



Commonwealth
Bank

The Chair's Statement Money Purchase Category of the Commonwealth Bank of Australia (UK) Staff Benefits Scheme

1 July 2022 – 30 June 2023

This Statement has been produced by Capital Cranfield Pension Trustees Limited (“CCPTL”) for the Commonwealth Bank of Australia (UK) Staff Benefits Scheme (the “Scheme”) and sets out how the Scheme has met the governance standards that apply to occupational pension schemes that provide money purchase benefits during the year, in line with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations.

CCPTL (the “Trustee”) is the sole Trustee of the Scheme.

INVESTMENT

Default investment arrangement

Members of the Money Purchase Category of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default arrangement. A copy of the current Statement of Investment Principles (SIP), dated December 2022, which covers the default arrangement follows this Statement and is also held on the Bank's website at: <https://www.commbank.com.au/about-us/our-company/international-branches/europe.html>

The Trustee believes that it is in the best interests of members to operate a default arrangement which manages the principal investment risks that members face during their membership of the Money Purchase Category of the Scheme.

The Trustee is responsible for the governance of the default arrangement which includes setting and monitoring its investment strategy. The Trustee decided that the default arrangement should be a lifestyle strategy, which means that members' contributions are automatically moved between different funds as they approach their selected retirement date.

The primary objective of the Money Purchase Category of the Scheme is to provide, on a defined contribution basis, benefits for members on their retirement or benefits for their dependents on death before retirement. The Trustee provides members with a range of investment options, recognising that:

- Members have differing investment needs and that these needs change during the course of their working lives; and
- Attitudes to investment risks, and the need for investment returns, will vary from member to member and will also vary for each member over time, in particular as they approach retirement.

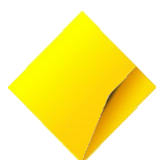
The Trustee regularly monitors the investment performance of the default arrangement and formally reviews both the investment performance against the default arrangement's objectives, and the suitability of the investment strategy at least every three years. No full review of the performance and suitability of the default arrangement was due to be undertaken during the year. The last full review was completed on 28 September 2021 when the Trustee commissioned and received an investment update to their previous in-depth three-yearly review from 2019 (given the passage of time) to ensure it remained suitable for most members.

Following the 2021 review, changes to the investment strategy were made with effect from 30 June 2022. Further details on these changes can be found in the Statement of Investment Principles ('SIP') dated December 2022.

Inadvertent default arrangements

As members cannot be invested in a lifestyle strategy and the Freestyle range simultaneously, the Trustee created an additional 'inadvertent' default arrangement (the L&G Future World Multi Asset Fund) to enable members who were invested in both the Freestyle range and the previous default arrangement to maintain this approach. It also served as the location of member contributions following the closure of two Standard Life funds where members did not make an alternative investment decision. The fund objective is to provide long-term investment growth through exposure to a diversified range of asset classes (excluding physical property) while reflecting significant ESG issues into the fund's investment strategy.

The Stewart Investors Worldwide Sustainability Fund is also an 'inadvertent' default arrangement. In February 2021, the Stewart Investors Worldwide Equity Fund was merged with the Stewart Investors Worldwide Sustainability Fund. The Trustee received advice from the Scheme's DC investment adviser that the merger was suitable for the members involved. However, as members' savings were merged without their prior consent, the Trustee has treated this fund as an inadvertent default arrangement. The fund objective is to grow the investment by investing in shares of high quality companies which are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.



The Trustee monitors the performance of the default arrangement and inadvertent defaults on a quarterly basis against their respective benchmarks to assess whether they are consistent with the aims and objectives set out in the SIP.

Other investment options (the 'Freestyle Range')

The Trustee also makes available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments. Members are also able to select from these funds via a separate Additional Voluntary Contribution arrangement. Information for each fund is available via the Benpal member portal which is available to all active and deferred members. This is also published in the newsletter which is issued to all members via Benpal or by post to those members who have opted out of electronic communications.

