

Colonial Mutual Superannuation Pty Ltd

2017 Remuneration of Executive Officers

The Executive Officers of Colonial Mutual Superannuation (CMS) for the 2017 financial year (FY17) are listed in the table below.

Name	Position	Term as Executive Officer
Anne Ward	Non-Executive Chairman	Full Year
Peter Hodgett	Non-Executive Director	Full Year
Penelope James	Non-Executive Director	Full Year
Elizabeth Lewin	Non-Executive Director	Full Year
Linda Elkins	Executive Director (ceased 5 September 2016) Executive Director (from 24 March 2017)	Part Year
Andrew Morgan	Executive Director	Full Year
Greg Ballard	General Manager Superannuation & Investments	Full Year
Kim Richards	Chief Risk Officer Commlnsure (from 27 March 2017)	Part Year
Kai Yang	General Manager Wealth Risk Management Commlnsure (ceased 31 March 2017)	Part Year

This report has been prepared in accordance with the disclosure requirements of Section 29QB(1) (a) of the *Superannuation Industry (Supervision) Act 1993* and Division 2.6 (section 2.37) of Part 2 of the *Superannuation Industry (Supervision) Regulations 1994*.

All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CMS as a Registrable Superannuation Entity (RSE) Licensee for FY17. The RSE's financial year is from 1 July to 30 June. Executive Officers include Non-Executive Directors, Executive Directors and Senior Managers of the RSE Licensee. The proportion of Executive Officer work related to the RSE is reviewed and attested to on an annual basis by the relevant Executive Officer.

The remuneration for Executive Officers of CMS is not paid for by any superannuation fund and is not incorporated into any fees paid by members. The remuneration of Executive Officers is paid by the Commonwealth Bank of Australia and its wholly owned subsidiaries (Group).

1. Remuneration Governance

The RSE Board has delegated all Remuneration Committee responsibilities to the CBA Board Remuneration Committee (Committee). The Committee is the main governing body for remuneration across the Group. The Committee develops the remuneration philosophy, framework and policies for Board approval.

The Committee has a robust framework for the systematic review of risk and compliance issues impacting remuneration and works closely with the RSE Board's Risk Committee to consider risk and reputational matters in the determination of variable remuneration outcomes.

2. Executive Officer Remuneration Framework

1.1. Non-Executive Directors Remuneration

Non-Executive Directors receive fees (inclusive of superannuation) to recognise their contribution to the work of the Board and the associated committees on which they serve. Non-Executive Directors do not receive any performance-based remuneration.

1.2. Executive Director and Senior Manager Remuneration

The structure of remuneration arrangements for Executive Directors and Senior Managers consists of the following components:

- Fixed remuneration; and
- Short term Variable Remuneration (STVR) at risk.

The 'at risk' components are based on performance against key financial and non-financial measures.

1.2.1. Fixed Remuneration

Fixed remuneration is made up of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrifice items.

Fixed remuneration is reviewed annually, following the end of the 30 June financial year.

1.2.2. Variable Remuneration

All Executive Directors and Senior Managers are eligible to participate in variable remuneration arrangements applicable to their position. Variable remuneration includes STVR awards. STVR awards are discretionary and recognise annual performance over the financial year. Performance is measured and reviewed a balanced scorecard of financial and non-financial measures, including a risk and values assessment.

Executive Directors and Senior Managers receive two-third of their STVR award as cash and one-third of their STVR award is deferred into rights to CBA shares (or cash equivalent) that vests in three equal tranches over three years

Executive Directors and Senior Managers will generally forfeit the remaining deferred portion of their STVR if they resign or are dismissed from the Group during the deferral period.

3. Executive Officer Statutory Remuneration

The following statutory tables detail the accounting expense of all remuneration related items for Executive Officers. This includes remuneration costs in relation to both the previous and current financial year.

3.1. Non-Executive Directors Statutory Remuneration

The table below details individual statutory remuneration for Non-Executive Directors for FY17. All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CMS as an RSE Licensee.

	Short Term Benefits		Post-Employment Benefits	Total Statutory Remuneration ¹
	Cash		Superannuation	
	\$	\$	\$	
Anne Ward				
2017	80,272		4,620	84,892
2016	80,675		4,543	85,218
Peter Hodgett				
2017	55,140		4,302	59,442
2016	55,438		4,154	59,592
Penelope James				
2017	57,196		4,371	61,567
2016	57,506		4,298	61,803
Elizabeth Lewin ²				
2017	57,010		4,557	61,567
2016	38,929		3,059	41,989

(1) Total Statutory Remuneration also includes fees payable for the CMS Board Audit & Risk Committee.

(2) For 2016 comparative, Elizabeth Lewin was appointed as a Non-Executive Director from 27 October 2015. Her remuneration has been prorated accordingly.

3.2. Executive Director and Senior Manager Statutory Remuneration

The table below details individual statutory remuneration for Executive Directors and Senior Managers FY17. All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CMS as an RSE Licensee.

