



# Notice of Meeting

2019 Annual General Meeting



Commonwealth Bank

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# How to get there

## 2019 Annual General Meeting

The 2019 Annual General Meeting of the Commonwealth Bank of Australia (AGM or Meeting) will be held on Wednesday, 16 October 2019 with registration commencing at 8:30am (Sydney time).

The Meeting will commence at 9:30am (Sydney time) in the Darling Harbour Theatre at the International Convention Centre (ICC) Sydney, 14 Darling Drive, Sydney, New South Wales. A map and directions are set out below.

Timetables and further transport information are available at [transportnsw.info](http://transportnsw.info) and [iccsydney.com.au/visit-icc-sydney](http://iccsydney.com.au/visit-icc-sydney)

### By Train

Town Hall and Central Stations are approximately a 10 minute walk to the ICC Sydney.

### By Bus

Take bus routes 389 and 501. The bus stop closest to the ICC Sydney is at Harris Street, near Allen Street, and is approximately a 10 minute walk to the ICC Sydney.

### By Light Rail

The closest light rail stops are Convention Centre and Exhibition Centre and are approximately a 2 minute walk to the ICC Sydney.

### By Ferry

Direct ferry services operated by Captain Cook Cruises to Darling Harbour Convention Wharf are available from Circular Quay, King Street Wharf and Pyrmont Bay Wharf. Darling Harbour Convention Wharf is approximately a 1 minute walk to ICC Sydney.

### By Car

The ICC Exhibition Car Park provides casual rate parking. Entry is via Darling Drive. Information on parking is available at [iccsydney.com.au/visit-icc-sydney/Getting-To-ICC-Sydney#parking-information](http://iccsydney.com.au/visit-icc-sydney/Getting-To-ICC-Sydney#parking-information)

More parking is available at the ICC Theatre Car Park, also accessible via Darling Drive.

### By Taxi

The closest taxi drop off and pick up point is located on Iron Wharf Place next to Harbourside Shopping Centre, accessible via Darling Drive and is directly in front of the ICC Sydney.

### On Foot

The Darling Harbour Theatre is located on Level 3 and is accessible from Ground Level by lift, escalator and stairs. The most appropriate entrance to access the Darling Harbour Theatre is marked on the map below.

Arrive early to allow time for registration and security checks



# Chairman's message



Dear Shareholder

I am pleased to invite you to attend the 2019 AGM of the Commonwealth Bank of Australia.

In the 2019 financial year we have made significant progress on our strategy to become a simpler, better bank and have been addressing key governance, accountability, risk and remediation issues.

## Becoming a simpler, better bank

We are becoming a simpler, more focused bank that is aligned to meeting the needs of customers in our core markets. This year our focus has been on our Wealth Management division where we have been remediating past issues and making progress on our plans to exit our wealth businesses.

We sold our New Zealand life insurance business, Sovereign, in July 2018 for \$1.3 billion; and in August this year, completed the sale of our global asset management business, Colonial First State Global Asset Management (CFSGAM), for \$4.2 billion.

We are making progress on the sales of our life insurance businesses in Australia, China and Indonesia. We are also exiting our aligned financial advice businesses.

We expect the sale of Count Financial to complete in October, are ceasing our CFP-Pathways business, and have commenced the assisted closure of Financial Wisdom. By simplifying our portfolio of businesses we are reducing risk and cost and creating the capacity to invest in our core banking businesses.

We have also been working to become a better bank, and to deliver better outcomes for our customers. This year, we have been committed to fixing past failings and to compensating impacted customers quickly. To deliver on our purpose of improving customers' financial wellbeing we have been removing and reducing fees and charges, and have introduced smart alerts to help customers avoid fees. Improvements have also been made to the way we listen and respond to customers, including the implementation of a more robust complaints handling process.

## Executive leadership

This financial year marks the first full year of Matt Comyn as Chief Executive Officer of the Bank. Matt has built a new experienced leadership team that is working to deliver cultural change and the Bank's strategy.

## Governance, culture and accountability

Much work has been done to strengthen governance, culture and accountability at the Bank. Most recently, this work has been guided by the recommendations of last year's Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA and we have been working systematically to deliver all of the milestones in the resulting APRA-endorsed Remedial Action Plan. The key focus this year has been to improve the governance and management of non-financial risk, including operational risk and compliance. We have implemented the Banking Executive Accountability Regime (BEAR).

We have also been making changes to our business in response to the recommendations of the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. As the supporting legislative and regulatory changes are made, we will continue to work with our regulators and government to implement the recommendations.

#### Remuneration

Remuneration plays an important role in reinforcing the achievement of the Bank's priorities. Over the past three years, remuneration consequences and changes to our performance and remuneration framework reflect a strong focus on reinforcing greater accountability, to support cultural change and better customer and risk outcomes across the Bank.

Over the 2017 and 2018 financial years there was a reduction of more than \$100 million in remuneration outcomes for Directors, Executives, senior leaders and employees. These consequences were applied to reinforce individual and collective accountability for the reputation of the Bank, the findings of the APRA Prudential Inquiry, and poor customer and risk outcomes.