MEMBER BORNE CHARGES AND TRANSACTION COSTS

The charges and transaction costs borne by Money Purchase Category members are assessed to the extent they represent good value for money for members. These costs are not limited to the ongoing charges on member funds, but also include trading costs incurred within such funds. Details of the charges and transaction costs within this Statement are presented as a percentage of the value of benefits held by each member. The Trustee is satisfied that investment costs are in line with expectations for the asset classes they invest in.

Ongoing Charges Figure (OCF)

The OCF includes the Annual Management Charge and a variety of other operating costs to cover the cost of running the fund. It includes administrative costs such as maintaining records, custody and audit fees, producing reports and calculating the daily unit price, as well as the research that goes into deciding what assets to buy and sell. Whilst all the Annual Management Charges are fixed, the additional charges can vary from day to day.

Transaction costs

Transaction costs can arise when the:

- fund manager buys or sells part of a fund's portfolio of assets; or
- platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on how each fund is invested and prevailing market conditions. Direct transaction costs include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes) while indirect transaction costs are incurred through bid-offer spreads.

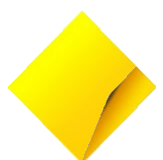
Direct transaction costs are taken into account when the funds' unit prices are calculated. This means that transaction costs are not readily visible but will be reflected in a fund's investment performance.

The Financial Conduct Authority (FCA) requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the values of assets immediately before and after a transaction has taken place. These costs can be negative in some cases if the value falls during the transition.

These transaction costs do not include indirect transaction costs that members may incur from buying or selling units in any of the funds.

Table of charges and transaction costs

The presentation of the charges and costs, together with the projections of the impact of charges and costs (as shown in the next section), takes into account the statutory guidance issued by the Department for Work and Pensions. The Trustee has followed the guidance.



The OCF and transaction costs applicable to the funds offered by the Scheme were:

Fund	Ongoing Charges Figure (OCF)	Ongoing Charges Figure (OCF)	Transaction costs	Transaction costs
	% p.a. of the amount invested	£ p.a. per £1,000 invested	% p.a. of the amount invested	£ p.a. per £1,000 invested
Stewart Investors Asia Pacific Leaders Fund	0.84	8.40	0.14	1.40
Stewart Investors Global Emerging Markets Leaders Fund	0.76	7.60	0.10	1.00
Stewart Investors Worldwide Sustainability Fund**	0.67	6.70	0.02	0.20
First Sentier Global Listed Infrastructure Fund	0.80	8.00	0.12	1.20
First Sentier Global Property Securities Fund	0.84	8.40	-0.09	-0.90
First Sentier Greater China Growth Fund	1.09	10.90	0.08	0.80
Legal & General Cash Fund*/***	0.13	1.25	0.06	0.62
Legal & General Global Equity Fixed Weights (50:50) Index Fund***	0.21	2.06	0.05	0.49
Legal & General Over 5 Years Index-Linked Gilts Index Fund***	0.10	1.00	0.23	2.26
Legal & General UK Equity Index Fund	0.18	1.76	0.03	0.25
Legal & General Ethical UK Equity Index Fund	0.21	2.05	0.03	0.32
Legal & General Future World Global Equity Fund*	0.23	2.30	0.06	0.63
Legal & General Future World Multi Asset Fund**/**/***	0.31	3.12	0.07	0.65
M&G All Stocks Corporate Bond Fund***	0.30	3.00	0.02	0.20
Baillie Gifford Global Alpha Fund***	0.59	5.90	0.03	0.30
Baillie Gifford Multi Asset Growth Fund*/***	0.69	6.90	0.07	0.70

Source: Stewart Investors, First Sentier, LGIM, M&G, Baillie Gifford

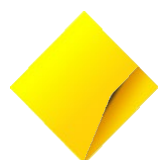
Notes:

The Trustee requested information for the year ended 30 June 2023.

Funds marked with a single asterisk (*) represent those within the default arrangements. Funds marked with two asterisks (**) are within the 'inadvertent' default arrangements. Those marked with three asterisks (***) have funds invested via the AVC arrangement. The OCF for default arrangements within schemes used for auto enrolment must not exceed 0.75% p.a. (the DC Charge Cap). All default arrangements within the fund met this requirement.

