

2017 Corporate Governance Statement



This statement details the key corporate governance arrangements and practices of the Commonwealth Bank of Australia ("Bank") and its related bodies corporate (collectively, the "Group").

The Group is committed to high standards of corporate governance and has a corporate governance framework which supports its long-term performance and sustainability and protects and enhances shareholder and other stakeholder interests.

The Bank regularly reviews its corporate governance arrangements and practices to ensure they reflect developments in regulation, market practice and stakeholder expectations.

The Bank has followed the recommendations set out in the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Recommendations") during the year ended 30 June 2017 ("Reporting Period").

This statement is current as at 14 August 2017 and has been approved by the Bank's board of directors ("Board").

1. SHAREHOLDER ENGAGEMENT

The Bank recognises its shareholders as its owners and values its communication with them. As a result, the Bank seeks to provide shareholders with information that is timely, of high quality and relevant to their investment, and to listen and respond to shareholder feedback.

The Bank has an investor relations program to facilitate two-way communication with shareholders and to foster participation at shareholder meetings. The program incorporates a number of ways in which shareholders can access information and provide feedback.

Information about the Group is available [here](#) and information about its governance arrangements and practices is available [here](#).

1.1. Communications and periodic and continuous disclosure

Key shareholder communications include the Group's Annual Report, Corporate Responsibility Report, full-year and half-year financial results and quarterly trading updates.

In addition, the Bank releases all material information to the Australian Securities Exchange ("ASX") in compliance with its continuous disclosure obligations under the Australian Corporations Act 2001 ("Corporations Act") and the ASX Listing Rules.

The Bank also has a written policy for complying with those obligations. It is summarised in the Bank's "Guidelines for Communications between Commonwealth Bank of Australia and Shareholders". The Guidelines are available [here](#).

In addition, the Bank posts all material information released to the ASX on its website and regularly webcasts important market briefings via its website.

1.2. Annual General Meetings

The Bank encourages shareholders to attend and participate in its Annual General Meetings ("AGMs") and rotates the location of its AGMs between capital cities to facilitate shareholder attendance.

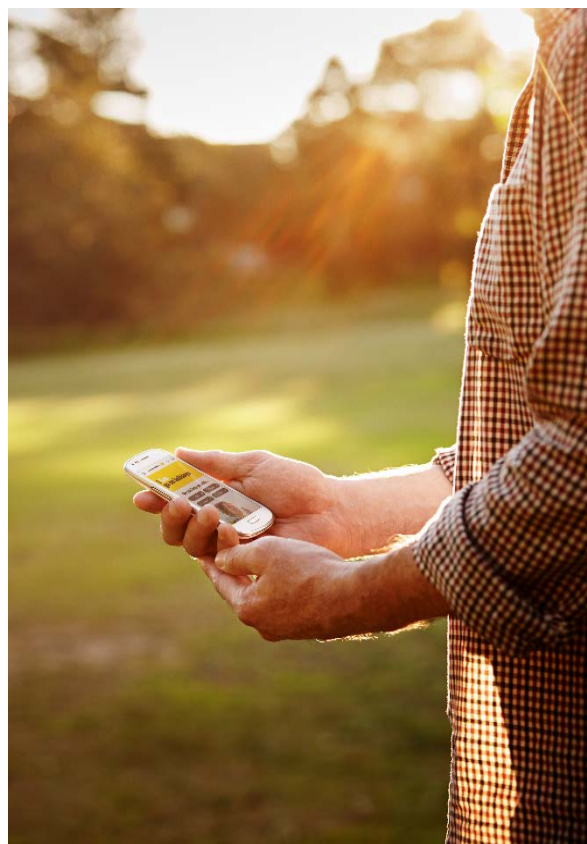
The Bank also encourages questions from shareholders ahead of its AGMs. Approximately 600 shareholder questions in advance were received for the 2016 AGM,

providing the Bank with useful insights into shareholder concerns and enabling it to provide relevant feedback.

In addition, AGM proceedings are webcast for those shareholders unable to attend and those shareholders may cast a direct vote or appoint a proxy to attend on vote on their behalf.