This financial year we have continued to add more rigour and challenge to the risk assessment process which is a key consideration when determining remuneration outcomes. Of the 15 Executives eligible for a short-term variable remuneration award, 14 received in-year reductions in relation to risk and reputational matters, including the CEO.

All Group Executives also experienced a reduction in their variable remuneration outcomes due to shareholder and customer outcomes, including as a consequence of the impact of customer remediation provisions on this year's financial performance.

#### Sustainable business practice

We are committed to acting sustainably and responsibly in the long-term interests of the economy and broader community.

This year we have integrated our environmental and social commitments into a single Group Environmental and Social Policy. This policy includes our

commitment to supporting the responsible global transition to net zero emissions – including by reducing our exposures to thermal coal mining and coal fired power generation, with a view to exiting the sectors by 2030, subject to Australia having a secure energy platform. The policy also incorporates our human rights commitments and our approach to managing the risks of modern slavery in our business operations and supply chains.

#### Financial performance

In the 2019 financial year, the Bank reported a net profit after tax of \$8,571 million on a statutory basis and \$8,492 million on a cash basis.<sup>1</sup>

While this year's result has been impacted by the actions we have taken to deliver better customer and risk outcomes – including customer remediation costs, revenue forgone for the benefit of customers, and elevated risk and compliance costs – it also reflects the continued performance and strength of our underlying business. The strength of our balance sheet was particularly evident this year. As at 30 June 2019, our Common Equity Tier 1 (CET1) capital ratio was 10.7%, above APRA's 'unquestionably strong' benchmark of 10.5%. The sale of CFSGAM in August has since delivered a further 68 basis points of CET1.

This performance has enabled the Board to declare a final dividend of \$2.31 per share, taking the full year dividend to \$4.31 per share fully franked, flat on last year. The final dividend is payable on 26 September 2019.

#### Board renewal

In January, we welcomed Professor Genevieve Bell and Paul O'Malley to the Board. Both will stand for election at this AGM with the support of the Board. Current Non-Executive Directors, Mary Padbury and Shirish Apte, will stand for re-election, again with the support of the Board.

Sir David Higgins will retire from the Board on 31 December 2019, after more than five years of service. I would like to thank Sir David for his commitment and contribution. Paul will succeed Sir David as Chairman of the People & Remuneration Committee from 1 January 2020.

#### Items of business

The Notice of Meeting for the AGM commences on page 8 of this document and outlines the items of business that we will put to shareholders for consideration. Background information on these items is contained in the Explanatory Memorandum on pages 10 to 15, which forms part of the Notice of Meeting.

The Notice of Meeting contains resolutions for:

- the re-election of Shirish Apte and Mary Padbury, and the election of Professor Genevieve Bell and Paul O'Malley;
- the adoption of the 2019 Remuneration Report;
- the grant of securities to the CEO, Matt Comyn; and
- the adoption of a new Constitution.

Please refer to the Explanatory Memorandum for more information on each of the resolutions.

#### How to vote

A Voting/Proxy form (Form) accompanies this document. You can use the Form to register your attendance at the AGM, lodge your vote directly or appoint a proxy to vote on your behalf.

A question form also accompanies this document. You can use the form to submit questions in advance of the AGM on any shareholder matters relevant to the AGM. While time may not permit me to address all of the questions submitted, I will endeavour to address the more frequently raised shareholder matters during the AGM.

If you are unable to attend the AGM, you can view a live webcast online at [commbank.com.au/agm](http://commbank.com.au/agm).

The Board and senior executives of the Bank warmly invite you to join us for refreshments at the conclusion of the AGM.

Yours sincerely



Catherine Livingstone AO  
Chairman

<sup>1</sup> Statutory net profit after tax includes discontinued operations. Cash net profit after tax is reported on a continuing operations basis.

# Our business

## Our purpose

Our purpose is to improve the financial wellbeing of our customers and communities.

## Our values

We are guided by our values:

- We do what is right
- We are accountable
- We are dedicated to service
- We pursue excellence
- We get things done

## Our strategy

Our strategy is to become a simpler, better bank that delivers balanced and sustainable outcomes for our customers, community, our people and shareholders.

Our execution priorities are:

- Simplify our business
- Lead in retail and commercial banking
- Best in digital

## Our business areas

- Retail Banking Services
- Business and Private Banking
- Institutional Banking and Markets
- Wealth Management
- ASB New Zealand
- International Financial Services

## Our brands

Our brands include some of the best known names in financial services in Australia and New Zealand.