The negative transaction costs arise as a result of the prescribed calculation methodology, which allows for the 'delay cost' that takes the difference between mid-market price of an asset immediately before the order is placed in the market and the price at which the deal is struck. A negative transaction cost would result in a positive additional return for the fund.

The Trustee notes the transaction costs for the Legal & General Over 5 Years Index-Linked Gilts Index Fund were the highest incurred across the fund range.



The costs and charges for the lifestyle default arrangement varies dependent upon where in the glidepath of the lifestyle strategy the members sits (i.e. how far they are from retirement). For the period covered by this Statement, annualised charges and transaction costs for the lifestyle default arrangement are set out in the table below.

Period to selected retirement date	Ongoing Charges Figure (OCF)	Ongoing Charges Figure (OCF)	Transaction costs	Transaction costs
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
>15 years [when charges are at their lowest]	0.23	2.30	0.06	0.63
12 years	0.39	3.93	0.07	0.66
10 years to 3 years [when charges are at their highest]	0.50	5.01	0.07	0.68
1 year	0.44	4.38	0.07	0.67
At retirement	0.41	4.07	0.07	0.66

Source: LGIM, Baillie Gifford

During the year covered by this Statement the Ongoing Charges Figure (OCF) for the default arrangement were in a range from 0.23% to 0.50% of the amount invested or, put another way, in a range from £2.30 to £5.01 per £1,000 invested.

The transaction costs borne by members in the default arrangement during the year were in a range from 0.06% to 0.07% of the amount invested or, put another way, in a range from £0.63 to £0.68 per £1,000 invested.

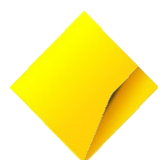
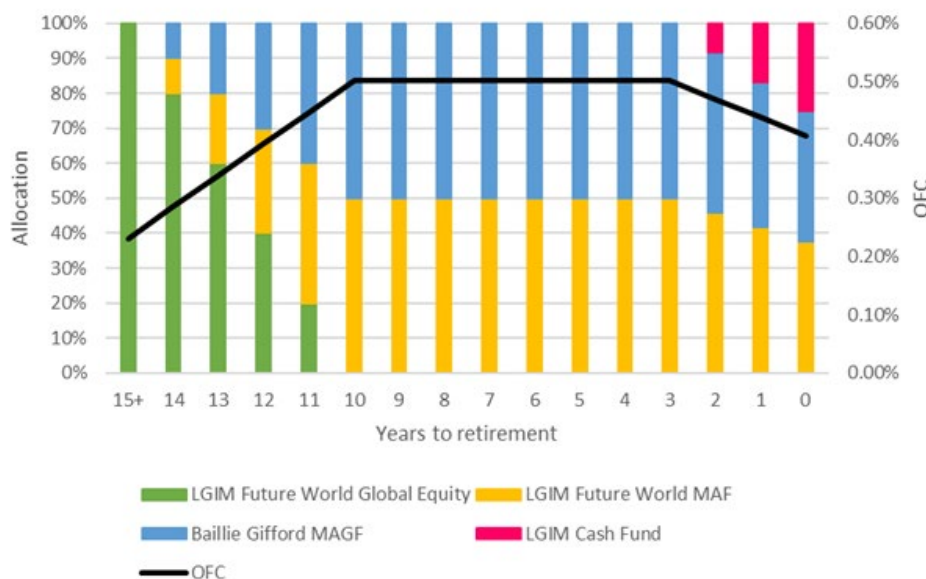
During the year covered by this Statement the member-borne charges for the inadvertent defaults were in a range from 0.31% to 0.67% of the amount invested or, put another way, in a range from £3.12 to £6.70 per £1,000 invested.

The transaction costs borne by members in the inadvertent defaults during the year were in a range 0.02% to 0.07% of the amount invested or, put another way, in a range from £0.20 to £0.65 per £1,000 invested.

During the year the member-borne charges for the self-select funds were in a range from 0.10% to 1.09% of the amount invested or, put another way, in a range from £1.00 to £10.90 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year were in a range from a saving of 0.09% to a cost of 0.23% of the amount invested or, put another way, in a range from a saving of £0.90 to a cost of £2.26 per £1,000 invested.