1.3. Electronic communications

With the increasing use of technology, the Bank encourages shareholders to provide their email addresses so that it may communicate with them electronically about relevant matters, including AGMs, Annual Reports and dividend payments. Shareholders may also send communications electronically to the Bank's share registry.



2. ROLES AND RESPONSIBILITIES

The Board is responsible for managing the Group's business and is accountable to shareholders for performing that role.

The Board has delegated the day-to-day management of the Group's business to the Chief Executive Officer ("CEO"), except for matters specifically reserved for the Board, and monitors the exercise of that delegation.

2.1. The Board's role and responsibilities

The Board's role is to direct and control the Group on shareholders' behalf.

The Board's key responsibilities include:

- determining the Group's strategies and financial objectives;
- determining the Group's risk appetite and monitoring the Group's risk management framework;

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- approving the Group's financial statements and reporting, including the application of relevant accounting policies;
- approving initiatives exceeding authority limits delegated to the CEO, including: major corporate and capital management initiatives; capital expenditure; and acquisitions and divestments;
- appointing the CEO, conducting the CEO's performance review and determining the CEO's remuneration outcomes;
- determining the remuneration outcomes for the CEO's direct reports and other key members of senior management; and
- overseeing the development of high performing executives, including succession planning for the CEO and the CEO's direct reports.

The Board's role and responsibilities are set out in the Board Charter, which is available [here](#).

During the Reporting Period, the Board focused on planning its forward Board program to ensure adequate allocation of time was made for strategic and operational priorities.

The broad areas of focus were on the Group's corporate strategy, performance against business plans, material risk review and prioritisation, technology resilience and remuneration governance.

The Board reviews the Board program on an ongoing basis and adjusts it to reflect the Group's strategic and operational needs.

2.2. Management's role and responsibilities

The CEO is accountable to the Board for the exercise of the authority granted to him and responsible for the Group's day-to-day management.

Specific CEO responsibilities set out in the Board Charter include:

- implementing a system to manage the Group's material business risks;
- assessing the reputational consequences of the Group's decisions and actions;
- maintaining a system to measure customer satisfaction;
- implementing appropriate processes for employee recruitment, retention, development and succession; and
- maintaining policies and processes to ensure appropriate market disclosure.

In addition, management operates within a comprehensive delegations framework endorsed by the Board.

3. BOARD COMPOSITION AND RENEWAL

The Board seeks to ensure that it is independent and has an appropriate mix of expertise and diversity to effectively discharge its role and responsibilities.

It also seeks to enhance its performance by having Board committees, planning its Board program and reviewing its performance.

3.1. Board membership

The Bank's directors for some or all of the Reporting Period are listed in the table below.

Director	Appointed
Catherine Livingstone AO (Board Chairman from 1 January 2017)	2016
Ian Narev (CEO)	2011
Shirish Apte	2014
Sir David Higgins	2014
Launa Inman	2011
Brian Long	2010
Andrew Mohl	2008
Mary Padbury	2016
Wendy Stops	2015
Harrison Young	2007
Sir John Anderson Retired 9 November 2016	2007
David Turner (Board Chairman until retirement) Retired 31 December 2016	2006

As at the date of this statement, the Board comprised nine non-executive directors and the CEO.

Details of the directors' respective qualifications, experience and date of appointment are set out in pages 50 and 51 of the Bank's annual report for the financial year ended 30 June 2017 ("Annual Report" and "FY2017" respectively).

The number of Board meetings held during the Reporting Period and directors' attendance at those meetings are set out on page 61 of the Annual Report.

3.2. Director independence

The Board considers all its non-executive directors during the Reporting Period to have been independent and its current non-executive directors to continue to be independent as at the date of this statement.

The Board assessed each non-executive director's interests, positions, associations, relationships and tenure against those set out in its independence guidelines and the Recommendations.

