

Our approach to sustainability

Focusing on sustainable practices, policies and decisions to create long-term value.

Climate

By taking action to help customers and businesses meet the challenges of climate change, we mitigate risk and generate opportunities. [+ See page 22.](#)

Customers

Delivering the right outcomes for our customers and supporting those experiencing vulnerability is critical to delivering on our purpose. [+ See page 34.](#)

Community

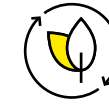
Making a meaningful contribution to the communities in which we operate and continuing to build trust. [+ See page 36.](#)

Our people

Having an engaged, energised and accountable workforce ensures we deliver good customer outcomes. [+ See page 38.](#)

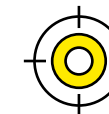
Good business practice

Conducting our business responsibly and transparently to deliver balanced and sustainable outcomes. [+ See page 40.](#)



Our approach

Our unique position and scale means we have a key role to play in creating a better future. This year we have embedded sustainability further into our business strategy, strengthening our approach to risks and directing capital towards a more resilient and sustainable economy, in turn creating value for customers, communities and shareholders.



Our focus areas

Our key focus areas include identifying how the Bank supports Australia's transition to a sustainable economy. This year we have also prioritised minimising the risk of modern slavery, as well as evolving and strengthening our organisational culture.



Enhancing risk governance

We formalised governance over environmental and social risks through a new executive level committee. We continue to enhance our risk assessment methodologies and tools. A key focus of these activities is addressing climate risks and opportunities.

[+ Refer to pages 30–32 for more information on how we manage our climate risks and impacts.](#)



Addressing climate change

42%

new Scope 1 and 2 greenhouse gas emissions reduction target by 2030

25%

new upstream Scope 3 greenhouse gas emissions target reduction by 2030 (excluding financed emissions)

\$70bn

new Sustainability Funding Target in cumulative financing between FY21 and FY30

We are committed to playing our part in limiting climate change in line with the goals of the Paris Agreement and supporting the transition to net zero emissions by 2050. As Australia’s largest financial institution, we recognise our important role helping our customers transition to a low carbon future.

This year, we observed an increase in climate-related activities from customers, regulators, government and investors. The Board and management have continued their focus on climate risks and opportunities by enhancing our governance framework.

We launched a Group-wide program to further embed environmental and social considerations into the way we do business. We also commenced analysis to inform how we manage the emissions associated with our financing activities at a priority sector level. This analysis is necessary to ensure we align our financing with the goals of the Paris Agreement.

We aim to work with our customers as they harness these new climate-related opportunities, and to enable them to accelerate progress by developing new sustainability-linked banking services and products.

We have made significant progress but recognise that much work remains to be done. That is why we have set ambitious new targets to reduce our Scope 1 and 2 emissions from our buildings, branches and data centres by 42% and emissions in our supply chain (Scope 3, excluding financed emissions) by 25% from our 2020 baseline by 2030.

We believe that timely and transparent disclosures of climate-related information are important to ensure that our stakeholders are aware of the work we are doing to limit the impacts of climate change.

Since 2018 we have been disclosing our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This TCFD report builds on previous editions, explaining our approach to climate-related governance, strategy, risk management, metrics and targets.