The following chart also shows graphically how these charges vary from year to year:



Illustrations of the impact of charges and costs

The Trustee has an obligation to include information of certain charges and transaction costs borne by Scheme members together with an illustrative example of the cumulative effect over time of the application of those charges and costs on the value of a member's accrued rights to money purchase benefits. Following the Scheme year end, all of the members' money purchase assets invested in the Scheme were transferred into the Legal and General WorkSave Mastertrust, with the exception of four member accounts. As three of the four remaining members have now transferred out of the Scheme (with the final transfer out expected imminently as at the date of this Statement), the Trustee has consulted with its legal advisers and believes it would be misleading to show illustrations of the future impact of costs and charges on members' retirement savings in an environment where those benefits are no longer held in the Scheme and the charges borne no longer have any bearing on how benefits may grow over time in the Legal & General WorkSave Mastertrust.

INVESTMENT PERFORMANCE

This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. The presentation of the investment performance takes into account the statutory guidance issued by the Department for Work and Pensions. The Trustee has followed the statutory guidance in all areas.

Default arrangements:

The investment performance of the funds used in the default arrangement during periods up to 30 June 2023 net of all costs and charges expressed as an annual geometric compound percentage were:

Fund	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Legal & General Future World Global Equity Fund	11.8	12.7	Not available
Legal & General Future World Multi Asset Fund	2.5	2.1	3.4
Baillie Gifford Multi Asset Growth Fund	-2.6	-0.6	-0.2
Legal & General Cash Fund	3.0	1.0	0.8

Source: LGIM, Baillie Gifford

The 5-year performance for the Legal and General Future World Global Equity Fund is not available as the fund was inception in February 2020.

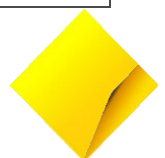
As the default arrangement uses a lifestyle strategy, the investment return will vary depending on your age and how far you are from your selected retirement age:

Age of member at 30 June 2023 (years)	1 year (% p.a.)	3 years (% p.a.)
25	11.8	12.7
45	11.8	12.7
55	0.0	3.1

Source: LGIM, Baillie Gifford

Self-select funds:

Fund	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Stewart Investors Asia Pacific Leaders Fund	4.2	7.2	6.1
Stewart Investors Global Emerging Markets Leaders Fund	6.3	6.4	-0.3
Stewart Investors Worldwide Sustainability Fund	14.2	5.2	6.4
First Sentier Global Listed Infrastructure Fund	-3.0	5.2	5.9
First Sentier Global Property Securities Fund	-11.6	0.8	2.1



First Sentier Greater China Growth Fund	-8.7	1.3	4.0
Legal & General Cash Fund	3.0	1.0	0.8
Legal & General Global Equity Fixed Weights (50:50) Index Fund	10.9	9.9	5.8
Legal & General Over 5 Years Index-Linked Gilts Index Fund	-20.0	-14.9	-5.5
Legal & General UK Equity Index Fund	7.9	10.0	3.1
Legal & General Ethical UK Equity Index Fund	8.9	10.0	3.4
Legal & General Future World Global Equity Fund*	11.8	12.7	n/a
Legal & General Future World Multi Asset Fund*	2.5	2.1	3.4
M&G All Stocks Corporate Bond Fund	-6.1	-5.7	-0.7
Baillie Gifford Global Alpha Fund	12.1	3.7	7.3
Baillie Gifford Multi Asset Growth Fund*	-2.6	-0.6	-0.2

Source: Stewart Investors, First Sentier, LGIM, M&G, Baillie Gifford

Funds marked with a single asterisk (*) represent those that have only been available within the Scheme since June 2022.

The 5-year performance for the Legal and General Future World Global Equity Fund is not available as the fund was inceptioned in February 2020.



THE CHAIR'S STATEMENT (CONTINUED)

ADMINISTRATION

Processing Scheme transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the Money Purchase Category are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Mercer Limited ("Mercer") and its investment managers, namely Legal & General Insurance Management (L&G), First State Investment (UK) Limited (incorporating Stewart Investors), Baillie Gifford and M&G. The Trustee has reviewed the processes and controls implemented by those organisations as audited by independent internal controls audits and has concluded them to be suitably designed to achieve these objectives. The processes adopted by Mercer to help meet the Service Level Agreement (SLA) include a dynamic checklist, a central financial control team which is separate to the administration team, daily monitoring of bank accounts and "four eyes" checking of investment and banking transactions. The Trustee also received the annual assurance report on Internal Controls (AAF 01/06 and ISAE 3402) from Mercer.