The Board concluded that:

- Catherine Livingstone's directorship of a material supplier in the past three years;
- Harrison Young's tenure on the Board of more than 10 years; and
- former directors, Sir John Anderson's and David Turner's tenure on the Board of more than nine and 10 years respectively,

does not and did not interfere with their capacity to bring independent judgment to bear on the issues before the Board and to act in the Bank's best interests and those of its shareholders generally.

3.3. The Chairman

During the Reporting Period, the Board was chaired by two independent directors, David Turner and Catherine Livingstone AO, neither of whom was the CEO. The Board continues to be chaired by Catherine Livingstone as at the date of this statement.

3.4. Material personal interests

The Board's corporate governance guidelines provide that any director with a material personal interest in a matter being considered by the Board or a Board Committee will not receive a copy of any paper dealing with the matter, will not be present when the matter is being considered and will not vote on the matter.

Further, minutes of matters in which a director is considered to have a material personal interest are not provided to that director.

3.5. Director skills, experience, expertise and diversity

The directors possess a range of skills, experience and diversity which, as a group, ensures the Board is able to discharge its responsibilities, including by determining the Group's strategic objectives and operational framework.

The Board balances long-serving directors, who have a deep knowledge of the Group's operations and history, with newer directors, offering fresh perspectives. All directors have considerable exposure to current corporate governance practices and are committed to the highest standards of ethical behaviour.

The current skills, expertise and experience of the Board are collectively represented in the Board skills matrix on the next page of this statement, along with certain measures of the Board's diversity. The skills, experience and expertise of individual directors are described in their biographies on pages 50 and 51 of the Annual Report.

The skills matrix which, together with the Board's director appointment criteria, documents the requisite skills, expertise, experience and diversity the Board needs to ensure: there is a good understanding of the Bank's business and its operating environment; effective challenge of management; and insightful contribution to strategic debate. The Board uses the matrix to ensure an ongoing appropriate mix of skills, expertise and experience as it implements its ongoing renewal process.

3.6. Director appointment and re-election

The Board, with the assistance of the Nominations Committee, conducts a formal selection process when appointing new non-executive directors. An executive search firm is engaged, as required, to identify a diverse range of candidates. In assessing candidates, the Board seeks to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained or achieved in its membership and assesses candidates against the Board's director appointment criteria.

The Bank undertakes appropriate checks before appointing a person as a non-executive director or recommending that person to the Bank's shareholders as a non-executive director. Those checks include criminal record and bankruptcy checks and checks of the person's educational qualifications and employment history. In addition, as all non-executive directors are "responsible persons" under the relevant Australian Prudential Regulation Authority ("APRA") prudential standard, background checks as to fitness and propriety are also carried out before a person is appointed to the Board.

Non-executive directors receive formal letters of appointment setting out their appointment terms, including terms relating to time commitment and continuing education.

All persons appointed as non-executive directors of the Bank must stand for election at the next AGM following their appointment. In addition, non-executive directors must stand for re-election such that at each AGM one third of directors (excluding the CEO and any directors appointed since the previous AGM) stand for re-election.

Board support for a director's election or re-election is subject to the Board performance review outcomes and any other matters the Board considers relevant.

In the relevant AGM notice, the Bank provides its shareholders with all material information in its possession which is relevant to a decision as to whether or not to elect or re-elect a director.







3.7. Director induction and continuing development

All new non-executive directors participate in an induction process co-ordinated by the Group Company Secretary which includes briefings from the CEO, Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), heads of the Group's business and support units, internal auditor and external audit firm's lead audit partner. Matters covered include the Group's business, strategy, material risks, financial position and corporate governance structure.