Our progress

	Action	Pre-FY20	FY21	FY22
Governance + see page 24	Continued Board focus with climate risks and opportunities addressed at Board meetings and quarterly management updates	🔄	🔄	🔄
	Executive Leadership Team Environmental and Social (E&S) Committee chaired by the CEO and supported by a Business Action Group meeting monthly		✓	🔄
	Board approved new Group-wide program to uplift our approach to climate risks and opportunities		✓	🚩
	Group E&S Policy clarifying Board oversight and management accountability for E&S risks and opportunities, including climate change	✓	🚩	
	E&S Accountability in Executive Scorecard linked to remuneration: <ul style="list-style-type: none">CEO: FY21 performance and remuneration outcomes considered E&S focus and progressELT: FY22 performance assessment and remuneration outcomes include accountability for strategic response to E&S opportunities and risks		✓	
				🔄
	Group E&S Framework outlining climate commitments	✓	🚩	🔄
Strategy + see pages 25–29	Commitment to support the objectives of the Paris Agreement and the transition to net zero emissions by 2050	✓		
	Product innovation to support our customers’ transition to net zero emissions (e.g. low carbon/sustainable finance and green loans)	🔄	🔄	🔄
	Support our customers and communities who experience extreme weather events	🔄	🔄	🔄
	Engage with regulators and collaborate with industry on new banking and industry standards	🔄	🔄	🔄
	Conduct Group-wide climate stress test, consistent with APRA Climate Vulnerability Assessment			🔄
	Climate scenario analysis: <ul style="list-style-type: none">Undertake physical and transition risk scenario analysis on areas that are material to the Bank and to our customersIntegrate ongoing actions identified into our climate work program	✓	🔄	🔄
	Develop and embed glidepaths, to transparently track alignment to the Paris Agreement, for priority sectors and expand to other significant sectors		🔄	🔄
				🔄
				🔄
				🔄
Risk management + see pages 30–32	Continue enhancing methodologies, tools and data for identification, measurement and aggregate reporting of E&S risk exposures	🔄	🔄	🔄
	Develop quantitative E&S Risk Appetite measures for ongoing monitoring (Board approval required)			🔄
	Review of our Group E&S Policy and Group E&S Framework		✓	
	Evolve our ESG Risk Assessment tool and expand the methodology to apply to a greater proportion of business lending	🔄	🔄	🔄
	Measure and monitor our Energy Value Chain exposures	🔄	🔄	🔄
Metrics and targets + see page 33	Set and monitor progress towards new absolute emissions reduction targets for our operations: <ul style="list-style-type: none">Emissions reduction target (Scope 1 and 2)Upstream Scope 3 emissions reduction target (excluding financed emissions)		✓	🔄
			✓	🔄
	Source renewable electricity equivalent to 100% of our power needs globally by 2030 in line with our RE100 commitments (100% target already achieved for Australian operations)	🔄	🔄	🔄
	Targeting an overall average emissions intensity decrease of our business lending portfolio	🔄	🔄	🔄
	Assess emissions of our retail lending portfolio			🔄
				🔄
	Expanded the ambition and scope of our Low Carbon Funding Target to a broader Sustainability Funding Target	🔄	🚩	🔄
				🔄

✓ Complete 🔄 Ongoing 🚩 Review and revise 🔄 Future activity



Governance

Effective governance is critical to managing climate change risks and opportunities. This year the Board reaffirmed our climate-related ambitions to accelerate our pace of change.

This year the Board and management focused on developing sectoral glidepaths for priority sectors consistent with the Paris Agreement.

The Board endorsed a Group-wide climate work program to uplift our action across our business. It also endorsed Environmental and Social (E&S) risk as a strategic risk that could have a material impact on our business.

This year the Board Nominations Committee endorsed, and the Board approved, E&S as a reference skill in the Board Skills Matrix.

In further recognition of the importance of E&S considerations, this year we established an Executive Leadership Team E&S Committee. It is the approval body and point of escalation for decisions relating to the climate work program underway across the Bank. It is supported by a new Business E&S Action Group.

The E&S Framework applies across the Bank, and provides a reference point for our people and stakeholders on our standards, ambition, and the governance and oversight in place. The E&S Policy also outlines the governance and accountabilities to support embedding of the Framework across our business.

For more information on our E&S Policy and associated E&S Framework, see commbank.com.au/policies

“We are committed to managing climate-related risk and playing our role to support opportunities that arise. A coordinated and collaborative response by government, business and community to manage the risks and opportunities from climate change is required. We will continue to actively engage with stakeholders and disclose our progress transparently. Our ambition is to play a leading role in addressing this challenge together in the coming years.”

