in Focus aims to help our current and prospective female customers take their own business or corporate career to the next level.



The Women in Focus workshops include three main elements:

- Interactive guest speaker sessions where successful businesswomen share their achievements and challenges.
- Formal business coaching covering all aspects of business ownership, delivered in partnership with Deloitte.
- Structured and informal group networking options allowing participants to connect with like-minded female business owners.

During 2009–10, the Women in Focus program held several events across the country, including half-day business coaching and networking workshops.

#### INTERNATIONAL EXPANSION

We operate more than 80 branches and businesses across Indonesia, China, Vietnam, India, Hong Kong, Singapore and Japan. In the last 12 months we have successfully expanded in our Asian growth markets of China, Vietnam and Indonesia.

We opened our first institutional banking branch in Shanghai in March 2010 to service our Australian, Chinese and Hong Kong corporate and institutional customers based in China.

Within China we have also:

- Taken a 20 per cent investment in two City Commercial Banks – Bank of Hangzhou and Qilu Bank, where we continue to transfer knowledge and skills through our ongoing Capability Transfer Program.
- Partnered with Bank of Communications (BoCom) in a joint venture life insurance business, BoCommLife.
- Established a joint venture funds management company based in Shenzhen (First State Cinda Fund Management Company Limited).
- Invested in a financial planning joint venture, AMTD Financial Planning, with the Cheung Kong Group – one of the largest conglomerates in Hong Kong.

In Vietnam we announced a new investment and new strategic partnership in January 2010 with Vietnam International Bank (VIB) – our most significant banking investment outside Australia since our China investments in 2005.

“Understanding our customers’ views enables us to better meet their needs and provide them with relevant services.”





## Customers

In Indonesia we experienced significant growth, with Commonwealth Bank Indonesia opening around 20 new branches during 2009–10. It now operates 78 branches and more than 100 ATMs across 22 cities. In June 2010, Commonwealth Bank Indonesia was also named the best in customer service of all Indonesia's foreign banks for the fifth consecutive year in the Synovate Mystery Shopper Industry Survey, while Commonwealth Life Indonesia received the top award at the '2009 Call Centre Awards for Service Excellence'.

### Innovation

#### CORE BANKING

Our ongoing Core Banking Modernisation project is updating our systems to provide an ever-improving service experience for our customers. In March 2010 we migrated over 1.1 million Term Deposits and Farm Management Deposits to the new Core Banking platform, enabling these customers to experience real-time banking for the first time.

Further stages, including the migration of Retail Savings and Transactions accounts, are scheduled for late 2010.

#### NETBANK

We continued to improve NetBank, our award-winning online banking channel, with these innovations during 2009–10:

- Allowing customers browsing the website to chat to a specialist about applying for home loans and term deposits.
- Protecting more than four million Australians with our free NetCode SMS security.
- Asking customers directly for their ideas and making changes to make it easier to transfer money and pay bills.
- A new transaction history for every customer makes it easier to view, search and export transactions.
- Allowing customers to choose the payment limit that suits their needs at the time of the transaction.
- Free email and SMS alerts for account balances, credit card repayment due dates, Term Deposit maturities and overdrawn accounts to make it easier for customers to manage their finances and avoid fees.

Further innovations to NetBank have also improved the online experience for small business, premier banking and private banking customers, who can view a picture and contact details of their Relationship Manager and rate the level of service they receive.

NetBank was recognised as one of the world's best banking platforms, winning Best in Class for Banking in the 2009 Interactive Media Awards.

#### AUGMENTED REALITY PROPERTY SEARCH

In May 2010, we launched an industry first – an iPhone augmented reality application for people buying or selling a home, or researching the property market.

The application allows home hunters to track properties and access detailed suburb profiles revealing demographics, median price, property hotspots and capital growth trends.

#### INSTITUTIONAL BANKING AND MARKETS

This year we made a significant investment in the Institutional Equities business, to extend our Institutional Banking and Markets strategy by delivering Total Capital Solutions to clients.

Over the last 12 months, the Institutional Equities business has:

- Significantly increased the Equities Research Team by hiring quality research analysts and sales staff.
- Increased equities research coverage of the ASX 200 from 16 per cent to 90 per cent.
- Been appointed to a number of high profile deals including as the Joint Lead Manager role on the Amcor Limited \$1.6 billion capital raising.
- Developed an Equity Financing business.

# People

Our gains in customer satisfaction over the last five years have been underpinned by the passion and commitment of our people.

To achieve our goal of becoming number one in customer satisfaction, we need engaged, passionate and enthusiastic people. Our annual People and Culture survey, which measures our cultural aspiration and people engagement, reveals high engagement levels among our people during 2009–10.

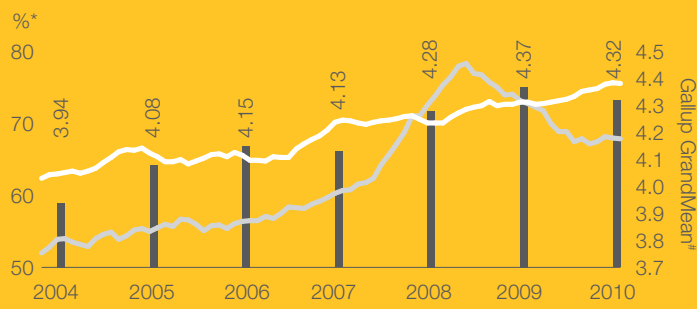
This year, we strengthened our commitment to building a diverse workforce to better meet the needs of the diverse Australian community, with a newly updated Diversity Strategy. Today, our workforce is made up of employees ranging from 16 to more than 75 years of age, who collectively speak over 60 different languages.

We are also focused on developing a workplace that remains flexible to attract the best employees, and we continue to develop talent and strengthen the capabilities of our leaders.

## People engagement

Fostering a culture of trust and team spirit across the Group is a key driver of customer satisfaction. This graph clearly shows the relationship between strong employee engagement (measured by our Gallup GrandMean Score) and high customer satisfaction (measured by the Roy Morgan and TNS results).

### Retail and Business Main Financial Institution Customer Satisfaction & Gallup Employee Engagement



■ Commonwealth Bank's Gallup GrandMean Score ■ Retail - Roy Morgan Research ■ Business - TNS  
 \* % Satisfied ('Very Satisfied' or 'Fairly Satisfied') \* GrandMean out of 5

Source: Roy Morgan Research, MFI Customer Satisfaction, 6-month rolling average  
 TNS - Business Finance Monitor, 12-month rolling average  
 Gallup, Annual Commonwealth Bank People and Culture Survey

We measure our progress towards our cultural aspiration and people engagement each year in the People and Culture survey. The key survey indicators are:

- The People and Culture Indicator (PCI) designed by the Group to measure overall engagement.
- The Gallup GrandMean, a set of questions designed to measure engagement within teams.

Over the last 12 months, both the PCI and the Gallup GrandMean recorded strong results, showing that we have consolidated the significant gains of the last two years.

The PCI was 4.31 on a scale of 5, and the Gallup GrandMean was 4.32. This places us in the seventy-sixth percentile in the Gallup Worldwide database and is considered best practice people engagement by Gallup.

The Group remained relatively steady against other key people indicators as at 30 June. There was no change in the absenteeism rate, at 5.9 average days per FTE, while voluntary turnover increased slightly as a result of the improving economic conditions.

## Diversity

According to the latest Gallup research, the most engaged employees are those working in an open, fair and diverse environment<sup>1</sup>. To help us build greater diversity, particularly in leadership, diversity is a specific performance indicator for the Group's most senior leaders and is now included and specifically measured in Business Unit strategic plans.

The Group's Diversity Council leads our diversity strategy. The Council, which includes all Executive Committee members, meets quarterly to discuss issues and opportunities around diversity. In 2009–10, the Council refreshed our diversity strategy, focusing on four key areas.

1. Christian Hasenoeherl, 'Diversity: An Ephemeral Concept', www.greatmanagement.org, 13 February 2009

For more information on People visit:

**Employee benefits** – [commbank.com.au/about-us/careers/our-workplace-and-you/employee-benefits](http://commbank.com.au/about-us/careers/our-workplace-and-you/employee-benefits)

**Culture and diversity** – [commbank.com.au/about-us/our-company/our-approach-to-diversity](http://commbank.com.au/about-us/our-company/our-approach-to-diversity)

**PACT behaviours** – [commbank.com.au/about-us/our-company/our-people](http://commbank.com.au/about-us/our-company/our-people)

**Disability Action Plan** – [commbank.com.au/about-us/customer-commitment/access/disability-action-plan](http://commbank.com.au/about-us/customer-commitment/access/disability-action-plan)

### Respect and inclusion

Continue to represent our community by providing an inclusive culture respecting our people regardless of gender, age, sexual orientation, ethnicity and religion

### Diversity in leadership

Increase the representation of women in executive management and more senior roles from 26 per cent to 35 per cent by December 2014

We value and respect all people; leveraging diverse backgrounds, experiences and perspectives to provide excellent customer service to an equally diverse community.

### Diversity support

Provide clear guidelines to support our customers and people with a disability as well as language difficulties

### Adaptable work practices

To be recognised by our people and the market as a supporter of adaptable work practices

#### DIVERSITY IN LEADERSHIP

Diversity in leadership, including gender diversity, is an asset to organisations and linked to better economic performance. We believe that having strong representation of women in leadership is a lead indicator of broader diversity. We are committed to:

- Developing, promoting and retaining talented women in leadership.
- Increasing the representation of women in management roles (Executive Manager and above) to 35 per cent by December 2014, up from 26 per cent in 2009–10.

Achieving this target is a challenge and it requires us to make a strong commitment to cultural change. We have been working on a range of initiatives and programs to break down barriers and develop broader advocacy.

Having the widest possible pool of potential employees to choose from helps to ensure the best person gets the job. In 2010 we updated our Appointment to Role policy, to ensure both women and men sit on recruitment panels and are considered in candidate pools.