## Our strengths

### Market leadership

- Main financial institution for 1 in 3 Australians
- Leading market share in home lending, household deposits and credit cards
- Leading payments provider with largest merchant base

### Customer reach

- 17.4 million customers, including the highest share of youth and new migrant segments
- Largest branch network in Australia and Australia-based call centres
- 7.0 million active digital customers, #1 for online and mobile banking (*Canstar*)

### Talent

- 48,238 employees
- Gender diverse leadership – 50% of Board Directors are female
- Workforce is more culturally diverse than the Australian population

### Innovation

- Real-time core banking platform
- #1 mobile banking app in Australia (*Forrester*)
- Leading data and analytics capabilities

### Financial strength

- 830,000+ shareholders
- Deposit funding 69%
- Common Equity Tier 1 capital ratio of 10.7% (APRA), 16.2% (International)

### Sustainability

- Committed to sustainable and responsible business practices
- Report in line with the recommendations of the Task Force on Climate-related Financial Disclosures
- Listed on DJSI Asia Pacific

# What we delivered in FY19

## Stakeholder outcomes



### Customers Better outcomes

**\$92bn**  
of new lending for  
Australian home buyers

**1.2m**  
new personal transaction  
accounts opened for customers

**\$36bn**  
of new lending for  
Australian businesses

**\$275m**  
changes to fees and charges  
benefiting customers



### Community Trusted and reputable

**427,500+**  
students provided with  
financial education (Start Smart)

**236**  
CommBank Foundation  
community grants

**\$5.1bn**  
low carbon  
financing

**18,000+**  
employee pro bono and  
volunteering hours



### Our people Energised, accountable

**\$5.9bn**  
paid to our people in salaries  
and superannuation

**25.2hrs**  
average hours of training  
per employee

**39.1%**  
women in  
leadership roles

**73.9%**  
of our people  
working flexibly



### Shareholders Long-term sustainable returns

**\$7.6bn**  
returned to shareholders  
as dividends

**12.5%**  
return on equity  
(cash basis)

**\$3,702**  
dividend amount received by  
average retail shareholder

**21%**  
total shareholder return  
(1 year)

# Notice of meeting



## 2019 Annual General Meeting

**The 2019 Annual General Meeting (the AGM or Meeting) of the Commonwealth Bank of Australia (the Bank, Company or CBA) will be held on Wednesday, 16 October 2019 with registration commencing at 8:30am (Sydney time).**

**The Meeting will commence at 9:30am (Sydney time) in the Darling Harbour Theatre at the International Convention Centre Sydney, 14 Darling Drive, Sydney, New South Wales.**

### Items of Business

#### 1. Consideration of Financial Statements and Reports

To consider the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2019.

#### 2. Re-election and election of Directors

- (a) To re-elect Shirish Apte who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect Mary Padbury who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (c) To elect Professor Genevieve Bell who retires in accordance with the Company's Constitution and, being eligible, offers herself for election.
- (d) To elect Paul O'Malley who retires in accordance with the Company's Constitution and, being eligible, offers himself for election.

Information about the Directors seeking re-election and election under Item 2 appears on page 10 and 11 of the Explanatory Memorandum, which forms part of this document, including the Board's recommendation in relation to the Directors seeking re-election and election.

#### 3. Adoption of the 2019 Remuneration Report

To adopt the Remuneration Report of the Company for the financial year ended 30 June 2019.

The vote on this Item is advisory only and does not bind the Company or its Directors.

#### 4. Grant of Securities to Matt Comyn

To approve for all purposes, including ASX Listing Rule 10.14, Matt Comyn's participation in the Employee Equity Plan (**EEP**) of the Company and for the grant of rights to Matt Comyn within one year of the date of this AGM under the EEP and on the terms described in the Explanatory Memorandum, which forms part of this document.

#### 5. Adoption of a new Constitution

To approve and adopt a new Constitution, tabled at the Meeting and signed by the Chairman of the Meeting for the purposes of identification, as the Constitution of the Company in place of the current Constitution, with effect from the close of the Meeting.

As Item 5 is a special resolution, it will only be passed if at least 75% of the votes cast on the Item are in favour of the resolution.

### **Voting Exclusion Statement for Item 3**

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Company's Key Management Personnel (**KMP**) named in the Company's 2019 Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Item 3:

- in accordance with a direction as to how to vote on the Voting/Proxy Form; or
- by the Chairman of the Meeting under an express authorisation to exercise the proxy even though Item 3 is connected with the remuneration of the KMP.

### **Voting Exclusion Statement for Item 4**

The Company will disregard any votes on Item 4:

- cast in favour of that Item by or on behalf of Matt Comyn or any of his associates, regardless of the capacity in which the vote is cast; and
- cast as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Item 4:

- in accordance with a direction as to how to vote on the Voting/Proxy Form; or
- by the Chairman of the Meeting under an express authorisation to exercise the proxy even though Item 4 is connected with the remuneration of a member of the Company's KMP.

### **Direct Voting**

If you are a shareholder and unable to attend and vote at the AGM, you are entitled to vote your shares directly by marking "X" in Method A on the Voting/Proxy Form which accompanies this document. You will then not need to appoint a proxy to act on your behalf. You should mark "For", "Against" or "Abstain" for each Item on the Voting/Proxy Form.