Catherine Livingstone AO
Chairman

Climate-related governance framework



Climate strategy

As part of the Bank's strategic priorities, we have committed to playing a leadership role in supporting Australia's economic recovery and transition to a sustainable economy. In addition to considering the risks of climate change, our strategy also seeks to harness the significant existing and emerging opportunities to help our customers reduce their emissions and adapt to climate change.

Climate change is a source of both risk and opportunity for the Bank. Severe weather events can cause assets we hold as collateral to lose value. Failing to respond adequately to the potential impacts of climate change will negatively affect the Bank's long-term performance.

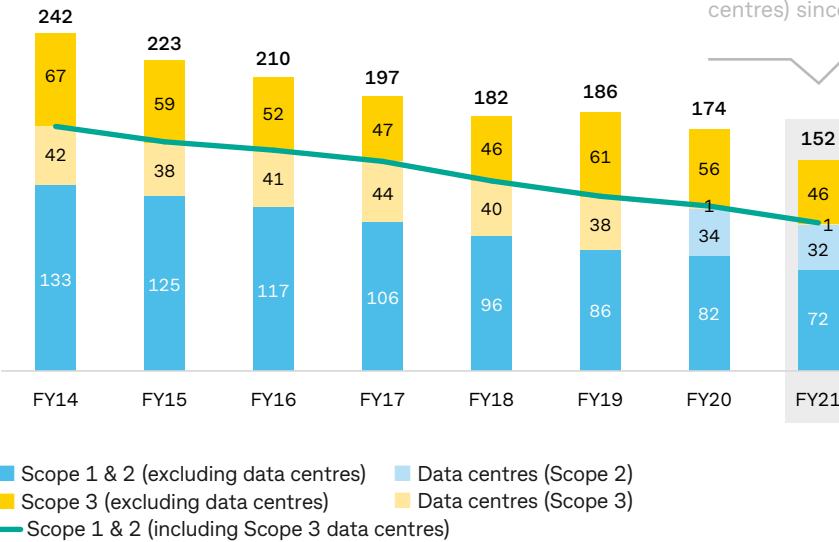
Climate change also presents many significant opportunities. These include greening the electricity grid, electrifying transport and industrial processes, supporting agricultural innovation and sustainability, and replacing or refurbishing economic and physical infrastructure.

Given the systemic nature of climate change, we acknowledge that our role in enabling a more resilient and sustainable economy extends to collaborating with government, business and the broader community on new banking and industry standards. We also aim to support our customers and communities when impacted by extreme weather events.

Our climate work program

- We have uplifted our approach to climate by developing a Board-endorsed climate work program. The program focuses on short-term actions across each business unit to establish strong foundations for a medium-term plan. Our approach includes:
- **Reducing** our own environmental footprint for our operations and supply chain.
 - **Pursuing** strategic opportunities created by climate change.
 - **Supporting** our customers and people in the transition to a low carbon economy.
 - **Increasing** the resilience of our business to climate risks.

Our greenhouse gas emissions ('000s tCO₂-e)¹



1 From FY14 to FY19, CBA data centres were deemed as non-operational control (Scope 3) and reclassified as operational control (Scope 2) from FY20.

Reducing our own operational footprint

We continue to reduce our environmental footprint through continued investment in smart technologies and practices. By increasing the energy efficiency of our buildings, we have reduced Group Scope 1 and 2 operational emissions (including Australian data centres) by 40% since 2014. We use renewable electricity equivalent to 100% of our Australian power needs and fully offset any residual emissions in Australia and New Zealand. We aim to achieve carbon neutrality by offsetting residual emissions from our global operations in 2022.



Building our bankers' climate capability

This year, the Bank partnered with Monash University to develop a climate science and opportunities program which is delivered to senior institutional bankers. We have also rolled out a broader activation program, Green Week, featuring experts.