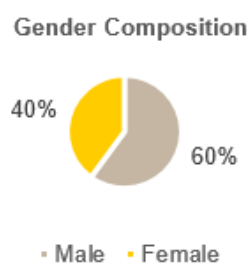
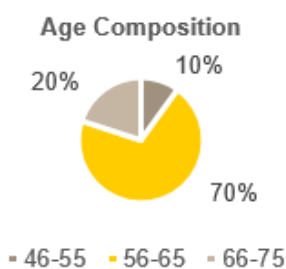
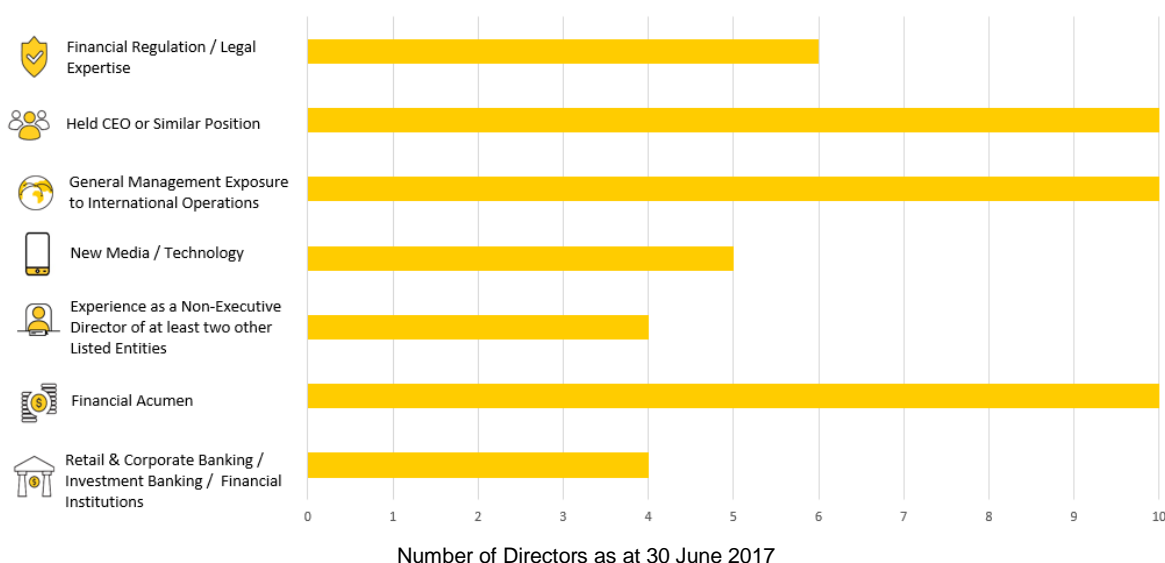
The Group also has in place a continuing education program for directors that is incorporated into, or accompanies, the Board meetings. The program seeks to provide directors with opportunities to develop and maintain the skills and expertise needed to perform their role effectively. It includes ongoing education sessions with senior management and presentations from local and overseas experts in matters relevant to the Group's operations, as well as an annual education tour to visit operations and meet customers, employees and other stakeholders.

During the Reporting Period, the Board visited the United Kingdom, providing an opportunity for directors to engage with politicians, regulators, customers and employees and gain insight on a range of topics relevant to the Bank's strategy, further opportunities and economic challenges.

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SKILLS, EXPERTISE AND EXPERIENCE			
Skills and Expertise	 New Media / Technology	 Financial Acumen	 Financial Regulation or Legal Expertise
	 Retail and Corporate Banking / Investment Banking / Financial Institutions	 Non-Executive Director of at least two Listed Companies	 Held CEO or Similar Position

Board Skills Matrix



3.8. Board performance evaluation

The Board reviews its performance and that of the Board Committees (as defined in section 4) and individual directors annually. Every third year, the review is facilitated by an external consultant.

The review in respect of the Reporting Period, was facilitated by an external consultant and involved:

- surveying and interviewing all directors and certain members of senior management; and
- the consultant's observation of Board and Board Committee meetings.

The review considered a number of matters, including:

- the Board's role, accountabilities, processes,

- culture, capabilities and relationship with management;
- the effectiveness of the Board Committee structure, including each Committee's performance, leadership and reporting to the Board; and
- the quality of director contribution, including that of the Chairman in leading the Board.

The consultant's report was discussed by the Board at its August 2017 meeting and the Chairman met with each director individually to discuss the report's findings.

The outcome of the review was that the Board will increase its strategic focus, given the challenges ahead, including in competition, technology and regulation.