If you vote on at least one Item, but leave other Item(s) blank, the vote on the Item(s) marked will be valid, but no vote will be counted for the Item(s) left blank.

If you leave the voting boxes blank for all Items, the Chairman of the Meeting will be deemed to be your appointed proxy for all Items. The voting intentions of the Chairman of the Meeting are set out below in the section entitled "Voting Intentions of the Chairman of the Meeting".

### **Proxy Appointment**

If you are a shareholder and unable to attend and vote at the AGM, and do not choose to use direct voting, you are entitled to appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder and may be an individual or a body corporate. To do so, you should mark "X" in Method B on the Voting/Proxy Form, to appoint the Chairman of the Meeting as your proxy, or insert the name of your proxy in the space provided in Method B. Subject to what is set out below in relation to the KMP, if no voting directions are given, the proxy may vote as they see fit for each undirected resolution.

If a shareholder appoints a member of the Company's KMP (which includes any Director) as a proxy, the member is not permitted to cast the shareholder's votes on Item 3 or 4, unless the shareholder directs the member how to vote or the Chairman of the Meeting is the shareholder's proxy.

If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies to attend the AGM and vote on a poll and may specify the proportion of voting rights or the number of votes each proxy is appointed to exercise. If you appoint two proxies and both attend the AGM, neither proxy may vote on a show of hands.

### **Express authorisation of Chairman**

If a shareholder appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the shareholder's proxy by default, and the shareholder does not mark a voting box for Item 3 or 4, then by signing and returning the Voting/Proxy Form the shareholder expressly authorises the Chairman of the Meeting to exercise the proxy in respect of the relevant Item, even though the Item is connected with the remuneration of one or more of the Company's KMP.

### **Voting Intentions of the Chairman of the Meeting**

The Chairman of the Meeting intends to vote all available proxies in favour of Items 2(a), 2(b), 2(c), 2(d), 3, 4 and 5.

### **Sending us your Direct Vote or Proxy Form**

The completed Voting/Proxy Form must be received by the Company's Share Registry, Link Market Services Limited (**Share Registry**), at Locked Bag A14, Sydney South New South Wales 1235 or by facsimile to (02) 9287 0309 in Australia, or (+61) 2 9287 0309 if you are overseas, or by hand delivering it to Level 12, 680 George Street, Sydney, by 9:30am (Sydney time) on Monday, 14 October 2019. A return envelope is provided.

If you wish to submit a direct vote or your proxy appointment and voting instructions electronically, visit the Share Registry website, [vote.linkmarketservices.com/CBA](http://vote.linkmarketservices.com/CBA) and follow the prompts and instructions. You will need your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) which appears in the top right hand side of the Voting/Proxy Form.

If your direct vote or proxy appointment is signed by an attorney, or in the case of a direct vote or proxy submitted electronically, authenticated by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Share Registry at the address, or by facsimile to the number, provided above. A return envelope is provided.

### **Determination of a Shareholder's Right to Vote**

The Board has determined that a person's voting entitlement at the AGM will be the entitlement of that person set out in the register of shareholders at 7:00pm (Sydney time) on Monday, 14 October 2019. Share transfers registered after that time will not be able to be used to determine voting entitlements at the AGM.

By order of the Board



**Kara Nicholls**

Group Company Secretary  
12 September 2019

# Explanatory Memorandum

## ITEM 1

### Consideration of Financial Statements and Reports

The Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2019 (collectively the **Reports**) will be put before the AGM. The Reports are contained in the Company's Annual Report for the financial year ended 30 June 2019 (**2019 Annual Report**) which is available on our website.

This Item does not require a formal resolution to be put to the Meeting. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Reports, management and the business of the Company more generally.

Shareholders may submit written questions to PricewaterhouseCoopers (**PwC**), the Company's external auditor, about the content of the Auditor's Report and the conduct of the audit via the enclosed Shareholder Questions Form.

The questions must be received by the Share Registry by 5.00pm (Sydney time) on Tuesday, 8 October 2019. The auditor is not obliged to provide written answers.

In addition, the auditor will attend the AGM and the Chairman of the Meeting will provide a reasonable opportunity for shareholders to ask questions of the auditor relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

## ITEM 2

### Re-election and election of Directors

In accordance with the Company's Constitution, Shirish Apte and Mary Padbury will retire at the AGM and offer themselves for re-election. The retiring Directors were last re-elected in 2016.

In accordance with the Company's Constitution, Professor Genevieve Bell and Paul O'Malley will retire at the AGM and offer themselves for election.

The Board:

- has a Director appointment criteria in place, which incorporates the Company's Board skills matrix, to ensure that the Board has the desired skills and experience important for the effectiveness of the Board;
- assesses the skills and experience of any prospective Non-Executive Director against those criteria as part of the ongoing Board renewal process; and
- before appointing a new Director, undertakes comprehensive checks into a candidate's background and experience.

In addition, the Board undertakes an annual evaluation of its performance. This review includes an assessment of each Director's individual performance. The Board considers the evaluation results in determining whether to endorse those Directors standing for re-election or election at the AGM.