Pursuing strategic opportunities

We are committed to pursuing the strategic opportunities that climate change presents. These include supporting our retail, business and institutional customers as they make their transitions to long-term sustainability.

Retail

We are responding to growing customer demand for climate-related products and services. For our retail customers we are focused on products and services to incentivise and help them reduce emissions.

We also provide other services to help customers manage their energy costs and usage. The Bank has partnered with a renewable electricity retailer, Amber Electric, to provide our customers with access to wholesale energy prices and real-time data. This access allows them to manage their energy usage and costs.

We are also leveraging our digital platforms to engage with customers to increase awareness and build climate change resilience.

Business and Institutional

Our business customers and institutional clients are focused on opportunities to procure or manufacture renewable energy, electrify industrial processes, explore carbon offset and abatement options, and to replace and refurbish machinery to achieve efficiency gains in agriculture and land use.

We have accelerated our focus on sustainable finance, executing on a number of significant transactions and meeting our business customers’ and institutional clients’ strategic objectives.

In the Business Bank, we have issued over \$900 million of new funding in investment and construction loans for Green Star and NABERS rated commercial properties of 5-star and above.

Supporting the low carbon transition

The Bank’s financial performance could be impacted if revenues foregone from carbon intensive customers are not replaced by opportunities in new ‘green’ industries. To mitigate the risk and harness the opportunity, we continue to track towards our Low Carbon Funding Target of \$15 billion in funding by 2025 to renewable energy projects, 6–star rated commercial green buildings, energy efficiency projects and low carbon transport. This year we have set a broader Sustainability Funding Target, and next year will commence tracking progress against this target of \$70 billion in cumulative financing between the 2021 and 2030 financial years, replacing our Low Carbon Funding Target.



Energy Efficient Equipment Finance

We continue to provide our Energy Efficient Equipment Finance program to help Australian businesses invest in the most efficient asset classes available in their industries and reduce their carbon footprint. This year we financed more than 750 assets. Cumulative new funding increased by 23%, including financing business customers to purchase and install electric vehicles and buses, rooftop solar panels, and small scale solar and wind farms.

Future industries

We are working with our institutional clients to deploy capital in a way that supports economy-wide decarbonisation. The Bank supported IGO Limited, an ASX-listed diversified mining and exploration company, transition to a clean energy metals company. We provided a debt facility to invest in the world’s lowest-cost and highest-grade lithium mine together with a share in Australia’s first battery-grade lithium hydroxide plant.

Future economy

The Bank is committed to building Australia’s future economy by supporting the development of a transparent and liquid market in Australian carbon credit units. We are directing capital and capability to mobilise the lowest cost abatement in the economy and support our clients to meet their own voluntary demand.



Introducing ultra-low rate Green Loans to retail customers

We are providing low-fee, low-rate, 0.99% per annum fixed-rate Green Loans to encourage households to invest in clean energy technology that reduces their energy bills and makes their homes more energy efficient. Customers with an eligible CommBank home loan or investment loan can use the Green Loan to buy and install eligible clean energy products such as solar panels, battery packs and solar hot water systems.



Supporting a sustainable agricultural sector

In New Zealand, ASB is working with rural customers to understand their environmental challenges and help them invest in sustainability. This year ASB launched the discounted Rural Sustainability Loan targeted at improvements such as reducing emissions, improving biodiversity and conserving water.



Facilitating sustainable business finance

We are supporting business customers by providing term debt facilities with pricing incentives linked to sustainability-related KPIs. This year we acted for a number of institutional clients, including Lendlease, NSW Treasury Corporation and Canberra Metro, helping them issue green bonds or green loans. We were involved in \$6.9 billion in ESG bond arrangement.



Designing products to help customers improve efficiency

ASB launched Back My Build, targeted at customers building a new home from scratch and aimed at helping address New Zealand’s housing supply challenges. In addition to a low interest rate, Back My Build customers who commit to achieving a New Zealand Green Building Council Homestar sustainability rating to certify the home’s energy efficiency can receive a cash back contribution.