3.9. The Group Company Secretary

The Group Company Secretary's details, including her qualifications and experience are set out in page 62 of the Annual Report. She is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

4. BOARD COMMITTEES

From time to time, the Board establishes standing committees. Those committees focus on specific issues and areas of the Group's operations, thereby strengthening the Board's oversight.

During the Reporting Period and as at the date of this statement, the Board had four substantive standing committees ("Board Committees"):

- the Nominations Committee;
- the Audit Committee;
- the Risk Committee; and
- the Remuneration Committee.

The Board Committees generally operate in a review capacity, except in cases where the Board specifically delegates one of its powers to the committee.

During the Reporting Period and as at the date of this statement, each Board Committee comprised at least three non-executive directors, all of whom are considered by the Board to be independent, including the committee chairman.

Each Board Committee has a charter detailing its role, responsibilities and membership requirements, which is available [here](#).

All directors are entitled to attend Board Committee meetings. Board Committee papers and minutes are also available to all directors and the proceedings of each Board Committee meeting are reported by the Committee Chairman at the next Board meeting.

The number of meetings held by each Board Committee during the Reporting Period and member attendance at those meetings are set out on page 61 of the Annual Report.

4.1. Nominations Committee

The Nominations Committee assists the Board to fulfil its responsibilities regarding:

- Board composition and non-executive director independence;
- non-executive director appointment, election and re-election;
- director induction and continuing development;
- Board, Board Committee and non-executive director performance reviews;
- CEO succession planning;
- Board and subsidiary board diversity; and
- subsidiary board oversight and governance.

The current members of the Nominations Committee are Catherine Livingstone AO (Committee Chairman), Mary Padbury and Harrison Young.

4.2. Audit Committee

The Audit Committee assists the Board to fulfil its responsibilities regarding the Group's:

- external financial reporting, including the Group's full-year and half-year statutory reporting obligations;
- internal control environment, including controls relevant to Group's financial, taxation and accounting risks;
- Audit and Assurance function; and
- external auditor.

The Group's internal and external auditors are invited to all Audit Committee meetings. Further, the Audit Committee meets from time to time with each auditor without management being present. It also meets with management at each meeting without either auditor being present.

The current members of the Audit Committee are Brian Long (Committee Chairman), Shirish Apte, Launa Inman, Catherine Livingstone AO and Harrison Young.

4.3. Risk Committee

The Risk Committee assists the Board to fulfil its responsibilities regarding the Group's risks (other than those risks allocated to another Board Committee), including by:

- reviewing the Group's Risk Management Framework and reports received regarding the framework's effectiveness;
- reviewing the Group's Risk Appetite Statement and Risk Management Strategy and monitoring management's implementation of policies and processes supporting that strategy;
- monitoring the Group's risk profile, including by monitoring adherence to risk policies and tolerances and any remediation plans that may be necessary; and
- overseeing the CRO's appointment, removal, objectives and performance review and ensuring the CRO's stature and independence.

The current members of the Risk Committee are Shirish Apte (Committee Chairman), Sir David Higgins, Catherine Livingstone AO, Brian Long, Andrew Mohl and Harrison Young.

4.4. Remuneration Committee

The Remuneration Committee assists the Board to fulfil its responsibilities regarding:

- significant changes in the Group's remuneration policies and remuneration structure;
- remuneration arrangements and outcomes for: the CEO; the CEO's senior direct reports; finance, risk and internal control personnel; and other persons whose roles may affect the Group's financial soundness; and
- superannuation, employee equity plans, termination payments and other significant benefits.

The current members of the Remuneration Committee are Sir David Higgins (Committee Chairman), Launa Inman, Catherine Livingstone AO, Andrew Mohl, Mary Padbury and Wendy Stops.



5. SENIOR EXECUTIVE EMPLOYMENT TERMS AND REMUNERATION

The CEO and other senior executives have written agreements setting out their employment terms.

The Remuneration Report discloses the Group's process for evaluating the CEO's performance and that of the other senior executives followed in respect of the Reporting Period.