The Board considers that Shirish Apte, Mary Padbury, Professor Genevieve Bell and Paul O'Malley are independent Non-Executive Directors.



### Shirish Apte

Shirish has been a Non-Executive Director since June 2014. He has more than 32 years' financial services experience having held various senior roles with Citi, including Co-Chairman of Citi Asia Pacific Banking, Chief Executive Officer of Citi Asia Pacific, Co-Chief Executive Officer of Europe, Middle East & Africa, and Country Manager and Deputy President of Citi Handlowy, where he is now a member of the Supervisory Board. Shirish is a former Director of Crompton Greaves Ltd.

Committees: Risk Committee (Chairman) and Audit Committee.

Other Directorships and interests: IHH Healthcare Bhd (including two of its subsidiaries), Fullerton India Credit Company Limited, AIG Asia Pacific Pte Ltd, Clifford Capital Pte Ltd, Pierfront Capital Mezzanine Fund Pte Ltd (Chairman), Citi Handlowy (Supervisory Board), Accion International, Virtusa Corporation (Advisor), Acibadem Hospital Group (Turkey) and Fortis Healthcare.

Qualifications: CA, BCom, MBA.

**Having regard to the above considerations, and the results of the 2019 director performance evaluation, the Board (with Shirish Apte abstaining) recommends that shareholders vote in favour of his re-election.**



### Mary Padbury

Mary has been a Non-Executive Director since June 2016. She is a pre-eminent intellectual property lawyer with over 35 years' experience. Mary retired as a Partner of Ashurst at the end of April 2018 and from the role of Vice Chairman of Ashurst at the end of 2017. She was Chairman of Ashurst Australia for eight years prior to the firm's full merger with Ashurst LLP in 2013. Mary spent a number of years in the UK with boutique firm Bristows, and as resident Partner of Ashurst Australia. She has undertaken intellectual property work for Australian and multinational corporations in a range of technology areas and has extensive international, legal and governance experience.

Committees: People & Remuneration Committee and Nominations Committee.

Other Directorships and interests: Trans-Tasman IP Attorneys Board (Chairman), The Macfarlane Burnet Institute for Medical Research and Public Health Ltd (Chairman), Clinical Genomics Technologies Pty Ltd (Chairman), Chief Executive Women (Member) and Victorian Legal Admissions Committee (Member).

Qualifications: BA LLB (Hons), GAICD.

**Having regard to the above considerations, and the results of the 2019 director performance evaluation, the Board (with Mary Padbury abstaining) recommends that shareholders vote in favour of her re-election.**



### Professor Genevieve Bell

Genevieve became a Non-Executive Director on 1 January 2019. Genevieve is a cultural anthropologist, technologist and futurist. Genevieve is a Distinguished Professor at the College of Engineering and Computer Science at the Australian National University (ANU) and is the inaugural Florence Violet McKenzie Chair at the University. Genevieve is a Senior Fellow of Intel Corporation and is the Vice President of Intel Product Assurance and Security Group.

Committees: Nil.  
 Other Directorships and interests: Florence Violet McKenzie (Chairman), Autonomy, Agency & Assurance Innovation Institute (3A), National Science and Technology Council (Member) and Editorial Board of the Australian Army Journal (Member).

Qualifications: PhD, MA, MPhil, BA.

**Having regard to the above considerations, and the results of the 2019 director performance evaluation, the Board (with Professor Genevieve Bell abstaining) recommends that shareholders vote in favour of her election.**



### Paul O'Malley

Paul became a Non-Executive Director on 1 January 2019. Paul was Managing Director and Chief Executive Officer of BlueScope Steel Limited from 2007 to 2017, after joining the company as Chief Financial Officer eighteen months prior. He was formerly the Chief Executive Officer of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas, and has held other senior financial management roles within TXU. Paul had previously worked in investment banking and consulting.

Paul is a former Director of the Worldsteel Association, Chair of their Nominating Committee and Trustee of the Melbourne Cricket Ground Trust.

Committees: People & Remuneration Committee and Nominations Committee.  
 Other Directorships and interests: Australian Catholic Redress Limited (Chairman).  
 Qualifications: BCom, M. App Finance, ACA.

**Having regard to the above considerations, and the results of the 2019 director performance evaluation, the Board (with Paul O'Malley abstaining) recommends that shareholders vote in favour of his election.**

## ITEM 3

### Adoption of the 2019 Remuneration Report

Section 250R of the *Corporations Act 2001* (Cth) (**Act**) requires a listed company to put a resolution to shareholders to adopt its Remuneration Report for the relevant financial year.

The Company's Remuneration Report for the financial year ended 30 June 2019 can be found at pages 82 to 108 of the 2019 Annual Report. It sets out the performance and remuneration for the Company's KMP (who comprise the Company's Non-Executive Directors, the Managing Director and Chief Executive Officer (**CEO**), Group Executives, the CEO ASB and Other Executives<sup>1</sup>).