Addressing risk and resilience for our mortgage customers

This year we targeted communications with 140,000 home loan customers in high peril risk areas (e.g. bushfire, flood or storm) to educate and inform them of the requirements and benefits of adequate building insurance.



Understanding our exposure to climate change

This year, we further integrated climate scenario analysis within the Group Stress Testing Framework. We are building capabilities and tools to produce repeatable and robust Group-wide projections under multiple short and long-term climate scenarios, including acute physical events like natural disasters.

In the coming year, we will deliver our first Group-wide scenario analysis to stress physical and transition risks. The analysis uses two Network for Greening the Financial System (NGFS) climate scenarios tailored to the Australian context. This is part of the APRA industry-wide Climate Vulnerability Assessment (CVA).

This exercise will build on the insights provided by the last three years’ targeted scenario analysis. Our risk

models’ top-down output will be complemented with a counterparty-level analysis on selected clients who are materially exposed to climate risks.

The capabilities developed to undertake the CVA will enable portfolio level and Group-wide scenario analysis. As our understanding of climate risk matures and climate science continues to evolve, we will use scenario analysis to inform our overall climate strategy by considering the results in:







- **Risk management:** Selecting additional risk metrics and thresholds to calibrate the Bank’s risk appetite, and further mature our approach to routinely identifying and measuring of our climate risk exposures.
- **Business opportunities:** Identifying growth and mitigation opportunities to better serve our customers.

+ See pages 30–32 for more information on our risk management approach to climate change.

Taking action as a result of our scenario analysis

The Bank undertook climate scenario analysis in 2018 and 2019. The insights gained inform our approach to managing the short and long-term risks. They have also helped us build capabilities and tools to mitigate these risks. Our key areas of progress for 2021 are outlined below.

We have also integrated the ongoing actions identified from the scenario analysis as a part of our updated climate work program to maintain action in the short to medium-term.

Physical			Transition		
					
Storms	Extreme heat	Bushfires	Sea level rise	Drought	Flooding
Building insurance policies (FY18) Potential impacts on insurance claims and affordability.			Home loan portfolio (FY18) Potential damage to properties at an aggregated level due to natural perils. Home loan portfolio exposure concentrations.		
Grains, livestock and dairy Australian agriculture portfolio (FY19) Potential impacts on productivity and adaptation options to reduce impact.			FirstChoice Australian Share Fund (FY18)¹ Exposure to growth and contraction sectors.		
			Business lending portfolio (FY18) Economic growth and contraction by sector. Sector heat maps.		

Progress this year

Our wholly owned subsidiary, Commonwealth Insurance Limited, monitors risk indicators for flood, bushfire, storm and cyclone risk at a portfolio and localised level. These risks include concentration, growth and exposure.	Targeted communications with 140,000 home loan customers in high peril risk areas. Educate and inform customers about the requirements of, and necessity for adequate building insurance.	Mapped productivity data to locations of agricultural loan exposures and securities across Australia to manage and monitor our risks.	Ongoing monitoring of Colonial First State Investments Limited’s climate-related investment risks. Includes backward looking assessment (weighted average carbon intensity and carbon emissions) and forward looking assessment (2-degree scenario analysis) conducted on the equity allocation of all funds.	Updated ESG risk assessment tool. Established standalone sustainable finance function in Institutional Banking and Markets to broaden customer engagement and provide tailored and sustainable financing solutions.
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1. This fund is managed by Colonial First State Investments Limited. Colonial First State is considered a discontinued operation.

Developing sector-level glidepaths

Our approach is to transparently disclose climate change-related information. This transparency will ensure customers, communities, regulators, governments and other stakeholders understand our risk-based approach to transitioning to a net zero emissions economy by 2050.

We are developing priority sector-level glidepaths (‘glidepaths’), informed by science-based climate scenarios. These measures will allow us to transparently track alignment to the Paris Agreement at a sector level.