We conduct regular pay equity reviews to ensure that similar roles are remunerated fairly. And we are identifying women for development programs and career opportunities, while offering them a flexible workplace.

#### Female participation in Executive Manager and above roles



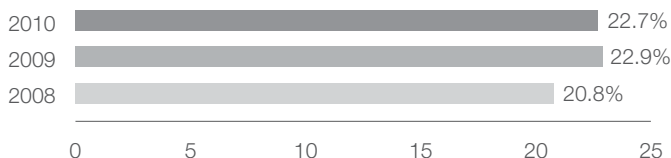
#### ADAPTABLE WORK PRACTICES

To help attract the best people, we need to be flexible in the way we work. We offer flexible work arrangements to provide a way of recognising and accommodating individual circumstances whilst responding to business needs.

Our Flexible Working Arrangement policy and flexibility intranet site support people who want to work outside standard business hours, and enable managers to offer their teams flexibility. In the People and Culture survey conducted in March 2010, 40.8 per cent of employees said they worked flexibly.

22.7 per cent of our people are in formal part-time or job share arrangements.

#### Staff working part-time or job share



# People

## Case Study – Garma Cultural Education Program



To strengthen our people’s knowledge of Indigenous culture we offered sixteen of our people the chance to participate in a unique annual cultural festival held in northeast Arnhem Land in late 2009. The Garma Festival is all about people coming together to learn from and listen

to one another. It is a vibrant celebration of the culture of the Yolngu people of northeast Arnhem Land – one of the oldest living cultures on earth.

Garma incorporates visual art, dance and music along with leadership forums featuring speakers ranging from government representatives to representatives from local schools and businesses.

Our people who attended the 2009 Garma Festival now have a stronger appreciation of the Yolngu culture and the issues facing many Indigenous Australians. This enhanced understanding will help support them in delivering our Indigenous programs.

Feedback from participants reinforced the benefits gained from participating in Garma.

“Having been involved in the Aboriginal Employment Strategy Indigenous School Based Traineeship Program since its inception, the opportunity to go to Garma was a chance to gain some clearer understanding of the cultural issues affecting Indigenous people. This may help with dealing with trainees and also gave a greater appreciation of how it feels to be in a minority group, even if only for a few days.”

*Tom Eckersley, Area Manager Retail, NSW Northern Tablelands Area*

“Given the work and fundraising we have been doing in Enterprise Services this was a great opportunity to see firsthand the challenges faced by Indigenous communities and get rare insight into the culture.”

*Lisa Green, Service Delivery Manager, Enterprise Services*

### RESPECT AND INCLUSION

We are committed to representing our community by providing an inclusive culture. We aim to support our people in achieving their full potential, whatever their age, gender, sexual orientation, ethnicity or religion.

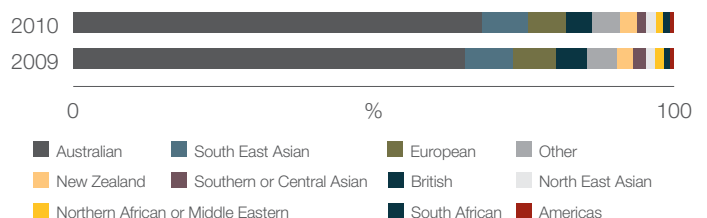
During the year we launched an online Indigenous Culture Awareness course to educate all our staff about Indigenous cultures and their unique position in Australian culture and history. We continue to offer employees diversity and inclusion learning and have implemented a unique and interactive diversity learning program to help build awareness.

### DIVERSITY SUPPORT

We believe our staff should reflect the diversity of the customers and communities we serve, allowing us to meet their specific needs with assistance such as translation services or culturally appropriate products and services. As such, the cultural diversity of our people is a strength and an asset. We are committed to recruiting and retaining a culturally diverse workforce.

Providing everyone with equal access to the banking products and services they need is important to us. We endeavour to support our people and customers with a disability and have a Disability Action Plan to improve customer access to our services and provide an accessible and inclusive work environment for our people with disabilities.

### Employee ethnicity



### Indigenous employment

Our Indigenous Banking Team is recruiting Indigenous people through our Indigenous Employment Strategy. By 30 June 2010, 130 new Indigenous employees had joined the Group, helping us make significant progress toward our target to create 350 additional positions for Indigenous Australians by June 2012.

Our Indigenous Skills Development Program is a pre-employment program that prepares Indigenous people to apply for entry level roles at the Group by providing training and up-skilling in customer service, communication, teamwork and sales skills.

Another avenue for recruitment is the Indigenous School Based Traineeship Program which has been operating since 2003. It offers 80 traineeship positions each year to Indigenous students completing their High School Certificate or equivalent. In 2009, over 50 per cent of graduates gained permanent positions with the Group while others went on to further education.

### Talent management, development and leadership

#### TALENT MANAGEMENT

In 2009–10 we continued embedding talent development processes into each layer of management, through succession planning and enhancing our senior leadership capabilities.

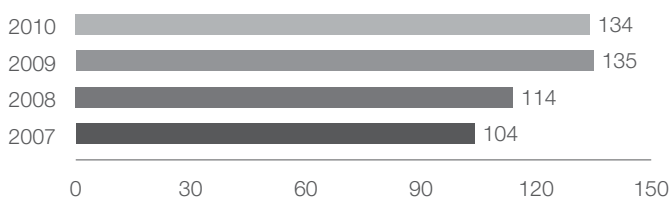
Succession planning ensures we are able to identify and grow the next generation of leaders who can meet the future demands of the business, while also being able to offer career development opportunities to high potential candidates.

We strengthened our senior leadership capabilities through collective and individual development initiatives such as:

- Accelerated development of our Executive General Management team through the Senior Executive Development Program.
- Piloting new assessment methodologies to even better assess the potential of General Managers and Executive Managers.

**Our graduate program continues to produce promising new talent. In 2010 there were 134 graduates in our corporate, financial planning and agribusiness graduate program intakes.**

#### Graduate intake



#### LEARNING AND DEVELOPMENT

Learning and development plays a critical role in supporting the Group to attract, engage and retain the right people to meet our current and future needs. We have dedicated teams responsible for delivering Group-wide leadership and learning solutions that support our strategic priorities.

Comprehensive development supports our people’s competency to perform in their everyday roles and attain professional development. All employees must also complete learning programs to uphold the Group’s security, safety and legal compliance requirements.

We deliver over 4,000 learning initiatives to staff, offered both at Group-wide and business unit levels in the form of workshops, e-learning, reference guides and training packs. At the Group-wide level, we delivered over 780 face-to-face learning events reaching over 9,300 staff in 2009–10. These Group-wide programs are supplemented by business unit specific learning programs that focus on the specific technical, compliance and skills development needs of each business unit.

We also provide tertiary study support, with financial assistance and flexible working options. In this way, we are investing in the long term future of our people and their ability to contribute to the success of the business.

#### LEADERSHIP DEVELOPMENT

During 2010 we continued to develop our Leadership Curriculum with the launch of the Strategic Leadership program in partnership with Australian Graduate School of Management Executive Programs at the Australian School of Business. The program develops our senior leaders’ ability to deal with the strategic challenges of leading a successful business. Twenty-two people took part in the program in 2009–10. This number is expected to double in 2010–11.

We also run an Accelerated Development Program and an Executive Entry Program to build management skills among our high-performing people.





# People

## Safety

We developed a new safety strategy for 2010–12, centred on reducing our lost time injury frequency rate (LTIFR). We also continued implementing the Group’s Occupational Health and Safety (OHS) Management System, with a focus on consultation, communication and education.

In June 2010 we attained an improved self insurance licence status from the Federal Government’s Safety, Rehabilitation and Compensation Commission. The progression to a Tier 2 licence recognises that our OHS, claims and rehabilitation management systems are improving and performing well against the Commission’s criteria and expectations.

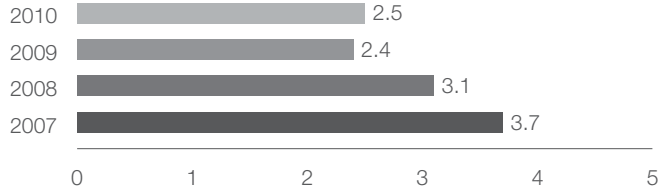
During 2009–10 we continued to improve the OHS Management System, achieving zero non-conformances in all external OHS Management System audits since March 2009.

Our safety performance was also recognised in 2009–10 by the following awards:

- The Group’s Safety Day communication program won Best Communication of a Safety Message at the National Safety Council of Australia Awards in October 2009.
- Finalist in Best Implementation of a Specific OHS Management System at the National Safety Council of Australia Awards in October 2009.
- Winner of the Learn X Asia Pacific Award for Best OHS Training for the Group’s Ergonomics e-learning program in June 2010.

While continued system improvements brought significant decreases in LTIFR over the past few years, the gains levelled out during 2009–10. We are identifying risk areas within each business and looking closely at safety behaviours to decrease LTIFR.

## LTIFR



## Employment arrangements

This year, we reached an in-principle agreement with the Finance Sector Union to replace all current Commonwealth Bank Enterprise Bargaining Agreements (EBAs) with a single new Enterprise Agreement and to provide for pay increases. Before finalising the agreement, employees who will be covered by the new Enterprise Agreement were invited to vote on accepting it.

This is consistent with our continued recognition of our employees’ rights to be represented by a trade union or not, as they choose.

Also this year a revised Group-wide Remuneration Policy was approved by the Board. This policy provides the overarching remuneration philosophy, principles and approaches that apply throughout the Group to ensure that all remuneration arrangements are aligned to our approach to managing risk and the changing regulatory environment.

# Case Study – Strengthening diversity in Financial Services

In October 2009, the Group’s Financial Services division recognised the need to increase the number of women in leadership in their business unit. Says David Craig, Chief Financial Officer, “Diversity is the key to business success. To be a high performing team we need the very best people in leadership. The current statistics for females in leadership positions are sub-optimal. I believe in merit-based appointments with a diverse pool to select from. Retention of top talent is key, but in the short term we need to do more for our female population.”