The Trustee has agreed service levels with Mercer and receives quarterly reports which cover all activity undertaken but specifically the accuracy and timeliness of all core transactions. This allows the Trustee to monitor Mercer's compliance with its agreed SLA at its regular meetings and raise any issues.

The Trustee liaises closely with Mercer about any administration issues that arise throughout the year and SLAs have remained above their target rate of 95% for the majority of the year. The exception to this was in Quarter 3 2022 when SLAs were 93.54%. The Trustee continues to take a close interest in member transactions.

In light of the actions taken, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

No charge was made to members for administration services delivered in line with statutory requirements, as these were met from the Scheme's funds during the Scheme year. Members will be asked to pay for specific requests, where they fall outside contractual requirements or are non-statutory.

COMMUNICATION

Members of the Money Purchase Category who were actively contributing or have benefits preserved in the Scheme during the year covered by this Statement are provided with access to Benpal, an online portal which provides details of their retirement savings in the Scheme, including contributions paid, current investment allocations as well as individual and more generic information about Scheme benefits and a savings modeller. The newsletter produced to highlight key issues to members is published on the site along with any *ad hoc* announcements. Those who do not wish to receive communications online are given the opportunity to opt out and receive paper copies of communications. Members are also able to vary any AVCs which they pay into the Scheme and instruct investment fund switches. Mercer as the Scheme's professional third party scheme administrator communicates directly with members by post in relation to key events for individuals, such as retirement. All communication costs were met by the Principal Employer during the year.

VALUE FOR MEMBERS ASSESSMENT

Each year, with the help of its advisers, the Trustee carries out an assessment of whether the charges and transaction costs



for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members. Value is not simply about low cost – the Trustee also considers the quality and scope of provision compared against similar schemes and available external benchmarks.

Approach

The Scheme’s total assets are greater than £100 million, and so is not subject to The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (‘the 2021 Regulations’) which set out the requirements for a more detailed assessment for smaller schemes. The Trustee adopted the following approach to assessing Value for Members for the year to 30 June 2023:

- Services – considered the services where members bear or share the costs;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – the cost and quality of each service were compared against similar schemes and available external comparisons; and
- Rating – each service was rated on the below basis.

Results for the year ending 30 June 2023

The Scheme provided **Average** Value for Members in the year ending 30 June 2023. The rating criteria used in the assessment was:

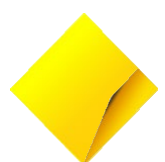
Rating	Definition
Excellent	The Trustee considers the Scheme offers excellent value for members, providing services within a top 20% quality/cost range compared with typical options for similar schemes.
Good	The Trustee considers the Scheme offers good value for members, providing services at better quality/cost compared with typical options for similar schemes.
Average	The Trustee considers the Scheme offers average value for members, providing similar services at similar quality/cost compared with typical options for similar schemes.
Below average	The Trustee considers the Scheme offers below average value for members, providing similar services at higher cost or more limited services for similar cost compared with typical options for similar schemes.
Poor	The Trustee considers the Scheme offers poor value for members providing services, within the bottom 20% quality/cost range compared with typical options for similar schemes.



The members only pay for investment services. The rationale for the rating of the investment services was in outline:

Service and weighting	Rating	Rationale
Investment 100%	Average	<ul style="list-style-type: none"> • The default strategy charges range from 0.230% p.a. (during the growth phase), 0.501% p.a. (during the consolidation phase) to 0.407% p.a. (at the end of the de-risking phase). The range is significantly below the 0.75% p.a. charge cap requirement for schemes qualifying for auto-enrolment. • Transaction costs for the default strategy are between 0.063% to 0.068%. This is broadly in line with the average transaction cost for similar funds. • The Trustee provides 16 funds for the membership to self-select. The self-select range includes both an Environmental, Social, and Governance (ESG) focused fund and an ethical fund, further enhancing the value proposition for members. • Charges for self-select funds range from 0.100% p.a. to 1.090% p.a. while transaction costs for self-select funds range from -0.090% p.a. to 0.226% p.a. • Over the year, the majority of funds used in the default investment arrangements and self-select fund range outperformed or were in line with their respective benchmarks.