To this end, this year we began developing science-based sector-level glidepaths in four of the most emissions-intensive sectors in our portfolio: thermal coal mining, upstream oil, upstream gas and power generation.

Our initial drafts of the glidepaths have used the underlying reference scenario IEA SDS 2020, a ‘well below 2 degrees’ scenario in line with the goals of the Paris Agreement. We will, within 12 months, review the ongoing suitability of this scenario, having regard to the policy context, scientific literature, data availability and quality, and the global and domestic emissions trajectory.

In the coming year, we intend to implement these four glidepaths internally. This implementation will help us understand our lending decisions’ impact at a portfolio level. We expect to begin publishing these glidepaths in the 2022 Annual Report once they have been appropriately embedded in business practices.

After embedding our four priority glidepaths, we expect to develop further glidepaths covering significant sectors and continue to evolve our approach as industry practice develops and measurement and methodological standards emerge.

We note that this staged approach reflects the limited availability of fully established methodologies, tools and data to measure and manage emissions across all priority sectors.



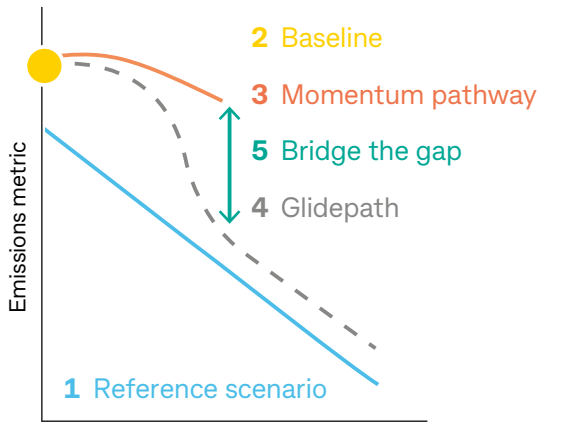
What is a glidepath?

Glidepaths are a way to set and articulate interim and long-term aspirations with respect to emissions as they relate to a bank’s financing activities. Glidepath design is underpinned by several methodological choices, which should be reviewed as technologies and procedures evolve.

Glidepaths are typically set at the sector level. Data and tool limitations make it challenging to set and manage glidepaths for certain sectors. As such, most banks take a staged approach to setting glidepaths. There are five steps to embedding a glidepath:

1. **Select reference scenario:** Define required emissions trajectory with scenario informed by science.
2. **Determine baseline:** Based on design choices, select an emissions metric and calculation methodology, then calculate the portfolio’s current emissions.
3. **Project momentum pathway:** A forward-looking projection using independent data sources of how the emissions of the portfolio(s) are expected to perform without intervention.
4. **Set glidepath:** Set long-term ambition to meet the reference scenario at a sector level.
5. **Bridge the gap:** Identify active measures to meet the glidepath.

Glidepath concepts



Climate risk management

Climate change has far-reaching implications and presents ongoing systemic risks to the Australian community, economy and the Bank.

Climate change poses strategic, financial and non-financial risks for the Bank. The impacts of climate change could disrupt business activities, reduce asset values and affect our customers’ ability to repay loans. The Bank’s reputation could be impacted by continuing to finance certain industries, activities and customers, or by setting emission reduction targets and strategies deemed by the community to be inadequate.

Physical risk

The risk that climate change will reduce the value of the Bank’s assets, including those held as collateral or investments. Such risks may arise from permanent damage due to more frequent and severe weather events and long-term shifts in climate patterns.

Reduced asset values in some locations or sectors could affect customers’ ability to repay loans, leading to increased losses for the Bank and potential reputational risks from more customer hardship cases.

Transition risk

The risk that disruptions occurring from the adjustment to a low carbon economy will increase business costs or reduce asset values. Such risks may arise from changing regulatory, market, technological or community expectations.

Assets in certain sectors or locations could become less valuable by being misaligned with low carbon policies or community expectations. Increased regulatory focus could increase the risk of compliance breaches or litigation (including class actions).