The Company's remuneration framework is designed to align executive and shareholder interests, retain talent and support long term value creation by providing employees with competitive remuneration and rewards for sustainable long term performance. The Board obtains independent advice on the appropriateness of these arrangements.

The Board also recognises the pivotal role that remuneration can play in managing risk, contributing to the achievement of positive risk management, and outcomes to support the Group's consequence management framework. The Board places a high importance on accountability, with remuneration consequences being applied when risk and conduct standards are not met.

During the 2019 financial year, a number of changes were implemented in order to strengthen the link between risk management and remuneration outcomes, including:

- An "Exceptionally Managed" category being added to the risk assessment scale, to ensure the risk assessment process promotes and recognises effective risk behaviours, supporting positive cultural change.
- Introduction of concurrent Board Committee meetings during which material financial and non-financial risks relevant to executive performance and remuneration are collectively considered across all Committees.

- Updated remuneration mix for the Group Chief Risk Officer to now differ from other Group Executives and further support his independent status from the Group's business activities

The vote on this Item is advisory only and does not bind the Directors or the Company.

**The Board recommends that shareholders vote in favour of this Item.**

ASB will also participate in the LTVR award for the financial year ending 30 June 2020 with performance measures relevant to the ASB business. Details will be provided in the 2020 Annual Report. No other Directors are entitled to participate in the LTVR award.

Further details about the rights to be offered to Matt Comyn, and the applicable performance measures for the LTVR award, are set out below.

### LTVR award

Matt Comyn's 2020 financial year LTVR award will be determined according to three performance measures:

1. **Total Shareholder Returns:** 75% of the award, a maximum number of 35,969 rights, will be subject to a performance measure that ranks the Company's Total Shareholder Return (**TSR**) relative to a peer group comprising the 20 largest companies by market capitalisation listed on the **ASX** on 1 July 2019, excluding resources companies and CBA.

The TSR peer group comprises Amcor Limited, Aristocrat Leisure Limited, ASX Limited, Australia and New Zealand Banking Group Limited, Brambles Limited, Coles Group Limited, CSL Limited, Goodman Group, Insurance Australia Group Limited, Macquarie Group Limited, National Australia Bank Limited, QBE Insurance Group Limited, Scentre Group, Suncorp Group Limited, Sydney Airport, Telstra Corporation Limited, Transurban Group, Wesfarmers Limited, Westpac Banking Corporation, and Woolworths Group Limited.

2. **Trust and Reputation:** 12.5% of the award, a maximum number of 5,994 rights, will be measured against the RepTrak® Pulse Score Survey conducted by the Reputation Institute, which uses four equally weighted questions to test the trust, respect and admiration a respondent has for a particular company. The Company's score over the Performance Period is compared with, and ranked against, the performance over the same period of a peer group of 16 of the largest consumer-facing companies listed on the ASX by market capitalisation.

1 Other Executives include Michael Venter (Chief Operating Officer Wealth Management) and all Acting Group Executives.

The peer group excludes resource companies, companies that are not familiar to the general public, companies that do not operate nationally, and CBA. A positive TSR gateway must be achieved before any rights subject to this performance measure can vest to ensure that no vesting occurs unless the change in shareholder value over the period is positive.

The peer group comprises AGL Energy Limited, Australia and New Zealand Banking Group Limited, Coles Group Limited, Crown Resorts Limited, Insurance Australia Group Limited, Macquarie Group Limited, Medibank Private Limited, National Australia Bank Limited, Qantas Airways Limited, QBE Insurance Group Limited, Stockland Corporation Ltd, Suncorp Group Limited, Telstra Corporation Limited, Wesfarmers Limited, Westpac Banking Corporation, and Woolworths Group Limited.

**3. Employee Engagement:** 12.5% of the award, a maximum number of 5,994 rights, will be measured against an Employee Engagement performance measure. Employees are invited to participate in an externally conducted survey. Employee Engagement is based on the proportion of employees responding that they "strongly agree" or "agree" with four questions relating to satisfaction, commitment, advocacy and pride (each of which is equally weighted). Employee Engagement will be measured based on the improvement of the Company's Employee Engagement outcomes over the Performance Period. The surveys will be conducted by an independent provider who will facilitate and collate the results. A positive TSR gateway must be achieved before any rights subject to this performance measure can vest to ensure that no vesting occurs unless the change in shareholder value over the period is positive.

In addition, the LTVR award will be subject to a risk and reputation review by the Board before any vesting occurs. This ensures that the outcomes that would otherwise be delivered based on performance against the performance measures appropriately considers the Bank's risk and reputation outcomes.

The number of rights that vest for each performance hurdle will be determined as set out below:

#### Total Shareholder Return:

Company's peer group ranking at 30 June 2023	Vesting to be applied
In the top quartile (ie 75 <sup>th</sup> percentile or higher)	100%
Between the median and 75 <sup>th</sup> percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

#### Trust and Reputation:

Company's peer group ranking at 30 June 2023	Vesting to be applied
In the top quartile (ie 75 <sup>th</sup> percentile or higher)	100%
Between the median and 75 <sup>th</sup> percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

A positive TSR gateway must be achieved before the Trust and Reputation tranche can vest.