Financial Services took a top down approach to the problem. All leaders now report on recruitment for Executive Manager and above roles in their areas, ensuring that they have a female on the interview panel and in the talent pool put

forward for selection. They have also elected ‘Diversity Champions’ at General Manager level to drive change and lead Financial Services initiatives, which have included quarterly networking forums, female salary equity review to ensure fair pay across all roles and talent identification.

Tracking progress through a diversity scorecard shows that in the nine months since October 2009, the percentage of females in Executive Managers roles within Financial Services has significantly increased from 23.2 per cent to 28.3 per cent. Even more striking is the change in the culture within the business unit, with diversity issues discussed and addressed more openly, and diversity becoming one of the four key people strategies for Financial Services.

# People

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The Policy outlines:

- Structure of remuneration.
- Measurement of performance for variable remuneration.
- Better alignment of remuneration payouts to the time horizon of risks, including the introduction of new deferral arrangements for employees with significant variable remuneration.
- New vesting conditions to ensure that the release of any deferred incentive amount will not place undue financial hardship on the Group, to give the Board and CEO discretion to manage material unexpected outcomes.
- Ensuring consistency in how incentive outcomes are adjusted for risk by including an assessment of every employee against appropriate risk measures as part of the annual performance review process.
- A formal policy to restrict payments made on termination.

The Board also introduced a formalised process where the Risk Committee advises the People & Remuneration Committee on the appropriate risk factors that need to be considered when assessing the performance of the CEO and Group Executives.

## Staff benefits

We offer eligible employees a comprehensive and competitive range of benefits that suit their needs, and recognise and reward their contribution to the organisation's success. Our benefits include employee banking, health and wellbeing initiatives, our own superannuation fund and health fund, support for parents and carers, employee development and recognition, flexible working arrangements and leave options, remuneration packaging and discounts and deals on a range of lifestyle products and services.

Results from our employee surveys have confirmed that our people highly value their benefits, use multiple benefits over any 12 month period, are generally very satisfied with their benefit experiences and that benefits are an important contributor to employee attraction, satisfaction and retention. We continue to focus on improving the benefit features and service experiences available to our people.



# Governance

To create sustainable shareholder value, it's essential to operate responsibly and take well-understood and well-managed risks. That's why exemplary corporate governance is embedded throughout our business.

## Risk management

In August 2009, after several months of development, the Board approved the Commonwealth Bank Group's Risk Appetite Statement (RAS). The RAS, together with supporting risk policies and tolerance limits, defines the Group's risk appetite.

Our risk appetite controls the types and degree of risk we are willing to accept on behalf of our shareholders. It is the foundation of our risk culture, setting a limit on acceptable risk-taking activities and underpinning all operational activities within the Group, as well as our internal view of capital requirements.

A well-articulated risk appetite is crucial in ensuring that our customers and shareholders understand how the Group operates from a risk-taking perspective. But it also needs to evolve in response to new economic and market developments. For that reason, our RAS is dynamic and will be reviewed every year.

Building on the Group RAS, we developed separate risk appetite statements for individual business units during the 2009–10 financial year, a significant milestone. Similar to the RAS, business unit statements guide risk culture and represent a boundary on risk-taking activities specific to each business unit. Our focus is to embed the business unit statements into the operating procedures within the respective business areas.

## Ethics

We are proud of the high ethical standards we have maintained for almost 100 years across the Group. These standards have helped us to thrive as a sustainable and reputable organisation. At their heart is the strongly held value of integrity, underpinned by honesty and trust. These values guide our decisions and behaviours and determine how we interact with our colleagues and our customers.

During 2009–10 we implemented a program to strengthen our focus on ethical decision making. By presenting our leaders with a series of hypothetical scenarios, the program encourages thinking around some of the ethical dilemmas that can potentially arise in our business and the development of exemplary solutions.

Over the coming year we will continue to roll out more scenario-based sessions linked to an updated, Group-wide Code of Conduct. We will also continue to deliver regular reports on ethical considerations to our Executive Committee, ensuring that our standards are overseen at the highest levels of the business.

## Ethical policies

### STATEMENT OF PROFESSIONAL PRACTICE

Our code of ethics, known as the Statement of Professional Practice, sets standards of behaviour required of all our employees and directors, that reflect the Group's core values. Our statement confirms our determination to:

- Act properly and efficiently in pursuing the Group's objectives.
- Avoid situations which may give rise to a conflict of interest.

For more information on Governance visit:

**Shareholder centre** – [commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance](http://commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance)

**Shareholder information** – [commbank.com.au/about-us/shareholders/shareholder-information](http://commbank.com.au/about-us/shareholders/shareholder-information)

**Security and privacy** – [commbank.com.au/security-privacy](http://commbank.com.au/security-privacy)

**Anti-money laundering** – [commbank.com.au/about-us/customer-commitment/practices/anti-money-laundering](http://commbank.com.au/about-us/customer-commitment/practices/anti-money-laundering)

**Statement of professional practice** –

[commbank.com.au/about-us/customer-commitment/practices/statement-of-professional-practice](http://commbank.com.au/about-us/customer-commitment/practices/statement-of-professional-practice)

# Governance

- Understand and adhere to our equal employment opportunity policy and programs.
- Maintain confidentiality in the affairs of the business and its customers.
- Be absolutely honest in all professional activities.

These standards are regularly communicated to our people. We also have in place insider trading guidelines for staff to ensure that unpublished, price-sensitive information is not used in an illegal manner or for personal advantage.

## REPORTING FRAUD AND UNETHICAL BEHAVIOUR

Our management and Board are committed to maintaining an ethical work environment and an organisational culture that does not tolerate internal fraud, corrupt conduct, maladministration, serious or substantial waste, accounting or auditing irregularity, or breaches of any law or internal policy. To encourage our people to report breaches with confidence, the Group's policy on *Reporting Fraud and Unethical Behaviour* ensures reports will be dealt with honestly, professionally and confidentially.

## POLITICAL DONATIONS

Our policy limits political donations to the payment of fees for attendance at functions and conferences. No cash donations are made to any political party. The Group discloses the costs of attendance to the Australian Electoral Commission on an annual basis.

## Storm Financial Limited

During the 2009–10 financial year, the Group proactively responded to the impacts of our relationship with Storm Financial Limited (Storm Financial) and incorporated some important lessons into the ongoing sustainability of our business.

## BACKGROUND

Storm Financial was an independent, licensed financial planning group that operated from North Queensland. Storm Financial advised its clients to use debt to gain greater exposure to investment opportunities and create wealth. We were one of a number of financial institutions which funded margin loans and home loans to Storm Financial's clients. However, at no time did the Group provide any personal financial advice to those clients.

Storm Financial's model was not capable of withstanding a severe market downturn and as a result of the share market fall in late 2008, many of Storm Financial's clients became financially overexposed and were required to liquidate their share investments in order to satisfy calls on their margin loans. Many of Storm Financial's clients who were also Group customers experienced financial difficulty and losses.

## OUR RESPONSE

Through its inappropriate advice Storm Financial was primarily responsible for the financial hardship and losses suffered by its clients. We and other financial institutions provided products to Storm Financial's clients in order to enable them to implement Storm Financial's advice and we have committed to putting right any wrongs on our part when providing loans to Storm Financial's clients.

We have proactively responded to the impact on our customers by providing hardship assistance in the early stages after the impact became known. Following a comprehensive review of the nature and extent of our involvement with Storm Financial we instigated a Customer Resolution Scheme to address customers' claims quickly, fairly and at no cost to customers. Under the Scheme each customer's situation is considered and an offer of assistance is individually tailored to reflect the relevant situation. Offers include loan reductions and write-offs, loan restructures, reduced or zero interest rates for the life of the loan and permanent tenancy arrangements. Customers who are not satisfied with an offer may have an independent panel of three eminent former judges and senior counsel to review the offer.

As at 30 June 2010 approximately 60 per cent of offers had been accepted by customers and it is anticipated the Scheme will be concluded by the end of October 2010.

We are incorporating important lessons arising from the Storm Financial situation into the ongoing sustainability of our business, in accordance with our deeply held values. A continuous improvement program is underway to strengthen the Group's risk culture, particularly as it relates to our internal and external risk management measures, the management of relationships with third parties and our analysis of risk data. This is an important part of the Group's existing culture program that will aim to strengthen our people's awareness of day-to-day risk management, clarify accountabilities for risk management and strengthen the performance environment in alignment with good risk management.

We have worked closely with our customers, people and regulators while dealing with issues arising from our involvement with Storm Financial, and we accept our responsibility to take a leadership role to ensure there is minimal risk of Australians being exposed to another similar situation.

## Disclosure

Maintaining the highest level of disclosure to our shareholders ensures they have timely and equal access to information about our business operations and performance. This is essential for investors to be able to make informed decisions about their investment in the Group.

We communicate information to shareholders through interim and final results, annual reports, quarterly updates and shareholder newsletters. Our processes for keeping shareholders informed are set out in detail in our *Guidelines for Communication between the Commonwealth Bank of Australia and Shareholders*, available on our website.

A Disclosure Committee operates to ensure the ongoing monitoring of any potential issues that may require disclosure to shareholders and the Australian Stock Exchange.

## Government and industry engagement

During the year we continued to have a voice in reform initiatives that affect the financial services industry, with the aim of improving the regulation of financial services for the benefit of customers, shareholders and the overall industry.

We have engaged directly with the Government on a range of public policy issues, including:

- Small business lending.
- Credit law reform.
- The Henry tax review.
- The Australian Financial Centre Forum's report on Australia as a Financial Centre (the Johnson report).
- The superannuation system review (the Cooper review).
- The financial services inquiry into the underlying issues associated with financial services company collapses (the Ripoll inquiry).
- The Productivity Commission Executive Remuneration Examination, a review of Australia's framework for the remuneration of directors and executives.
- The G20 Capital Liquidity discussions in preparation for the G20 Summit in November 2010.

