

Colonial Mutual Superannuation Pty Ltd

2018 Remuneration of Executive Officers

1. List of Executive Officers

The Executive Officers of Colonial Mutual Superannuation (CMS) for the 2018 financial year (FY18) are listed in the table below.

Name	Position	Term as Executive Officer
Anne Ward	Independent Non-Executive Chairman	Full Year
Peter Hodgett	Independent Non-Executive Director	Full Year
Penelope James	Independent Non-Executive Director	Full Year
Elizabeth Lewin	Independent Non-Executive Director	Full Year
Ed Eason ⁽¹⁾	Non-Executive Director (from 15 August 2017)	Part Year
Linda Elkins ⁽¹⁾	Non-Executive Director	Full Year
Andrew Morgan ⁽¹⁾	Non-Executive Director (ceased 10 July 2017)	Part Year
Greg Ballard	General Manager Superannuation & Investments	Full Year
Kim Richards	Chief Risk Officer CommInsure	Full Year

⁽¹⁾ No fees are paid by the reporting entity for the individual's role as a Non-Executive Director. The values disclosed for these individuals relates to their executive role with a related entity.

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 FY18. The RSE's financial year is from 1 July to 30 June. Executive Officers include Non-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 (CBA) and its wholly owned subsidiaries (Group).

2. 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, assesses and monitors the remuneration philosophy, framework and policy across the Group 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 remuneration outcomes.

3. Executive Officer remuneration framework

Independent Non-Executive Director fees

Independent 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. Independent Non-Executive Directors do not receive any performance-related remuneration.

Senior Manager remuneration

The structure of remuneration arrangements for 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 across performance categories of customer, people, shareholder / financial, and business and strategic initiatives.

Fixed remuneration

Fixed remuneration is made up of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrificed items. It is reviewed annually.

Variable remuneration

All 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. It includes a risk and values assessment.

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

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.

4. 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.

Independent Non-Executive Directors statutory remuneration

The table below details individual statutory remuneration for Independent Non-Executive Directors for FY18 and 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					
2018	79,796		4,717		84,513
2017	80,272		4,620		84,892
Peter Hodgett					
2018	54,810		4,314		59,124
2017	55,140		4,302		59,442
Penelope James					
2018	56,855		4,463		61,318
2017	57,196		4,371		61,567
Elizabeth Lewin					
2018	56,669		4,653		61,322
2017	57,010		4,557		61,567

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

Senior Manager statutory remuneration

The table below details individual statutory remuneration for Senior Managers in FY18 and FY17 (the table includes Ed Eason, Linda Elkins and Andrew Morgan). 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 (at risk) ⁶	
	\$	\$	\$	\$	\$	\$	\$	\$
Ed Eason ⁽⁷⁾								
2018	2,311	109	-	1,640	-	41	971	5,072
Linda Elkins ⁽⁷⁾								
2018	10,571	500	-	7,208	(315)	326	4,682	22,972
2017	2,196	103	-	1,974	(167)	65	1,175	5,346
Andrew Morgan ⁽⁷⁾								
2018	239	8	-	102	11	5	57	422
2017	6,172	308	-	3,762	(369)	159	2,969	13,001
Greg Ballard								
2018	74,426	3,376	-	24,000	833	1,980	15,570	120,185
2017	52,721	3,376	-	31,000	(1,407)	1,721	19,527	106,938
Kim Richards ⁽⁷⁾								
2018	37,907	2,005	-	15,300	116	377	3,441	59,146
2017	12,483	774	-	3,945	671	280	725	18,878

- (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 FY18 STVR for performance during 12 months to 30 June 2018 (payable September 2018), representing two-thirds of FY18 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 FY18, this includes the expense of the FY15, FY16 and FY17 deferred STVR awards as applicable to each Executive Officer.
- (7) Ed Eason commenced in an Executive Officer role from 15 August 2017. Andrew Morgan ceased in an Executive Officer role on 10 July 2017. Their FY18 remuneration reflects time spent in the Executive Officer role. For the 2017 comparative, Kim Richards commenced in a Senior Manager role from 27 March 2017 and Linda Elkins ceased as an Executive Officer on 5 September 2016 and was then re-appointed on 24 March 2017. Their FY17 remuneration reflects time spent in Executive Officer roles in the FY17 year.

5. FY18 STVR outcomes

The following table provides the FY18 STVR outcomes for Executive Officers (excluding Independent Non-Executive Directors who do not receive any variable remuneration). The minimum possible STVR is zero.

	STVR maximum	STVR actual			STVR actual as a % of STVR maximum
		Total	Cash ¹	Deferred ²	
	\$	\$	\$	\$	%
Ed Eason ⁽³⁾	3,784	2,460	1,640	820	65%
Linda Elkins	15,900	10,812	7,208	3,604	68%
Andrew Morgan ⁽³⁾	220	154	102	51	70%
Greg Ballard	60,597	36,000	24,000	12,000	59%
Kim Richards	30,600	22,950	15,300	7,650	75%

- (1) Includes two-thirds of the STVR award payable as cash in recognition of performance for FY18 (payable in September 2018).
- (2) Represents one-third of the STVR award that is deferred as equity and vests in three equal tranches over three years. The deferred awards are subject to risk and reputation review prior to vesting.
- (3) Ed Eason commenced in an Executive Officer role from 15 August 2017. Andrew Morgan ceased in an Executive Officer role on 10 July 2017. The STVR awards reflect time spent in Executive Officer role.

6. 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 FY18. It also shows the number of previous year's awards that vested during FY18 and FY17.

Name	Class	Granted during FY18 ¹		Previous years' awards vested during FY18 ²	Forfeited or lapsed during FY18	
		Units	\$	Units	Units	\$
Ed Eason ⁽³⁾	STVR Deferred Rights	13	1,009	19	3	243
Linda Elkins	STVR Deferred Rights	63	4,771	73	16	1,176
Andrew Morgan ⁽³⁾	STVR Deferred Rights	-	-	-	-	-
Greg Ballard	STVR Deferred Rights	203	15,506	258	55	3,949
Kim Richards	STVR Deferred Rights	66	5,001	14	9	642

- (1) Represents the maximum number of deferred rights that may vest to each Executive Officer. The value represents the fair value at grant date (which equates to the face value). The minimum potential outcome is zero.
- (2) Previous years' awards that vested include deferred STVR equity awards.
- (3) Ed Eason commenced in an Executive Officer role from 15 August 2017. Andrew Morgan ceased in an Executive Officer role on 10 July 2017. The equity awards reflect time spent in Executive Officer roles.

7. Face value assumptions for equity awards granted in FY18

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

Equity plan	Grant date	Face value	Performance period end
		\$	
FY18 STVR - Tranche 1	01/09/2017	76.23	01/07/2018
FY18 STVR - Tranche 2	01/09/2017	76.23	01/07/2019
FY18 STVR - Tranche 3	01/09/2017	76.23	01/07/2020