The Remuneration Report also discloses a summary of the Group's governance arrangements, policies and practices for director and senior executive remuneration.

See pages 73 and 78 of the Annual Report respectively.

6. ASSURANCE AND RISK MANAGEMENT

6.1. External auditor

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor at the 2007 AGM, effective from 1 July 2007.

The PwC lead audit partner for the Group's FY2017 external audit will attend the 2017 AGM and be available to respond to shareholder questions relevant to that audit.

In line with current legislation, the Group requires rotation of PwC's lead audit partner after the audit of five successive financial years. Given PwC's current lead audit partner has led the Group's external audit for the last five financial years, including for FY2017, he will rotate and a new lead partner will start for the financial year ending 30 June 2018.

The Group and its external auditor must comply with Australian and United States auditor independence requirements. United States Securities and Exchange Commission rules apply to various activities the Group undertakes in the United States, even though the Bank is not registered under its Exchange Act.

6.2. Internal audit

The Group has an internal audit function, which together with the Group's Credit Portfolio Assurance team, forms "Group Audit and Assurance" ("GA&A").

GA&A is structured to be independent of management, with the most senior GA&A executive, the Group Auditor, reporting functionally to the Audit Committee and administratively to the CFO.

The Group Auditor's appointment must be approved by the Audit Committee and the Group Auditor may only be dismissed with the Audit Committee's approval.

The Group Auditor has free and unrestricted access to all of the Group's information, people, property and records to discharge GA&A's role and responsibilities.

GA&A's role is to provide independent and objective assurance and related consulting services to management and the Audit Committee, maximising shareholder value through improvement of the Group's risk management, control and governance processes.

GA&A's responsibilities include:

- developing a risk-based annual audit plan for the Audit Committee's approval and adjusting that plan where necessary to reflect current and emerging risks;
- executing the approved plan in line with relevant GA&A methodologies and reporting the results of its work to management and the Audit Committee; and
- escalating to management and the Audit Committee, as appropriate, instances where GA&A believes that management has accepted a level of risk in excess of the approved risk appetite.

6.3. Risk management

The Group recognises that risk is inherent in business and that effective risk management is essential in delivering on the Group's business objectives and is a key component of sound corporate governance.

The Group's Risk Management function is responsible for developing the Group's Risk Management Framework ("RMF") to allow the Group to manage risks within a Board-approved risk appetite.

The RMF covers all the Group's systems, structures, policies, processes and people that or who identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk.

The RMF is founded on three key components:

- the Group's Risk Appetite Statement;
- the Group's Business Plan; and
- the Group's Risk Management Strategy.

The Group's Risk Appetite Statement articulates the type and degree of risk the Board is prepared to accept and the maximum level of risk within which the Group must operate for each risk type.

The Group's Business Plan summarises the Group's approach to implementing its strategic objectives. The Plan has a rolling three year duration and takes into consideration material risks arising from its implementation.

The Group's Risk Management Strategy describes each material risk, the approach to managing those risks and how risk management is embedded through the Group's governance, policies and procedures.

During the Reporting Period, the Board undertook its annual review of the RMF. As in previous years, the Board discussed key areas of focus for RMF improvement. This occurred as part of the Board's consideration of the risk management declaration it provided to APRA under Prudential Standard CPS 220 Risk Management.

There are a number of material risks, including economic, environmental and social sustainability risks, that could adversely affect the Group and the achievement of its objectives. Those risks and how the Group seeks to manage them are described in Notes 31 to 34 to the Financial Statements on pages 148 to 171 of the Annual Report.

In addition, the Group's environmental, social and governance performance data is set out in the Corporate Responsibility section appearing on pages 47 and 48 of the Annual Report.

6.4. CEO and CFO declarations

Before the Board approved the Group's financial statements for both the half-year and full-year financial results for FY2017, the CEO and CFO provided the Board with declarations that:

- in their opinion, the Group's financial records had been properly maintained in accordance with the Corporations Act;
- in their opinion, the financial statements and notes complied with the appropriate accounting standards and gave a true and fair view of the Group's financial position and performance; and
- their opinion had been formed on the basis of a sound system of risk management and internal compliance and control which was operating effectively.