We have established small working groups with the Government in the areas of future bank funding, wealth management, product rationalisation and Product Disclosure Statement development. In addition, our senior executives meet with a range of industry stakeholders and associations

including the Australian Prudential Regulation Authority, Australian Securities and Investments Commission, Reserve Bank of Australia, Australian Bankers Association and the Business Council of Australia.

## Security

Our customers choose us as providers of sound and secure financial services, and we are committed to continuously improving security for our customers in every facet of our business.

During 2009–10 we strengthened our retail security systems to provide customers with a greater sense of safety and comfort when transacting. New initiatives rolled out included:

- Anti-skimming devices across automatic teller machines (ATMs).
- Voice-activated telephone alerts for suspected fraudulent credit card transactions delivering increased card security for customers and enabling us to contact customers within seconds of any potentially fraudulent activity.
- Gas detection and dye systems in ATMs to deter tampering.
- The continued roll-out of chip authentication on credit and debit cards, making card payments more secure.

The Group supports the Australasian Consumer Fraud Taskforce in the promotion of ScamWatch, a website dedicated to the prevention of scams. We also constantly monitor local and international fraud trends to make sure we are aware of the latest scamming developments.

We are committed to providing a secure banking environment for our customers. Our website features extensive information – [commbank.com.au/security-privacy/](http://commbank.com.au/security-privacy/) – covering a range of security topics including instructional videos and tips to help customers minimise the possibility of fraud.

## Anti-money laundering and counter-terrorism financing

The Group is subject to, and complies with, applicable Australian laws, including the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006 (the Act). Under the Act, the Group has adopted an AML/CTF Program with standards setting out how we identify, mitigate and manage money laundering and terrorism financing risk.

## Governance

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Through our AML/CTF Program we aim to:

- Explain to customers and our people the Group's commitment towards fighting money laundering and terrorism financing.
- Protect the Group, our customers and our people from becoming a victim of, or an accomplice to, illegal activities.
- Define how the Group will govern itself under the AML/CTF Act and associated laws.
- Promote ethical and professional standards within the Group and across the broader financial sector.
- Adopt best practices that satisfy our regulatory obligations in a sustainable manner.

We also have an annual AML/CTF training program in place that is mandatory for all employees, ensuring our people receive relevant and ongoing training. The program provides an awareness of money laundering and terrorist financing, covers how to identify and report a suspicious matter and informs our people of our regulatory obligations under the AML/CTF Act.



# Community

Over the last 12 months, we have continued to invest in local communities to help build a stronger, more sustainable Australia.

Our commitment to building sustainable communities has led to the development of several new initiatives during 2009–10, including our inaugural Grants for Grassroots cricket program and the StartSmart Primary financial literacy program.

Our people have played a significant role in lending a hand in the community through fundraising for local charities and volunteering. We encourage our people to get involved in their local community and in May 2010 we formalised this support with the launch of a Volunteer Policy. The Volunteer Policy officially sets out our Volunteering Program and provides detail around established volunteering projects and overall requirements for staff wishing to get involved in volunteering.

We are also helping to build our community partners' capabilities. In March 2010, 19 leaders from some of our community partner organisations participated in our CommLeader course. This three-day leadership course, ordinarily only offered to employees, helps build essential personal and leadership development skills.

We have also demonstrated our support for sustainable communities through our partnership with the Centre for Social Impact (CSI), developing and launching the Commonwealth Bank Social Impact Scholarship in April 2010. The \$10,000

scholarship was offered to a candidate from the not-for-profit sector to undertake a Graduate Certificate in Social Impact at one of CSI's partner business schools.

## YOUTH FINANCIAL LITERACY

We launched our 'onemillionkids' commitment in November 2009 to improve the financial literacy of one million Australian school children by 2015, helping to build the financial security of future generations. We are investing \$40 million in this commitment, to reinvigorate our long-running school banking program and to expand our financial literacy education initiatives.

We have expanded the Commonwealth Bank Foundation's StartSmart financial literacy program into primary schools. Launched in February 2010, StartSmart Primary, a high-energy, engaging learning experience, has already reached 50,000 primary school-aged children, teaching them practical lessons in money management. In addition, during 2009–10 more than 68,000 students were booked to participate in the StartSmart Secondary program.

In April 2010 as part of 'onemillionkids' we launched Coinland, an engaging online world where children can learn the basics of money management and improve their financial literacy skills. After just three months, Coinland had 50,000 registered users.

### For more information on Community visit:

**In the community** – [commbank.com.au/about-us/in-the-community](http://commbank.com.au/about-us/in-the-community)

**'Onemillionkids' commitment** – [onemillionkids.com.au](http://onemillionkids.com.au)

**Indigenous Australians** – [commbank.com.au/about-us/in-the-community/indigenous-australians](http://commbank.com.au/about-us/in-the-community/indigenous-australians)

**Community partnerships** – [commbank.com.au/community](http://commbank.com.au/community)

**Staff Community Fund** – [commbank.com.au/about-us/in-the-community/employee-giving/staff-community-fund](http://commbank.com.au/about-us/in-the-community/employee-giving/staff-community-fund)



# Community

## Indigenous communities

Two years after launching our first Reconciliation Action Plan (RAP) we have achieved steady progress supporting economically sustainable Indigenous communities.

We are the founding partner of One Laptop per Child (OLPC) Australia, a not-for-profit group which provides children living in remote communities with their own purpose built educational laptop. The laptops allow students to access similar resources and information available to children in metropolitan areas so they can participate to their full potential in education opportunities. Over 1,500 laptops have been deployed to students in remote Indigenous communities in Queensland, Northern Territory and Western Australia.

Our commitment to the OLPC initiative extends from fundraising to purchase the laptops through to assistance with on-the-ground deployments to schools in remote Australia. Our staff have also provided the organisation with business advice, technical expertise and project management support.

## Community partnerships

In 2009–10 we continued investing in long-standing partnerships across the arts, health and welfare, sport and the environment.

- We have supported Legacy and the Legacy Badge Day Appeal each September since 1998, assisting Legacy raise funds to help its beneficiaries with essential services such as counselling, special housing, medical, advocacy and social support.
- In the Arts, we are proud to support Bangarra Dance Theatre, Opera Australia and the Australian Chamber Orchestra – some of the finest performing arts organisations in the world.
- Our commitment to the environment continued with our support of the Great Barrier Reef Foundation's ZooX Fund, which provides funding for research into the prevention of coral bleaching associated with climate change. During 2009–10 we once again participated in

the ZooX Ambassador Program, where our people had the opportunity to assist with reef research, engage with environmental issues and learn more about the Great Barrier Reef. And we participated in Earth Hour, switching off around 1.4 million lights nationally.

Some particular highlights achieved during the year with our partnerships are featured here.

## Our fundraising efforts for natural disaster relief saw us raise \$360,000 for World Vision's Haiti appeal through our 1,000-strong branch network.

### BREAST CANCER INSTITUTE OF AUSTRALIA

2009–10 marked 15 years of support for the Breast Cancer Institute of Australia (BCIA). We also celebrated our most successful campaign with the BCIA to date, helping produce the Australian Women's Health Diary. We sold over 13,000 copies to our people and customers, and raised \$350,000 overall for the BCIA – over \$100,000 more than the previous year.

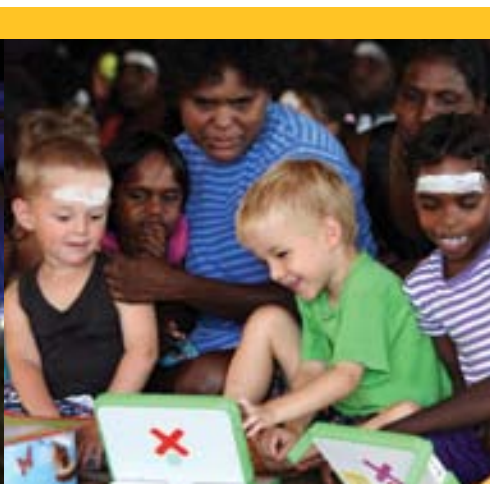
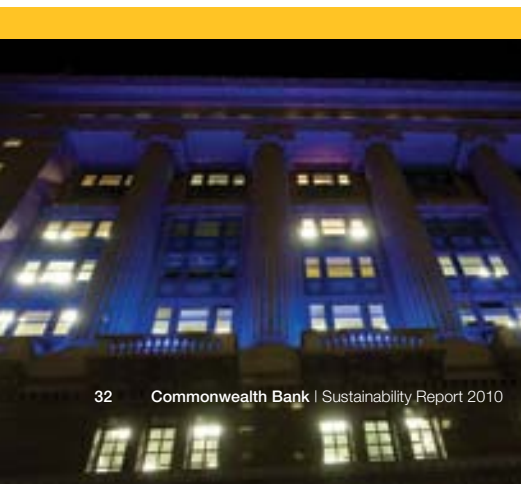
### PROSTATE CANCER FOUNDATION OF AUSTRALIA

We were the major sponsor of the Prostate Cancer Foundation of Australia's inaugural Prostate Cancer Awareness Month in September 2009. To bring attention to the cause, the Commonwealth Bank head office at Martin Place, Sydney, was lit up in blue every night during the month. Employees around the country lent their support to the cause by holding blue-themed fundraising barbecues and events.

Our people also raised \$169,000 for the 2009 Movember campaign which supports both the Prostate Cancer Foundation of Australia and Beyond Blue, the national depression initiative.

### AUSTRALIAN OF THE YEAR AWARDS

This year marked our thirty-first year as sponsors of the Australian of the Year Awards. We joined the National Australia Day Council in early 2010 to celebrate 50 years of recognising the valuable contributions of outstanding Australians.





Each year the Group makes nomination forms available in branches, encouraging our customers and staff to nominate candidates. In the 2010 awards, three of the four award winners were nominated by the Group's customers or staff through Commonwealth Bank channels.