Following the Scheme year end, all of the members’ money purchase assets invested in the Scheme were transferred into the Legal and General WorkSave Mastertrust, with the exception of four member accounts. As at the date of this assessment, three of the four remaining members have transferred out of the Scheme (with the final transfer out expected imminently). An action plan for the following year to improve value, and obtain any missing information, is therefore not relevant given this context.



THE CHAIR'S STATEMENT (CONTINUED)

TRUSTEE'S KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to:

- be conversant with the Trust Deed and Rules of the Scheme, the Scheme's Statement of Investment Principles ("SIP") and any other documents recording policies adopted by the Trustee relating to the administration of the Scheme generally,
- have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a trustee, knowledge and understanding of the law relating to pensions and trusts and the principles related to the investment of assets for occupational pension schemes.

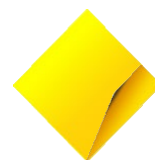
Since 9 August 2019, the Trustee has been the sole Trustee of the Scheme.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below:

- As a professional trustee, the Trustee is expected to maintain a higher level of knowledge and understanding than non-professional trustees. The Trustee has strict ongoing "continuous professional development" (CPD) requirements for its professional trustees. The Trustee holds regular Trustee Meetings which all its professional trustees are expected to attend, these include CPD as well as business content. Individual professional trustees are expected to ensure that they carry out enough CPD to keep themselves fully up to date with developments as well as to meet the CPD requirements of the Association of Professional Pension Trustees (APPT).
- Training is provided as and when required and is determined by the Trustee's self-evaluation. Advisers provide advice and regular briefings, particularly where pertinent to discussions during the year. The Trustee's advisers raise any changes in governance requirements and other relevant matters as they become aware of them; and
- The Trustee has access to copies of, and is familiar with, the current governing documentation for the Scheme. This includes the Trust Deed and Rules (together with any amendments), SIP and the Trustee's current policies. The Trustee refers to the Trust Deed and Rules as part of all aspects of the Scheme's operations including when deciding to make any changes to the Scheme. The SIP is formally reviewed at least every three years (it was last reviewed in December 2022) and when making any changes to the Scheme's investments.

The performance of the Trustee was assessed regularly by reference to progress against the Scheme calendar. The Scheme calendar covers forthcoming scheme specific and wider pensions issues. The Trustee considers where support is needed to properly exercise its duties on any issues.

The trustees assigned to the Scheme by the Trustee are fully accredited members of the APPT. This can be confirmed by visiting the APPT website at www.appt.org.uk. The Trustee is therefore subject to its CPD requirements which are checked each year; the key requirement is that each trustee has to undertake a minimum of 25 hours' CPD in each calendar year.



THE CHAIR'S STATEMENT (CONTINUED)

The Trustee has appointed suitably qualified and experienced legal advisers, Money Purchase investment consultants and benefit consultants to provide advice on the operation of the Scheme in accordance with its Trust Deed and Rules, legislation and regulatory guidance. Advisers and service providers are reviewed periodically with light touch reviews as required if there are any performance or other Trustee concerns about the adviser/provider. No new advisers in relation to the Money Purchase Category were appointed during the year. The Trustee has set objectives for its Money Purchase investment consultants, Hymans Robertson, and these objectives are reviewed annually, with the most recent formal review completed in March 2023.

The Trustee is satisfied that the knowledge and understanding that it has as a result of the actions described above, together with access to suitable advice, gave it the requisite expertise to exercise its duties during the Scheme year.

GOVERNANCE

The Trustee has engaged with its current advisers during the Scheme Year. It is satisfied that the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits; and regulatory guidance for defined contribution schemes.

This Chair's Statement regarding DC governance has been approved by Capital Cranfield Pension Trustees Limited.