#### Employee Engagement:

Company's Employee Engagement Score at 30 June 2023	Vesting to be applied
Stretch score 78%	100%
Between 72% and 78%	Pro-rata vesting from 50% to 100%
Target score 72%	50%
Below target 72%	0%

A positive TSR gateway must be achieved before the Employee Engagement tranche can vest.

The Board may change the peer group companies listed above, for example, if one of the peer group companies ceases to be listed on the ASX during the performance period. The next largest ASX listed companies by market capitalisation at the being of the performance period provides the reserve bench.

#### **How many rights will be granted to Matt Comyn?**

A maximum of 47,957 rights will be granted to Matt Comyn. This number has been determined by dividing his maximum LTVR opportunity for each tranche by the volume weighted average price (**VWAP**) of the Company's ordinary shares over the five trading days up to 1 July 2019 (being \$82.57).

If the Company makes a bonus issue or rights issue or undertakes a corporate action or capital reconstruction, the Board may adjust the number or value of the rights granted to Matt Comyn to ensure no material advantage or disadvantage occurs, subject to any ASX Listing Rule requirements. Any such adjustments will be explained in the Company's Annual Report issued following the adjustment.

Each of the LTVR performance measures will be tested following the end of the Performance Period (i.e. after year ending 30 June 2023). The total number of rights (if any) that vest will be the aggregate of the rights that vest against each performance measure, subject to the discretion retained by the Board.

The total award is subject to a risk and reputation review. The Board retains discretion to determine the amount and form of any award that may vest (if any). The Board has discretion to determine that some or all of the award will lapse in certain circumstances, including where, in the opinion of the Board:

- the vesting of rights is not justified or supportable having regard to Matt Comyn's performance and/or conduct or the performance of the Company as a whole; or
- the vesting of rights will impact on the financial soundness of the Company or one of its subsidiaries; or
- the Company is required or entitled to reclaim remuneration or reduce Matt Comyn's remuneration outcome under law, regulation or Company policy; or
- a significant unexpected or unintended consequence or outcome has occurred which impacts the Company.

#### **When will the rights be granted?**

The rights will be granted to Matt Comyn following the 2019 AGM, and in any event no later than 12 months after the AGM.

#### **Is Matt Comyn required to pay for the rights?**

The rights will be granted to Matt Comyn at no cost. Matt Comyn will not be provided with any loans in relation to his acquisition of securities under the EEP.

#### **Is Matt Comyn entitled to dividends?**

Prior to vesting, rights do not carry any voting or dividend (or equivalent payment) rights. Any shares allocated to Matt Comyn on vesting of the rights will carry the same rights (including with respect to voting and dividends) as other ordinary shares in the Company. This means that Matt Comyn will only receive dividends that are paid from the time any rights vest as shares.

#### **Treatment of shares and rights if Matt Comyn leaves the Company**

In general, if Matt Comyn ceases employment before the rights vest, unless the Board determines otherwise, his unvested rights will remain on foot and the vesting conditions will be tested in the ordinary course following the end of the Performance Period. In the case of termination of employment for cause, unless the Board determines otherwise, the unvested rights will lapse.

Any rights granted under this award that do not vest when tested following the end of the Performance Period will lapse.

#### **Participation under previous approvals**

At the 2018 Annual General Meeting, shareholders approved the granting to Matt Comyn of rights under the EEP. Matt Comyn was subsequently granted 54,364 rights which are subject to the terms of the 2019 financial year LTVR award. No price is or was payable for the acquisition of those rights. No other rights have been granted to a Director under the EEP or any other employee incentive scheme, since the 2018 Annual General Meeting.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

#### **The Board (with Matt Comyn abstaining) recommends that shareholders vote in favour of this Item.**

## **ITEM 5**

#### **Adoption of a new Constitution**

The Company's current Constitution was last amended at the 2008 Annual General Meeting. It is proposed to adopt a new Constitution as there have been a number of developments in law, corporate governance principles and general corporate and commercial practice for ASX listed companies since that time.

The Board recommends the adoption of a new Constitution which reflects current market practice and terminology. Many of the proposed changes are administrative or relatively minor in nature. The material differences between the current Constitution and the new Constitution are outlined below.

#### **Share capital and variation of class rights**

The preference share provisions in rule 2.2 of the new Constitution are less prescriptive than the equivalent provisions under the current Constitution, conferring greater flexibility regarding the terms of any preference shares issued in the future.

Proposed rule 2.5(b) of the new Constitution sets out the rules relating to separate class meetings such that a quorum is at least 2 persons holding or representing at least one third of the issued shares of the class or, if there is one holder of shares in a class, that person. Any holder of shares of the class present, or the chair of the meeting, may demand a poll.