#### CLEAN UP AUSTRALIA DAY

In March 2010 we again supported the Clean Up Australia Day campaign as it celebrated its twentieth anniversary. We hosted 50 community sites across the country, with our people joining more than half a million Australians to remove 15,560 tonnes of rubbish from beaches, waterways, parks and bush land across Australia. We are proud to be a major sponsor of this practical environmental initiative.

#### PLANET ARK

Colonial First State (CFS) teams continued supporting Planet Ark initiatives during 2009–10, including PaperCutz for Planet Ark. This campaign encourages customers to receive their financial information online, reducing production, printing and distribution of paper-based communications.

CFS introduced online statements in 2007 and provided customers with an incentive to go paper-free. CFS makes a donation to Planet Ark for every customer who switches to online statements. Since the paper-free initiative was first launched, nearly 218,000 CFS investors have embraced it, generating over \$435,000 in donations for Planet Ark.

#### CRICKET

We have supported Australian cricket for more than 20 years, making us Cricket Australia's longest-standing partner. In November 2009, we were proud to launch the Grants for Grassroots cricket program, which awarded 220 grants to local men's, women's and children's clubs across Australia. Recipient clubs received a \$1,000 cash grant, plus \$750 worth of equipment.

Our support for cricket also involves our ongoing sponsorship of the Australian men's team and the Commonwealth Bank Series, the Australian women's team, the Commonwealth

Bank Southern Stars, as well as the Australian Country Cricket Championships and the national Indigenous cricket competition, the Imparja Cup.

**Group employee Josie Ottobriano, who nominated Mt Lawley Inglewood Junior Cricket Club in Western Australia for a grant, was very excited when she found out the club had been successful. It will use the \$1,000 to purchase bats, balls and general playing equipment for the players.**

#### STAFF COMMUNITY FUND

During 2009–10 our people continued to support our employee giving program, the Staff Community Fund – Australia's longest running employee workplace giving program. Since May 2009, 2,000 new members signed up, bringing total membership to more than 6,000 people – a record number of registrations.

In October 2009, the Staff Community Fund's Community Grants Program donated \$550,000 in grants to local children's charities across Australia. From a school breakfast program in South Australia to a children's library and multimedia facility in Queensland, the grants are funding local initiatives benefiting the health and wellbeing of Australian children.

The Staff Community Fund also supports the Humour Foundation's Clown Doctors and their efforts to bring smiles to sick children across Australia. During April 2010 we raised more than \$140,000 for the Clown Doctors through staff fundraising and Community Fund donations, with an additional \$100,000 raised from public donations collected through our branch networks. The funds will provide 50 extra 'clown rounds' in children's hospitals.

Midnight Basketball, a program that helps at-risk young people with targeted sport and educational activities, also receives support through our Staff Community Fund, as well as a significant amount of support from our people who volunteer at Midnight Basketball tournaments.



## Community

### Case Study – Volunteering with Cabramatta High



**Cabramatta High's Green Day**

Myriam Iskander, Kylie Gillard and Kathy Shafiq

In May 2010, 1,000 students and 40 volunteers from Commonwealth Bank and Fairfield City Council pitched in as part of Cabramatta High's Green Day.

Now in its third year, Green Day aims to improve the school community and make students more environmentally aware.

Volunteers and students worked together clearing debris and creating new gardens in the school grounds. This included the planting of 1,000 local provenance plants donated by Fairfield City Council.

Staff member Kylie Gillard from the Enterprise Services team attended the day where she says there was a real feeling of community spirit with everyone pitching in and working together.

"I decided to become involved in Green Day as I believe we should be role models to the next generation and show them that as a society we care about what is important to them," Kylie says.

Green Day is just one of our environmental conservation volunteering activities. The Group also supports initiatives with Conservation Volunteers Australia and we are United Way's Easy Care Gardening community partner.

We have a long-standing relationship with Cabramatta High School through our membership of the Australian Business and Community Network (ABCN), which provides practical educational programs to specific state schools. As well as environmental maintenance, our involvement with Cabramatta High School through ABCN has seen many of our people volunteer to mentor students in a range of programs including literacy support, interview skills training, and resume writing workshops. Our CEO Ralph Norris is among our volunteers and participates in various ABCN volunteering activities.

"I decided to become involved in Green Day as I believe we should be role models to the next generation and show them that as a society we care about what is important to them."





## Community

### Case Study – St Vincent de Paul Night Patrol

Once a month on a Monday night, volunteers from the Group take a van out to the streets of inner-city Sydney to deliver blankets, food and hot drinks to the homeless as part of St Vincent de Paul Night Patrol.

Glen Rothwell from the Institutional Banking and Markets team has been volunteering with Night Patrol for nearly one year and believes it is a great opportunity to make a small difference to the lives of people in need.

“There are a lot of folk sleeping rough that rely heavily on the Night Patrol service, so it is quite a serious business providing food and companionship,” he says. “There are a lot of characters out there and every one of them has a story. Sometimes it’s just as important for them to have a chat as it is to share a meal.”

What also strikes a chord with Glen is how much the volunteers themselves get out of it.

“As interesting and diverse as the folk we meet on the street are, so too are the Commonwealth Bank volunteers. On Night Patrol we come together as a team and support each other, not only in completing the tasks required to get the van out on the road – preparing the food, loading the supplies and so on – but also in talking together about the evening, sharing our experiences with the people we chatted to and the emotions that can bring up,” Glen adds.

Avril Vodanovich, a Night Patrol volunteer since November 2009, is grateful for the opportunity the Group provides to get involved and help Sydney’s homeless – a particularly vulnerable part of the community who often experience rejection and negativity from the general public.

“Helping those who are struggling is important to me because I believe everyone deserves to feel cared for and respected, especially those who are in difficult circumstances. The people we help are no different to who I or anyone else could be had we not received support, security, education and opportunities,” she says.

For Avril, Night Patrol is an opportunity to help create a better balance for the homeless, who are often marginalised, and to give these individuals a safe place to find a caring listener and perhaps even share a joke.

“What I gain most from being involved with Night Patrol is a great respect and appreciation for the people we meet who, although struggling with their circumstances, still shine as individuals,” says Avril.

“Based on my experiences, I believe the Night Patrol round also lets each individual know that there are many people who do not judge them for their circumstances but who care about them and want to provide some positivity to their lives,” she adds.

Fiona Bennett has been a Night Patrol volunteer since January 2010 and says the activity has given her the opportunity to give something back to the community and put her time to good use. She says her involvement in Night Patrol has enabled her to build her self-confidence, and she believes the interaction with volunteers helps to bring some dignity to those people living rough on the streets.



# Environment

As one of Australia's largest organisations, it is essential to manage our environmental impact – not only because it's ethically right but because it's financially responsible.

In 2009–10 we focused on working toward achieving our target of reducing carbon emissions by 20 per cent from 2008–09 levels by June 2013, implementing energy saving initiatives, moving into more energy efficient buildings, and updating our fleet.

We also met our environmental reporting commitments and improved the environmental performance of the properties we occupy and those in our asset management portfolio. And we've given our staff opportunities to make a difference to our environmental footprint.

## Managing carbon emissions

Since announcing our target to reduce emissions from our Australian operations by 20 per cent, we have been working to reduce our carbon footprint in our retail and commercial properties and through our fleet.

Improvements made to our carbon reporting system identified that emissions from a number of branches had not been captured in previous years. As a result of including these emissions, and due to some duplication of commercial premises while relocating staff to more energy efficient buildings, our total carbon emissions increased slightly in 2009–10. Despite this increase, we remain well on track to meet our target through the following initiatives.

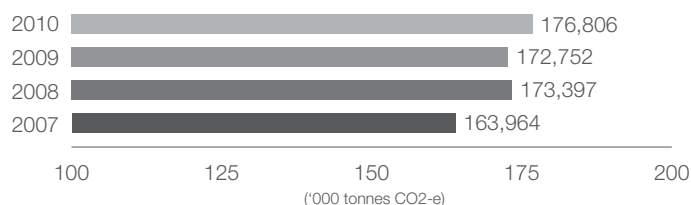
Over the past 12 months many of our staff based in the Sydney CBD have moved into energy efficient buildings. We've also worked on energy efficiency initiatives in our existing properties, such as a lighting upgrade at our Newcastle call centre which reduced energy use in that property by 17 per cent.

We have also made major changes to reduce the carbon emissions associated with our tool-of-trade fleet, reducing

associated emissions by 8 per cent since June 2009. This result has been achieved by:

- Replacing six cylinder vehicles with four cylinder vehicles, removing almost 1,000 six cylinder vehicles from our fleet.
- Using E10 fuel.
- Educating drivers about alternatives to car travel.
- Developing a compulsory driver education program incorporating safety messages and information about efficient driving to reduce fuel use.

## Property & fleet carbon emissions (tonnes CO<sub>2</sub>-e)



**In 2010–11 we will begin the roll-out of our Refreshingly Green branch refit program, fitting over 750 branches with energy and water efficiency improvements.**

## Our property portfolio

We successfully achieved a range of environmental ratings for our Sydney Olympic Park precinct buildings during the year, including five-star National Australian Built Environment Rating System (NABERS) ratings for both energy and water. Six staff from the Group's property team were accredited as NABERS assessors during the year, giving us in-house expertise.

**For more information on Environment visit:**

**Our approach to managing environmental impacts** – [commbank.com.au/about-us/our-company/sustainability/environment](http://commbank.com.au/about-us/our-company/sustainability/environment)

**Our Environment Policy** – [commbank.com.au/about-us/download-printed-forms/EnvironmentalPolicy\\_0808.pdf](http://commbank.com.au/about-us/download-printed-forms/EnvironmentalPolicy_0808.pdf)

**Environmental reporting submissions** – [commbank.com.au/about-us/our-company/sustainability/environment/environmental-reporting](http://commbank.com.au/about-us/our-company/sustainability/environment/environmental-reporting)

**Environmental partnerships** – [commbank.com.au/about-us/in-the-community/environment](http://commbank.com.au/about-us/in-the-community/environment)

## Environment

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### Case Study – Frank Meiklejohn, the first i30 user



Frank Meiklejohn, from the Asset Finance Specialist Sales team in the Business and Private Banking division, was the first Group staff member to receive a Hyundai i30 as a tool-of-trade fleet vehicle. The i30 is a fuel efficient small vehicle for staff that mostly drive in the city.