7. ACTING ETHICALLY AND RESPONSIBLY

7.1. Our Commitments

The "Our Commitments" document is the Group's foundational code of conduct policy and sets the Group's expectations of its people, including its directors, senior executives and employees, when engaging with, and balancing the interests of, the Group's stakeholders.

The policy is critical to the Group achieving its vision of excelling at securing and enhancing the financial wellbeing of people, businesses and communities and living its values of: integrity; accountability; collaboration; excellence; and service.

It contains eight commitments to be made by all of the Group's people:

- "I commit to upholding the guiding framework of our vision and values";
- "I commit to honesty";
- "I commit to maintaining confidentiality";
- "I commit to disclosing and managing conflicts of interest";
- "I commit to appropriate use of technology and communications";
- "I commit to operating in a safe and inclusive manner";
- "I commit to maintaining personal standards that support our vision and values"; and
- "I commit to understanding and fulfilling all aspects of my role".

In addition, the document includes "Values Guidelines" to assist the Group's people to understand, practice and demonstrate the Group's vision and values. It is available [here](#).



7.2. Conflicts of interest

The Group Conflicts of Interest Framework comprises a number of components, including a Group Conflicts of Interest Policy, the Group Gifts and Entertainment Policy and various supporting business unit level policies and procedures. Those procedures include conflicts of interest registers and gifts and entertainment registers.

The framework seeks to ensure that all actual, perceived or potential conflicts of interest are identified and recorded and then avoided or managed, as appropriate.

7.3. Anti-bribery and corruption

The Group is committed to embedding a policy of zero tolerance for bribery, corruption and facilitation payments across its business.

The Group has an Anti-Bribery and Corruption Policy under which all parts of the Group are required:

- to consider, identify and understand the bribery and corruption risks arising within their operations;
- to apply risk controls to those risks and to monitor key risk indicators;

- to implement an assurance program to test the control environment's ongoing effectiveness under the Anti-Bribery and Corruption Policy; and
- to ensure transparency in their dealings and to conduct appropriate due diligence on their business partners.

The policy is available [here](#).

7.4. Securities trading

Under the Group Securities Trading Policy, the Group's people are prohibited from dealing in securities when they possess inside information.

They are also prohibited from hedging, or otherwise limiting their economic risk, in relation to unvested rights or shares acquired under any of the Group's employee incentive plans. Further, directors and the CEO's direct reports are prohibited from hedging their existing holdings of securities issued by the Bank or any Group subsidiary.

In addition, the policy prohibits directors, senior executives and certain specified employees and contractors from dealing in securities issued by the Bank or any Group subsidiary, except during limited "trading windows".

Those windows generally include the thirty days after half-year and full-year results announcements, and the fourteen days after quarterly trading update releases.

The Group Securities Trading Policy is available [here](#).

7.5. Whistleblower protection

The Group places great importance on fostering a culture that encourages its people to speak up about issues and conduct that cause them concern.

The Group Whistleblower Policy is designed to encourage and support individuals in reporting such matters, knowing that it is safe to do so, they will receive support and they will not be subject to retaliation or victimisation in response. The policy is aligned with the Australian Bankers' Association's "Guiding Principles – Improving Protections for Whistleblowers".

Under the policy, the Group has a Whistleblower Protection Officer, whose role includes overseeing the protection of whistleblowers. The Group also has a Misconduct Governance Committee, which includes four of the CEO's direct reports who are also "Executive Champions" under the policy and oversee the whistleblower program's effectiveness.

Further, the Group's SpeakUP Hotline offers a trusted avenue for its people and external partners to report issues and concerns. In addition, the Group's people are free to make disclosures directly to a regulator at any time.

A summary of the Group Whistleblower Policy is available [here](#).

7.6. Slavery and Human Trafficking

During FY2017, the Group published a Slavery and Human Trafficking Statement, in compliance with the UK Modern Slavery Act, and updated its Supplier Code of Conduct to improve recognition of human rights and

supplier compliance with international human rights laws.