#### **Calls, forfeiture, indemnities, lien and surrender**

Currently, the Company has a default fixed interest rate of 15% p.a. (or such other rate as the Directors may determine) in respect of amounts which may be owed by shareholders. Under rule 3.9 of the new Constitution, this default fixed rate would be replaced by a floating interest rate based on the penalty interest rate set under legislation (or if the Board has fixed a rate, that rate). Proposed rules 3.4, 3.5 and 3.6 also clarify the ability of the Board to exempt shares from forfeiture, lien and the members' indemnity under the Constitution (should circumstances warrant it).

## **Dividends**

The Company's current Constitution has separate provisions for interim and final dividends and adopts a range of terminology to describe how the Company pays dividends. Rule 4.1 of the new Constitution harmonises these provisions and adopts the generic term 'dividend' to avoid any potential technical distinctions in terminology.

Proposed rule 4.1 also introduces scope for the Company to reinvest unclaimed dividends, for the benefit of the relevant shareholder, into shares in the Company after a period of time has elapsed. The existing equivalent rule in the Company's current Constitution provides that unclaimed money can be used for the benefit of the Company until such time as it is claimed or disposed of in accordance with the law.

## **Transfer and transmission of shares**

The Company's current constitutional provisions regarding unmarketable parcels of shares impose time limitations which are not required under the ASX Listing Rules. These restrictions are removed in the new Constitution which more closely reflects the requirements of the ASX Listing Rules. New rule 5.4 clarifies that the Board may, in certain circumstances, revoke a notice given in relation to an unmarketable parcel.

## **General meetings**

The new Constitution incorporates a number of changes to assist with the orderly conduct of general meetings of the Company.

Rule 6.6 of the new Constitution expressly confirms the Chairman's power to 'not put' certain resolutions to the meeting, notwithstanding they may have been listed in the notice of meeting.

New rule 6.7 provides that a matter will be decided on a poll without first being put to the meeting on a show of hands where the matter is set out in the notice of meeting or any other circumstance where the Chairman determines it appropriate.

## **Directors**

The Company's current Constitution requires one third of the Board to stand for election at each AGM. The new Constitution will remove this rule to bring the Company's Constitution in line with the ASX Listing Rules, which require an election of Directors each year and that a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

The rules in the new Constitution relating to Directors' remuneration are broadly in line with the rules in the current Constitution. Rule 7.3 of the new Constitution clarifies that in calculating the maximum fees payable to Directors, superannuation contributions made to comply with superannuation guarantee legislation are included in the aggregate fee cap.

The current Constitution provides that the quorum for a Directors' meeting is one half of the total number of Directors for the time being in office (rounded upwards if not a whole number), or three, whichever is greater. The new Constitution provides that unless the Board decides differently, the quorum is one half of the total number of Directors for the time being in office who are not excluded (rounded upwards if not a whole number) or three, whichever is greater. A Director will be excluded where (i) they are on a leave of absence approved by the Board, (ii) they have notified the Chairman or the Group Company Secretary they may be uncontactable for a certain period of time and the Board meeting is held during that period, (iii) they are incapacitated (e.g. due to ill health), (iv) they have disqualified themselves from considering the relevant item(s) of business at a Board meeting, or (v) they would be prohibited under the Act or other laws or regulations from voting on the relevant item(s) of business.

Directors can pass written resolutions of the Board where (i) all Directors (other than those excluded as outlined below) sign or consent to the resolution, and (ii) the Directors who sign or consent to the resolution would have constituted a quorum at the meeting.

Directors will be excluded where (i) they are on a leave of absence approved by the Board, (ii) they have notified the Chairman or the Group Company Secretary they may be uncontactable during the period the resolution is being considered, (iii) they are incapacitated (e.g. due to ill health), (iv) they have disqualified themselves from considering the resolution or (v) they would be prohibited under the Act or other laws or regulations from voting on the resolution. All Directors are expected to attend all Board meetings and participate in Board decisions.

## **Notices**

The Company's existing rules regarding giving notice to shareholders provide that, aside from the notice of meeting, notice will be served on the day that it would arrive "in the ordinary course" of the post. Rule 13.4 of the new Constitution adopts a standard ASX listed company approach to members' notices and simplifies administration by providing that a notice from the Company properly addressed and posted, is taken to be served at 10.00am Sydney time on the day after the date it is posted.

## **General Updates**

Rules which were outdated or restated Act or ASX Listing Rule requirements have been removed to simplify the document and minimise the need for updates in the event of any legislative or regulatory change. The provisions of the Constitution have been amended to reflect changes in terminology now contained in the Act, the ASX Listing Rules and ASX Settlement Operating Rules.

## **The Board recommends that shareholders vote in favour of this Item.**

Copies of the Company's existing Constitution and new Constitution are available from the Commonwealth Bank of Australia website [commbank.com.au](http://commbank.com.au)

You can request a copy of the Company's existing Constitution and new Constitution by emailing [cbainvestorrelations@cba.com.au](mailto:cbainvestorrelations@cba.com.au).

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**Annual Report**

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