Frank uses the i30 to visit clients around the Sydney CBD, so parking is often an issue. “The i30 is compact and easy to park, with a small turning circle.

But it doesn’t feel cramped inside and there’s good access to boot space,” says Frank. “And the fuel economy is sensational.”

To increase uptake for the i30 we have been working to change perceptions about the comfort and safety of small vehicles. Frank has been promoting the benefits of the i30 to his team, and is happy to be driving a car that has less environmental impact but meets his business needs.

“The i30 is compact and easy to park, with a small turning circle.”

### Case Study – Bio-degradable gift card

In November 2009, Colonial First State Global Asset Management (CFSGAM) introduced an Australian first, a bio-degradable gift card. Made from plant material and manufactured using 100 per cent renewable energy, the gift card was distributed by 28 of CFSGAM’s centres during Christmas 2009.

The card included a message of thanks printed on paper embedded with seeds from Australian native trees or shrubs. Customers could plant the card once they had used it and watch their tree or shrub grow.

In addition to spreading the conservation message, CFSGAM committed to make a donation to the Australian Conservation Foundation (ACF) for each gift card sold. With more than 38,000 cards sold at a value of \$3.08 million, CFSGAM was able to present the ACF with a donation of more than \$58,000.

Construction of the Group's new commercial premises 'Commonwealth Bank Place' located at Darling Harbour continued during the year. From late 2011, over 5,500 staff will occupy the new premises. The building is targeting a six star Green Star rating for office design, a five star Green Star rating for office interiors and a five star NABERS Energy rating for both base building and interiors. Major sustainable features include:

- A tri-generation plant to generate energy on site for power, heating and cooling.
- Installation of chilled beams to reduce energy consumption and improve air quality.
- Water recycling.
- Sensor controlled lighting and energy saving technology controls.
- Atriums to provide natural lighting.

## Environmental reporting

We recognise the importance of transparent reporting of our energy consumption and production, both for the benefit of the planet and to keep our shareholders informed.

The Group is subject to the Federal Government's Energy Efficiency and Opportunities Act (EEO Act), since our operations exceed the Act's minimum energy consumption threshold. The EEO Act provides a framework for identifying cost effective energy saving initiatives.

We undertook a rigorous assessment process during 2009–10, identifying 212 individual opportunities to save power – a potential saving of 159,665 gigajoules of energy every year.

We also report to the annual National Greenhouse and Energy Reporting Scheme on energy consumption, energy production and greenhouse gas emissions. To improve the accuracy of disclosure and provide greater management insight, we have revised our energy and emissions data capture and reporting.

Since 2008 we have voluntarily reported our carbon emissions to the Carbon Disclosure Project, an independent organisation that seeks climate-related information from the world's largest companies for investors.

**In 2009 we achieved a place in the Carbon Disclosure Leadership Index, as based on the Global 500 Report, which identifies the top 10 per cent of companies world-wide based on carbon disclosure practices.**

## Managing our indirect impacts

### RENEWABLE ENERGY PORTFOLIO

We are a significant player in financing the global renewable energy sector, which we have invested in since 2004. This is a long-term commitment that requires significant investment in resources, knowledge, time and skills.

We are currently a senior debt lender for a significant portfolio of renewable energy projects generating more than 7,000 megawatts of renewable energy. These projects include wind farms, hydro electric and biomass power generation.

Our global experience allows us to support the development of renewable energy opportunities in Australia by providing our clients with specialist advice.

In 2010, we provided approximately \$100 million in funding to wind farm projects and also worked with clients to seek funding under the Solar Flagships Program.

### REDUCING ENVIRONMENTAL RISK IN LENDING

We acknowledge our potential indirect impact on the environment through providing financial services to customers in environmentally sensitive industries. To minimise this impact, we assess risks at key stages in the lending process through environmental questionnaires, independent assessments and the customer's own environmental policies, processes and licensing requirements.

The Group's chief engineer provides an expert view on environmental risks and commissions subject-matter experts to assess project finance opportunities.

## Managing sustainable assets

During the year, several funds run by our wealth management subsidiary, Colonial First State Global Asset Management (CFSGAM) achieved notable sustainability goals.

In December 2009, the Chadstone Shopping Centre west mall development achieved the first five star Green Star rating for retail centres in Australia, with building design, transport and education solutions reducing greenhouse gas emissions by 61 per cent and potable water usage by 63 per cent, compared to similar commercial developments.

# Environment

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CFSGAM also helped educate tenants across its retail centres. At Chadstone Shopping Centre, a tenant education program designed to lift recycling rates increased recycling from 41 per cent to 45 per cent.

Tenants from several Victorian centres participated in the Victorian government's Support 155 program, which aims to help small businesses reduce water usage.

## Staff education and engagement

Key to managing our environmental impact is educating our people about the environment and engaging them in activities that increase their awareness of environmental issues.

### SUSTAINABILITY ALLIANCE

In March 2010 we launched the Sustainability Alliance, an online staff engagement forum where our people can keep up-to-date with our green initiatives, ask questions and initiate discussions about sustainability topics.

### GREEN TEAMS

During the year we established several new green teams – groups of staff who are passionate about the environment working together to identify areas to reduce our environmental footprint.

Colonial First State (CFS) has Sustainability Working Groups in each of its state offices, leading their own sustainability initiatives to reduce internal paper and power usage. This has included printing CFS marketing collateral on recycled and Forest Stewardship Council certified papers, reducing power use by 10.5 per cent and paper use by 5.9 per cent. As a result, they have surpassed the corporate goal of reducing paper and power use by 5 per cent.

The Financial Services green team, known as the Financial Services Environmental Sustainability Group, supported the implementation of a process improvement that saves printing costs, paper and time by developing an electronic repository of regular reconciliation records. This has reduced printing from 10,000 pages per month for each team, to a single summary page. The process will be rolled out across all finance teams.





## Case Study – Remove Paper

Previously we have processed all mortgage applications using a paper-based system. At any time, up to 14,000 paper applications would be in circulation, using over 50 million pieces of paper every year.

Our Mortgage Services team identified an opportunity to improve the customer experience, save on paper and printing costs, and reduce the environmental footprint of the business. The result is that all home loan applications are now processed electronically using digitised images, delivering faster loan processing, reduced errors, and less storage and transport requirements. Because our people can access loan applications and documents at any branch or call centre, they can also offer better customer service.

“It really suits me as I work at three branches and at home two days a week. It allows customers and staff to fax loan documents to be digitally attached to the applications, saves time and saves me carrying around the files.”

*Clare Weinhonig, Personal Lender, Mawson Branch*

The Remove Paper initiative also makes good business sense. Printing costs have halved, with the team estimating that they are saving 30 million pieces of paper a year.

## Case Study – International Procurement Office

In 2008 the Group established the International Procurement Office (IPO) in Hong Kong. Staffed by procurement and quality professionals, the IPO gives us direct access to manufacturers in Asia. That means we have much greater visibility over the quality of goods and the social and environmental standards of the factories that produce them. And it generates significant cost savings.

The IPO sources products from suppliers who operate responsibly, both in their communities and their business' effect on the environment. We assess this by using accredited suppliers, undertaking factory audits ourselves, and commissioning third parties to carry out independent social and environmental audits.

While our IPO staff work with suppliers to remedy minor issues identified during the audit process, we will not use suppliers who do not meet minimum labour standards and health and safety requirements. Using a central warehouse in Shenzhen and consolidating orders for shipping to Australia enables us to save transport costs and carbon emissions.

Victoria de Putron, Executive Manager of International Procurement and Supply, heads up the IPO team.

“By getting to know suppliers directly and undertaking a rigorous selection process, we've been able to build up our own supplier network that can deliver us quality, responsibly manufactured goods at competitive prices. To date we've sourced everything from credit cards to furniture made with FSC wood,” she says.

The Group still sources the majority of goods – more than 99 per cent – through local suppliers and Australian-based brokers. In 2010–11 we will continue to strengthen the assessment of environmental and social criteria across our supply chain.



Welcome

Marys

# Bankwest

A market leader in its home state of Western Australia, Bankwest is a valuable addition to the Commonwealth Bank Group.

The Bank of Western Australia (Bankwest) became a wholly owned subsidiary of the Commonwealth Bank of Australia Group in December 2008. Bankwest is a full service bank active in all market segments, with a diversified lending portfolio spanning personal, business, rural, and housing markets.

In its home state of Western Australia, Bankwest is a market leader, with around one quarter of all bank advances and deposits. Across the nation Bankwest serves more than one million customers through its network of branches, agencies, direct banking and third-party distribution channels, as well as its online banking service.

## Customers

Bankwest's vision is to be the best value, most innovative and approachable bank in Australia, with an absolute focus on customer satisfaction. Customer satisfaction is also the foundation of Bankwest's 1–3–6 roadmap for building a better bank:

### The 1–3–6 roadmap

#### 1 vision

To be the best value, most innovative and approachable bank in Australia

#### 3 core values

1. Customer focus
2. Results driven
3. One team

#### 6 strategic priorities

1. Iconic WA and east coast challenger brand
2. Customer satisfaction
3. Profitable growth
4. Cost efficiency
5. Managing risk responsibly
6. Our people

By focusing on these strategic priorities, Bankwest is building a more sustainable and profitable business. At the same time, Bankwest's 'One vision, one team and one future' project aims to revitalise Bankwest's stores, business centres and neighbourhood banks across Australia, giving customers the same unique banking experience wherever they are.

At 30 June 2010 Bankwest was ranked second against the main banks in retail customer satisfaction, as measured by the Roy Morgan Research Main Financial Institution (MFI) Retail Customer Satisfaction survey, with a 6-month rolling average score of 78.9 per cent.