Further information on those matters is set out in the Corporate Responsibility section on page 46 of the Annual Report and in the Group's Corporate Responsibility Report.

8. DIVERSITY AND INCLUSION

Creating an inclusive workplace that reflects the communities in which the Group operates is essential to listening and responding to stakeholder needs and thereby enabling the Group to deliver on its vision.

The Group's Diversity and Inclusion Strategy aims to leverage diversity and foster inclusion so that all the Group's people feel valued and respected. It has five key focus areas: Inclusive Culture (the Group's overarching goal); Diversity in Leadership; You Can Be You; Flexibility; and Reputation and Engagement.

The Group also has a policy on diversity and inclusion which is underpinned by the Group's Diversity and Inclusion Strategy.

A summary of that policy is available [here](#).

8.1. Diversity in Leadership

Women represent 58% of the Group's workforce¹ and 50% of the Executive Committee, the Group's most senior management committee. Additionally, 40% of our Board and 44% of our non-executive directors are women.

The requirement for the Board to set and review, at least annually, the Group's diversity initiatives (which include the Group's measurable objectives for achieving gender diversity) and progress in achieving them is set out in the Board Charter, which is available [here](#).

The Board reviewed those objectives during the Reporting Period and determined to increase the Board level objective from 30% to 40% female directors by 2020.

The Group is progressing towards achieving those objectives at management levels and has achieved its measurable objective at Board level, as shown in the table below.

Roles to be held by women by 2020	Progress at 30 June 2016	Progress at 30 June 2017
40% of Board	33.0%	40.0%
40% of Executive Manager ² and above	35.2% ³	36.7% ³
45% of Manager ⁴ and above roles	43.6% ⁵	44.4% ⁵

8.2. You Can Be You

The Group's six employee networks continue to drive awareness, engagement and behavioural change. They comprise: Women CAN – gender; Unity - sexual orientation and gender identity; Enable – accessibility and disability; Advantage – age and life stage; Mosaic – cultural diversity; and Yana Budjari, which leads reconciliation actions under the Group's Reconciliation Action Plan.

¹ Based on total headcount (permanent employees and fixed term contractors) as at 30 June 2017, but excluding employees of the Bank's New Zealand bank, ASB, and the Bank's New Zealand insurer, Sovereign.

² Executive Managers generally sit at "CEO-4" in the Group's reporting structure. "CEO-1" refers to the layer of senior executives reporting directly to the CEO, "CEO-2" to the next layer of management reporting to those senior executives, and so on.

³ Based on total headcount (permanent employees and fixed term contractors) at this level as at 30 June 2017, but excluding employees of ASB and Sovereign.

⁴ Managers generally sit at "CEO-5" in the Group's reporting structure.

⁵ Based on total headcount (permanent employees and fixed term contractors) at this level as at 30 June 2017, but excluding employees of ASB and Sovereign.

8.3. Flexibility

69% of the Group's people⁶ work flexibly, an increase from 43%⁷ 12 months previously. During the Reporting Period, the Group implemented several measures to improve flexibility, including enhancing parental leave for both primary and secondary carers to help parents share childcare responsibilities.

8.4. Reputation and Engagement

Various members of the Group have received recognition with respect to Diversity and Inclusion, including, during the Reporting Period:

- an Employer of Choice citation by the Australian Workplace Gender Equality Agency; and
- a Gold employer award (for LGBTI inclusion), and Unity's LGBTI employee network of the year award for a second consecutive year, in the Australian Workplace Equality Index Awards.

Further information on the Group's Diversity and Inclusion Strategy can be found in the Corporate Responsibility section on pages 39 to 48 of the Annual Report.

⁶ As measured by the Group's Employee Engagement Survey as at March 2017. That survey does not include employees of ASB, Sovereign, Bankwest or the Global Asset Management business.

⁷ As measured by the Group's Employee Engagement Survey as at March 2016. That survey does not include employees of ASB, Sovereign, Bankwest or the Global Asset Management business.