Managing risk

During the year, we have continued to evolve our Risk Management Framework, including our approach to managing climate change risks.

We also conducted a review of our Group E&S Policy and Group E&S Framework. This review identified opportunities to enhance the

identification, measurement and aggregate reporting of our E&S risk exposures. These enhancements will continue as part of our Group-wide climate work program.

+ See page 43 for more information on our Risk Management Approach.

Policy and Framework¹

The Group E&S Policy and Framework require that subject to Australia having a secure energy platform, we will:

- provide no project finance to new or expanded Thermal Coal Mines, nor to new coal fired power plants;
- reduce our existing project finance exposure to Thermal Coal Mines and coal fired power plants to zero by 2030;
- only provide project finance for new or expanded oil or gas projects or Metallurgical Coal Mines² after an assessment of the environmental, social and economic impacts of such activity, and if in line with the goals of the Paris Agreement;
- only provide corporate or trade finance to new oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients³ who have publicly committed to the goals of the Paris Agreement, and after an assessment of the environmental, social and economic impacts;
- not provide corporate or trade finance to new Clients who derive 25% or more of their revenue from the sale of thermal coal;
- reduce our corporate and trade finance exposure to existing Clients who derive 25% or more of their revenue from the sale of thermal coal to zero by 2030⁴;
- only offer corporate or trade finance to existing oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients³ after an assessment of the environmental, social and economic impacts. From 2025, we will expect these Clients to have published Transition Plans.

Assessing and managing climate risk

The Bank has a number of key mechanisms in place to assess and manage our climate risk exposures.

We continue to enhance our climate change stress testing and scenario analysis capabilities. This will enable us to assess how different climate scenarios may impact our tactical and strategic decisions.

+ See page 28 for more information on our scenario analysis.

We continue to develop our methodology, approach and tools for measurement of emissions intensity of our business lending portfolio, noting that data and methodology approaches continue to evolve, and the approach to deriving this information is subject to change as industry standards develop.

+ See page 32 for more information on our business lending portfolio emissions intensity.

Institutional Bank loans, as well as large loans (greater than \$30 million) in other business units, are evaluated through our ESG risk assessment tool. Additional due diligence may be undertaken depending on the level of risk.

We are expanding our ESG risk assessment tool and methodology to enable ESG risk to be assessed across a larger portion of business lending for our Business Bank.

We track our exposures to the Energy Value Chain regularly at the ELT E&S Committee.

+ See page 31 for more information on our Energy Value Chain.

In Retail Banking Services, we are enhancing our data and analytics capabilities to better understand the current and future impacts of climate change to our customers and mortgage book.

+ See page 35 for further information regarding how we support our customers impacted by natural disasters.