Among its MFI business customers, Bankwest scored a customer satisfaction rating of 70.6 per cent based on a 12-month rolling average at 30 June 2010, measured by the TNS Business Finance Monitor.

## People

With nearly 5,000 full and part-time staff, Bankwest is a significant employer, particularly in its Western Australian heartland. And the commitment and enthusiasm of those people is integral to the success of the business.

The 'One vision, one team and one future' project includes initiatives to ensure all employees have the resources and systems they need to work together effectively and be the best they can be. It also reinforces Bankwest's commitment to help its people enhance their careers through training and leadership development, and recognition and reward programs.

### STAFF ENGAGEMENT

During the 12 months to 30 June 2010, Bankwest recorded significant improvements across measures of staff engagement and cultural health. The Bankwest People and Culture Indicator,

For more information on Bankwest visit:

**Retail customers** – [bankwest.com.au/Personal](http://bankwest.com.au/Personal)

**Business customers** – [bankwest.com.au/Business](http://bankwest.com.au/Business)

**Security and privacy** – [bankwest.com.au/Legal\\_Info/Personal\\_Security\\_and\\_Privacy](http://bankwest.com.au/Legal_Info/Personal_Security_and_Privacy)

**Community sponsorships** – [bankwest.com.au/About\\_Us/Community\\_Sponsorships](http://bankwest.com.au/About_Us/Community_Sponsorships)

created by generating an average score from the 25 survey items in the People and Culture Survey, registered a score of 4.09, up from 3.71 recorded in the previous financial year. Meanwhile, Bankwest recorded a Gallup GrandMean of 4.12, up from 3.73 recorded in the previous year and lifting the Bank from the thirty-fifth percentile to the sixty-third percentile. The result indicates that Bankwest's staff engagement levels are better than 62 per cent of all companies included in Gallup's worldwide database.

Bankwest employee turnover dropped during the peak of the global financial crisis in 2009. From September 2009 the turnover rate at Bankwest stabilised between 14 and 15 per cent for nine months, before it began trending upwards. Bankwest recorded a rolling 12-month voluntary turnover rate as at 30 June of 16.1 per cent.

Bankwest recorded an absenteeism of 6.94 average days per full-time equivalent (FTE) for the 12 months to 30 June.

#### HEALTH AND SAFETY

During 2009–10, Bankwest achieved an impressive lost time injury frequency rate (LTIFR) of 1.4, significantly better than the target of 1.9.

The LTIFR result can be attributed to Bankwest's proactive Health and Safety team who monitor data to identify any emerging trends that may require further investigation or analysis. Bankwest's Health and Safety management system also ensures all Bankwest people leaders regularly engage in health and safety discussions with their teams. This helps to ensure that any potential issues are raised, investigated and controlled, reducing the risk of injury among Bankwest employees.

## Governance

Bankwest's primary governance document is the *Bank of Western Australia Governance Manual*. This manual:

- Outlines measures to ensure compliance with all legal and regulatory obligations, including those of the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the Australian Transaction Reports and Analysis Centre.
- Sets out the responsibilities of, and the high level policy and governance structure for, the Bankwest Board, the Chairman and the Managing Director, the Audit, Risk, Nomination and Remuneration Board Committees, and the Asset and Liability and Executive Management Committees.

The Governance Manual is reviewed annually by the Board, with the last review taking place in March 2010.

## Community

Bankwest has a long-standing commitment to investing in the Western Australian community, and reaffirmed this commitment following its acquisition by the Commonwealth Bank Group.

Bankwest's community giving program was officially launched in March 2010 by Bankwest Managing Director, Jon Sutton. The program is made up of three components: annual corporate donations; the volunteering program; and the workplace giving program.

The launch included the presentation of donations to charities selected by Bankwest staff: the Edmund Rice Camp for Kids in Western Australia and Redkite, an organisation providing financial assistance, emotional support and education to children, young people and their families affected by cancer. Both organisations received an initial donation of \$200,000 to help further their charitable work.

Bankwest's workplace giving program is supported by its people and the organisation matches each workplace giving contribution from staff, plus amounts raised through fundraising activities, dollar for dollar.

Within its community sponsorship program, Bankwest supports organisations across the areas of education, arts, health and welfare, research, community and business awards, and Indigenous affairs.

# Bankwest

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## Case Study – Bankwest Art Prize

The \$30,000 Bankwest Art Prize – one of Western Australia’s most prestigious art prizes supporting Western Australia’s art community – was relaunched in May 2010. The winning artwork can be of any medium (painting, textile, wood, ceramic, photography, metal), must not weigh more than 20 kilograms and must be able to hang on a wall.

First awarded in 2000, the Bankwest Art Prize now includes a People’s Choice Award of \$5,000 (with the prize money to be spent on art materials), based on votes from the Western Australian public.

Selected entries from Western Australian artists will be displayed in the foyer of Bankwest’s Raine Square headquarters in late 2011.



2005 Jo Darbyshire

“The \$30,000 Bankwest Art Prize – one of Western Australia’s most prestigious art prizes supporting Western Australia’s art community – was relaunched in May 2010.”

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## Environment

Bankwest is committed to further reducing its carbon footprint and contributing to the Group's overall environmental performance.

### COMMERCIAL PREMISES

Bankwest's new corporate headquarters located in the Perth CBD, Raine Square, is due for completion at the end of 2011. Raine Square is the biggest office building in Western Australia to commit to a four star National Australian Built Environment Rating System (NABERS) rating and an aspirational target of achieving a five star NABERS rating.

The building consists of 44,000 square metres of office space and 13,000 square metres of retail space. Within the office space, nearly 4,000 Bankwest people will be located across 21 levels. The development project also includes two hotels, three levels of retail shops, a basement car park and a link to Perth's Metrorail station. The development value is estimated at more than \$550 million.

### CARBON EMISSIONS

At the time of publication of this report, Bankwest carbon emissions data to 30 June 2010 was only partially available and we were not satisfied with reporting a figure given the degree of estimation that would be required. A significant delay in the provision of energy consumption data from a local energy supplier has contributed to this issue and will be resolved later in 2010. We will update our website, [commbank.com.au](http://commbank.com.au), with Bankwest 2009–10 carbon emissions data once it has been accurately calculated and independently assured.



# Metrics and Definitions

Commonwealth Bank of Australia – All metrics capture data from Australian domestic operations only (excluding Bankwest) unless otherwise stated.

## CUSTOMERS

Roy Morgan Research MFI retail customer satisfaction (6 months to June)

2010	75.6%	(ranked 3rd)	The proportion of each financial institution's MFI retail customers surveyed by Roy Morgan Research that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that financial institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as 6 months to June, based on the Australian population aged 14 and over. The ranking refers to the Group's position relative to the other four major Australian banks (Westpac, St George, NAB, ANZ).
2009	73.0%	(ranked 4th)	
2008	70.1%	(ranked equal 4th)	
2007	70.5%	(ranked 5th)	

TNS Business Finance Monitor customer satisfaction (12-month rolling average)

2010	67.9%	(ranked 4th)	The proportion of each financial institution's MFI business customers surveyed by TNS Business Finance Monitor that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as a 12-month rolling average as at 30 June, based on all businesses with annual turnover up to \$100 million (excluding Agribusinesses). The ranking refers to the Group's position relative to the other four major Australian banks.
2009	72.8%	(ranked 4th)	
2008	73.9%	(ranked 5th)	
2007	60.7%	(ranked 5th)	

Wealth Insights Platform Service Level Survey

2010	86.5%	(ranked 1st)	The proportion of financial advisers giving the Colonial FirstChoice platform an overall satisfaction score of 7-10, on a scale of 1-10 where 1 is 'Poor' and 10 is 'Excellent', in the Wealth Insights Platform Service Level survey. Ranking captures the relative position of Colonial FirstChoice compared with bank peer master trusts measured in the survey, based on the percentage of advisers giving 7-10 for overall satisfaction. Until 2010 this survey was known as the Wealth Insights MasterTrust/Wrap survey.
2009	84.1%	(ranked 1st)	
2008	88.2%	(ranked 1st)	
2007	89.4%	(ranked 2nd)	

Number of StartSmart presentations and students booked

The number of StartSmart classroom sessions and workshops delivered; and the number of students booked to attend these sessions.

	Students booked	StartSmart Secondary workshops delivered	StartSmart Secondary classroom sessions delivered	StartSmart Primary classroom sessions delivered
2010	119,669	243	1,536	1,889
2009	51,426	223	1,541	–
2008	47,918	147	1,190	–

## PEOPLE

Lost Time Injury Frequency Rate (LTIFR)

2010	2.5	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 domestic employees only (permanent, casual and those contractors paid directly by the Group). Data is complete as at 30 June each year, however it may be updated in future reports due to late reporting of incidents that occurred during the year, or the subsequent acceptance or rejection of claims made in the year. To reflect this, the 2009 figure (previously reported as 2.1) has been adjusted. KPMG has not reviewed the adjusted figure.
2009	2.4	
2008	3.1	
2007	3.7	