	Fixed Remuneration ¹		Other Short-Term Benefits			Long-Term Benefits	Share-Based Payments	Total Statutory Remuneration
	Base Remuneration ²	Super-annuation	Non Monetary	Cash STVR (at risk) ³	Other ⁴	Long-Term ⁵	Deferred Rights ⁶	
	\$	\$	\$	\$	\$	\$	(at risk)	
Linda Elkins ⁷								
2017	2,196	103	-	1,974	(167)	65	1,175	5,346
2016	10,652	500	-	9,011	1,185	426	4,207	25,981
Andrew Morgan								
2017	6,172	308	-	3,762	(369)	159	2,969	13,001
2016	6,196	308	-	4,489	49	208	2,275	13,525
Greg Ballard								
2017	52,721	3,376	-	31,000	(1,407)	1,721	19,527	106,938
2016	51,658	3,376	-	29,600	(2,201)	(13,864)	14,736	83,305
Kim Richards ⁷								
2017	12,483	774	-	3,945	671	280	725	18,878

Kai Yang⁷

2017	44,392	2,432	-	21,216	572	737	14,427	83,776
2016	15,539	787	-	5,830	(398)	1,823	3,713	27,294

⁽¹⁾ Fixed Remuneration comprises Base Remuneration and Superannuation (post-employment benefit).

⁽²⁾ Base Remuneration is the total cost of salary including cash and any salary sacrificed benefits.

⁽³⁾ Reflects the cash portion of the 2017 STVR for performance during 12 months to 30 June 2017 (payable September 2017), representing two-thirds of 2017 STVR.

⁽⁴⁾ Other short term benefits relate to company funded benefits (including associated fringe benefits tax where applicable). This item also includes the net change in accrued annual leave over the year.

⁽⁵⁾ Includes long service entitlements accrued during the year, which are determined in line with Australian Accounting Standards.

⁽⁶⁾ Includes the accounting expense of previous years' STVR deferred awards and sign-on and retention awards received as Deferred Rights. For FY 17, this includes the expense of the FY14, FY15 and FY16 deferred STVR awards as applicable to each Executive Officer.

⁽⁷⁾ Kim Richards commenced in a Senior Manager role from 27 March 2017. Kai Yang ceased as a Senior Manager on 31 March 2017. Linda Elkins ceased as an Executive Director on 5 September 2016 and was then re-appointed on 24 March 2017. Their remuneration reflects time spent in Executive Officer role. For 2016 comparative, Kai Yang was appointed as CMS Executive Officer on 19 February 2016, his remuneration reflects time spent in Executive Officer role in FY16.

4. FY17 STVR Outcomes

The following table provides the FY17 STVR outcomes for Executive Officers (excluding Non-Executive Directors who do not receive any variable remuneration).

	STVR Maximum ¹	STVR Actual			STVR Actual as a % of STVR Maximum
		Total	Cash ²	Deferred ³	
	(\$)	(\$)	(\$)	(\$)	(%)
Linda Elkins ⁴	3,290	2,961	1,974	987	90%
Andrew Morgan	8,015	5,643	3,762	1,881	70%
Greg Ballard	60,597	46,500	31,000	15,500	77%
Kim Richards ⁴	7,661	5,918	3,945	1,973	77%
Kai Yang ⁴	43,006	31,824	21,216	10,608	74%

⁽¹⁾ The minimum possible STVR is zero.

⁽²⁾ Includes two-thirds of the STVR award payable as cash in recognition of performance for FY17 (payable in September 2017).

⁽³⁾ Represents one-third of the STVR award that is deferred as equity and vests in three equal tranches on 1 July 2018, 1 July 2019 and 1 July 2020. The deferred awards are subject to risk review prior to vesting.

⁽⁴⁾ Kim Richards commenced in a Senior Manager role from 27 March 2017. Kai Yang ceased as a Senior Manager on 31 March 2017. Linda Elkins ceased as an Executive Director on 5 September 2016 and was then re-appointed on 24 March 2017. The STVR awards reflect time spent in Executive Officer role.

5. Equity Awards Received as Remuneration

The table below details the value and number of equity awards that were granted or forfeited/lapsed to Executive Officers during FY17. It also shows the number of previous year's awards that vested during FY17.

Name	Class	Granted during FY17 ⁽¹⁾		Previous Years' Awards Vested during FY17 ⁽²⁾	Forfeited or Lapsed during FY17	
		Units	\$		Units	\$
Linda Elkins ³	Deferred Rights	13	932	11	-	-
Andrew Morgan	Deferred Rights	31	2,244	28	-	-
Greg Ballard	Deferred Rights	204	14,809	175	-	-
Kim Richards ³	Deferred Rights	16	1,185	-	-	-
Kai Yang ³	Deferred Rights	143	10,396	140	-	-

⁽¹⁾ This represents the maximum number of deferred rights that may vest to each Executive Officer. The value represents the fair value at grant date.

⁽²⁾ Previous years' awards that vested include deferred STVR equity awards.

⁽³⁾ Kim Richards commenced in Senior Manager role from 27 March 2017. Kai Yang ceased as Senior Manager on 31 March 2017. Linda Elkins ceased as Executive Director on 5 September 2016 and was then re-appointed on 24 March 2017. The equity awards reflect time spent in Executive Officer roles.

6. Face Value Assumptions for Equity Awards Granted in FY17

For STVR awards deferred as rights, the face value is the volume weighted average closing price of Commonwealth Bank ordinary shares over the 5 trading days prior to grant date. The exercise price is nil across all STVR awards.

Equity Plan	Grant Date	Face Value \$	Performance Period End
FY 17 STVR Deferred Rights	1/09/2016	72.70	1/07/2017
FY 17 STVR Deferred Rights	1/09/2016	72.70	1/07/2018
FY 17 STVR Deferred Rights	1/09/2016	72.70	1/07/2019