
Commonwealth Bank Climate Policy Position Statement

Climate change poses a significant risk to our environment, our economy and our society. Commonwealth Bank is committed to playing our part in limiting climate change to well below two degrees in line with the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050. The Board will oversee and monitor the effectiveness of this Statement and to demonstrate this commitment, we will:

Reduce our own emissions continuously

- We have reduced our own emissions by 49% since 2009 to 2.6tCO₂-e per full time employee and will continue to reduce them to 2.0tCO₂-e per full time employee by 2020, and ensure absolute reductions year-on-year
- We will achieve and maintain the highest standards in efficiency of our buildings through our Sustainable Property Strategy
- We will source renewable energy for 25% of our power needs by 2020

Increase our support for low carbon projects

- We currently lend \$2.8 billion to renewable energy projects
- In financial year 2017 we arranged \$1.02 billion of climate bonds, which included issuing a \$650 million climate bond, the largest Australian dollar climate bond by an Australian bank
- We will continue to make funding available to support low carbon projects such as renewable energy projects (like wind, solar, and hydro projects), low carbon transport and development of energy efficient buildings with a 2025 target of \$15 billion
- We will continue to partner with the Clean Energy Finance Corporation to make funding available to customers to improve their energy efficiency through upgrading equipment and improving operations

Ensure our lending policies support a responsible transition to a net zero emissions economy by 2050

- We will target an average emissions intensity decrease of our business lending portfolio consistent with our commitment to a net zero emissions economy by 2050
- We will apply high standards of ESG, in line with our public ESG Commitments and the Equator Principles III, as a threshold test in all lending decisions we make, and will only consider other lending criteria if we are satisfied that our ESG standards have been met

- We will complement our risk management frameworks with the best available science and expert judgement to assess and minimise stranded asset risk, taking into account the relative cost, quality and emissions profile of any lending we do

Report on our progress clearly and openly

- We will track our performance and keep our stakeholders informed by continuing to provide regular and transparent disclosure through our annual reporting suite
- We will adopt the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and continue to disclose relevant information to leading indices and continue to provide leading disclosure on the emissions intensity of our business lending portfolio
- We will continue to embed, identify, assess and manage climate related risks in the context of our risk management framework

Manage our approach dynamically based on strong scientific data and community expectations

- We will undertake a scenario analysis, in collaboration with leading global expert scientific sources, that will be completed by the end of 2018
- We will continue to engage widely with a variety of stakeholders across all sectors of the economy to understand science, trends and attitudes relating to climate change
- We will support our customers to reduce their emissions and transition to a net zero emissions economy
- We will use the facts and perspectives from our analysis and engagement to continuously update this Statement, and where appropriate advocate for strong, predictable public policy

This statement has been endorsed by the Board of the Commonwealth Bank of Australia.

C. B. Livingstone

Catherine Livingstone AO Chairman