Gallup Survey GrandMean		
2010	4.32	The Gallup Survey GrandMean measures the average response, on a 5-point scale (where 5 is the most positive response), summarising the average (mean) responses to the Gallup Q12 statements, given by employees in the People and Culture survey. The result captures the responses of domestic and international Group employees excluding those of Bankwest, ASB Bank, Commonwealth Bank Indonesia, Bank of Hangzhou, Qilu Bank, Sovereign Group, and some smaller international branches and subsidiaries.
2009	4.37	
2008	4.28	
2007	4.13	
People and Culture Indicator (PCI)		
2010	4.31	The PCI measures the average response on a 5-point scale (where 5 is the most positive response), by summarising the average (mean) responses to 25 People and Culture Survey statements comprising the Gallup Q12 statements and 13 additional statements selected by the Group, all of which measure our progress towards our cultural aspiration of trust and team spirit. The surveyed population is the same as for the Gallup GrandMean. The PCI was first measured in 2009.
2009	4.36	
Absenteeism (Average days per FTE)		
2010	5.9	Absenteeism is the annualised figure as at 31 May each year. Absenteeism refers to the average number of sick leave days (and, for CommSec employees, carers' leave days) per full-time equivalent (FTE), reported by domestic, permanent employees. FTE captures domestic, permanent employees (full-time, part-time, job share or on extended leave).
2009	5.9	
2008	6.5	
2007	6.2	
Employee Turnover (voluntary)		
2010	12.73%	Employee turnover refers to all voluntary exits of domestic, permanent employees as a percentage of the average domestic, permanent headcount (full-time, part-time, job share or on extended leave).
2009	11.37%	
2008	18.45%	
2007	14.94%	
Number of graduates commencing in a graduate position		
2010	134	The number of graduates who accepted and commenced in a graduate position with the Group. Graduate positions commence in February each year.
2009	135	
2008	114	
2007	104	
Female participation in Executive Manager and above roles		
2010	26.3%	Percentage of roles at the level of Executive Manager and above that are filled by women, in relation to the total permanent headcount. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), contractors (fixed term arrangements) paid via PeopleSoft HR, and those offshore staff employed by International Financial Services. KPMG has not reviewed the 2009 figure.
2009	26.1%	

## Metrics and Definitions

Staff working part-time or job-sharing												
2010	22.7%	The number of employees who are employed on a part-time or job share basis, as a percentage of domestic, permanent employees (full-time, part-time, job share or on extended leave) and those contractors paid directly by the Group.										
2009	22.9%											
2008	20.8%											
Ethnic Diversity												
The ethnicity of respondents who chose to nominate their ethnicity in the People and Culture Survey. The percentages are as a proportion of the survey respondents who chose to nominate their ethnicity (2010: 92.8%, 2009: 89.7%). The surveyed population is the same as for the Gallup GrandMean.												
		Australian	South East Asian	European	British	Other	New Zealand	South or Central Asian	North East Asian	Nth African or Middle Eastern	South African	Americas
2010		68%	7.6%	6.4%	4.3%	4.7%	2.7%	1.6%	1.6%	1.2%	1.1%	0.8%
2009		65.2%	7.9%	7.3%	5.0%	5.0%	2.8%	2.0%	1.6%	1.4%	1.0%	0.8%
Age Diversity												
The breakdown of domestic, permanent employees (full-time, part-time, job share or on extended leave) and those contractors paid directly by the Group, by their age as at 30 June of that year.												
		<25 years	25 – 34 years	35 – 44 years	45 – 54 years	55 – 64 years	65+ years					
2010		(12.7%)	(35.9%)	(28.6%)	(16.9%)	(5.7%)	(0.2%)					
2009		(13.3%)	(35.2%)	(28.7%)	(16.9%)	(5.4%)	(0.2%)					
ENVIRONMENT												
Property and fleet carbon emissions (tonnes CO2-e)												
2010	176,806	5.5 per FTE	Emissions relate to consumption of electricity, gas and fuel (gasoline and diesel) by domestic retail and commercial properties, the business use of domestic tool-of-trade vehicle fleet, dedicated bus services, business use of private vehicles and domestic ATMs. Due to the electricity billing cycle, 28% of 2009–10 electricity data was estimated to meet publication deadlines. 2009 figures previously reported (169,589 tonnes CO2-e, 5.6 tonnes CO2-e per FTE) have been adjusted by replacing estimated data with actual data following receipt of outstanding electricity invoices. FTE captures domestic, permanent employees (full-time, part-time, job share or on extended leave) and all contractors. KPMG has not reviewed the adjusted figure.									
2009	172,752	5.7 per FTE										
2008	173,397	5.6 per FTE										
2007	163,964	5.4 per FTE										
Travel carbon emissions (flights and hire cars) (tonnes CO2-e)												
2010	21,903	0.7 per FTE	Emissions relate to employee business travel in aircraft and hire cars. Only flights taken by Australian-based employees, and booked through the Group's 'Cliqbook' booking system; and hire cars booked through 'Cliqbook' and used in Australia are included in the scope. FTE captures domestic, permanent employees (full-time, part-time, job share or on extended leave) and all contractors.									
2009	18,065	0.6 per FTE										



Bankwest – All metrics capture data from Bankwest domestic operations only.

## CUSTOMERS

### Roy Morgan Research MFI retail customer satisfaction (6 months to June)

2010	78.9% (ranked 2nd)	The proportion of each financial institution's MFI retail customers surveyed by Roy Morgan Research that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that financial institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as 6 months to June, based on the Australian population aged 14 and over. The ranking refers to Bankwest's position relative to Commonwealth Bank, NAB, ANZ, Westpac and St George Bank.
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### TNS Business Finance Monitor customer satisfaction (12-month rolling average)

2010	70.6% (ranked 5th)	The proportion of each financial institution's MFI business customers surveyed by TNS Business Finance Monitor that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as a 12-month rolling average as at 30 June, based on all businesses with annual turnover up to \$100 million (excluding Agribusiness). The ranking refers to Bankwest's position relative to Bank of Queensland, Bendigo, St George Bank and Suncorp.
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## PEOPLE

### Lost Time Injury Frequency Rate (LTIFR)

2010	1.4	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. The metric captures claims relating to Bankwest employees only (permanent, casual and those contractors paid directly by Bankwest). Data is complete as at 30 June each year, however it may be updated in future reports due to late reporting of incidents that occurred during the year, or the subsequent acceptance or rejection of claims made in the year.
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### Gallup Survey GrandMean

2010	4.12	The Gallup Survey GrandMean measures the average responses, on a 5-point scale (where 5 is the most positive response), summarising the average (mean) responses to the Gallup Q12 statements, given by employees in the People and Culture survey. The result captures the responses of all employees of Bankwest (full-time, part-time, casuals, job-share and contractors). Excludes employees on extended leave without pay (career break and parental leave).
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### Absenteeism (average days per FTE)

2010	6.94	Absenteeism is the rolling 12 month figure as at 30 June each year. Absenteeism refers to the average number of sick leave days per full-time equivalent (FTE), reported by permanent employees (full-time, part-time, job share). This metric excludes employees on unpaid extended leave.
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### Employee Turnover (voluntary)

2010	16.1%	Employee turnover refers to all voluntary exits of Bankwest employees as a percentage of the average permanent headcount (full-time, part-time, job-share). Metric excludes employees on unpaid extended leave.
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# Independent Review Report



## **Independent Review Report to Commonwealth Bank of Australia**

We have been engaged by the Commonwealth Bank of Australia (CBA) to review the Sustainability Metrics (the Metrics) for the year ended 30 June 2010 as presented in the Metrics and Definition section on pages 46 to 49 of the CBA Sustainability Report 2010 (the Report).

### ***Management responsibility***

The management of CBA are responsible for the preparation and presentation of the Metrics in accordance with the Definitions as described in the Metrics and Definitions Section. This responsibility includes establishing and maintaining internal control over systems which are used to prepare Metrics that are free from material misstatement whether due to fraud or error. There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such CBA applies its own internal reporting guidelines and definitions for sustainability reporting (the Definitions) which can be found in the Metrics and Definition section of this report.

### ***Our Responsibility***

Our responsibility is to carry out an independent review engagement and to express a conclusion based on the work performed over the Metrics for the year ended 30 June 2010.

Information in respect of the years ended 30 June 2007 and 30 June 2008 has not been included within the scope of our engagement. We have not performed any procedures with respect to this information and accordingly express no conclusion on it. We were previously engaged to review the metrics for the year ended 30 June 2009 as disclosed in the Sustainability Report 2009. Our independent review report in relation to these metrics can be found in the Sustainability Report 2009. The internal control structure which management has established and from which the Metrics have been derived, has not been reviewed and no opinion is expressed as to its effectiveness.

Our review was conducted in accordance with the Standard on Assurance Engagements ASAE 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information” and other relevant assurance standards issued by the Auditing and Assurance Standards Board.

ASAE 3000 requires that we comply with applicable ethical requirements, including independence, and plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

A review is limited primarily to making enquiries of persons responsible for the management, monitoring and preparation of the Metrics, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

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- Inquiries of relevant staff responsible for providing the Metrics;
  - Inquiries about the design of the systems used to collect and process the Metrics;
  - Where applicable inquiries of third parties responsible for the preparation of data that is included in the Metrics;
  - Inquiries about the design of the systems used by third parties to collect and process the Metrics;
  - Comparing the Metrics to relevant underlying sources; and
  - Reading the Metrics presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of CBA.

A review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We performed procedures in order to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to state whether anything has come to our attention that would indicate that the Metrics have not been prepared and presented, in all material respects, in accordance with the Definitions established by management.

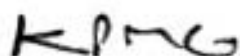
Our review report is prepared solely for the use of CBA in accordance with the terms of our engagement. We disclaim any assumption of responsibility for any reliance on this review report to any person other than CBA or for any other purpose other than that for which it is prepared.

### ***Independence***

In conducting our review, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

### ***Conclusions***

Based on the procedures performed, as described above, nothing has come to our attention to indicate that the Metrics as set out in the Metrics and Definition Section of the CBA Sustainability Report 2010 for the year ended 30 June 2010, have not been prepared and presented, in all material respects, in accordance with the Definitions established by management.



KPMG

Sydney, 13 October 2010





# Our community partners





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



## Talk to us

We welcome all feedback and are interested in hearing your thoughts about our report and what you'd like to see us report on in future.

You can complete an online feedback form at [commbanksustainabilityreport2010-feedbackform.interactiveinvestor.com.au](http://commbanksustainabilityreport2010-feedbackform.interactiveinvestor.com.au) or email your feedback to:

**[sustainability@cba.com.au](mailto:sustainability@cba.com.au)**

You can also write to us:

**Sustainability & Partnerships  
Commonwealth Bank  
Level 12, Tower 1  
201 Sussex St, Sydney NSW 2000**

More information about our Sustainability program is available at:

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