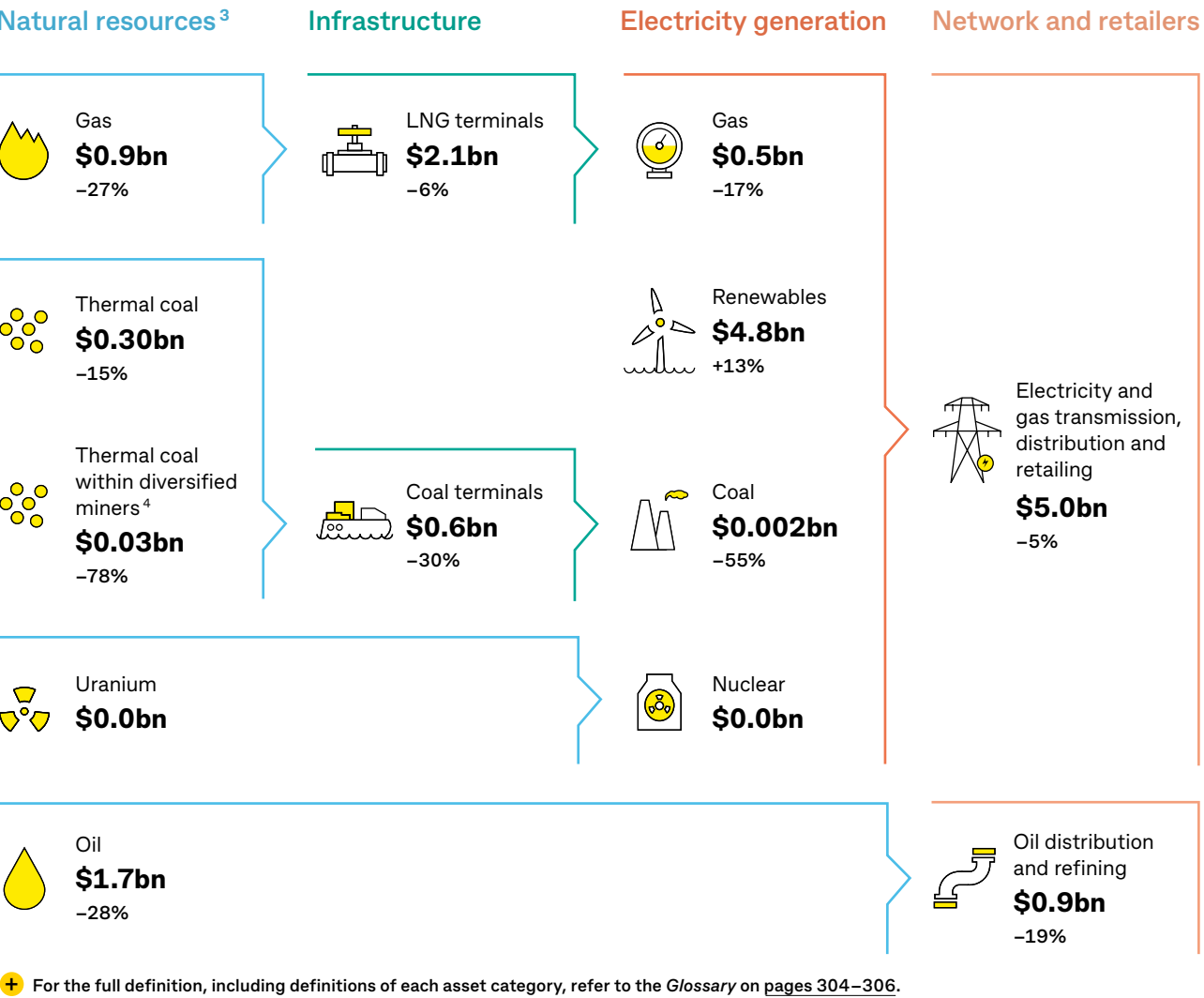
Monitoring our exposure

The Energy Value Chain describes our exposure to energy-related assets. We expect the value of these exposures to fluctuate from year-to-year while still delivering on our commitment in our Environmental and Social Framework.

Our exposure to all non-renewable energy assets has reduced this year while our exposure to renewables has increased by 13% to \$4.8 billion.

Energy Value Chain exposures as at 30 June 2021^{1,2}

Key: +/- change since FY20



1 Capitalised words and phrases used throughout the Policy and Framework section are defined terms. For more information on definitions used in our E&S Policy and E&S Framework, see commbank.com.au/policies.

2 Applies to project finance to Clients involving (a) a greenfield oil, gas or metallurgical coal extractive activity; or (b) a brownfield expansion of an oil, gas or metallurgical coal extractive activity.

3 Applies to Clients who derive 25% or more of their revenue from the sale of metallurgical coal, oil or gas, or for coal fired power generation, 25% of generation is from coal.

4 We will continue to provide rehabilitation bonds for these existing Clients to ensure their responsibilities with exiting mine sites are fulfilled.

1 PwC has provided limited assurance on the Energy Value Chain exposure balances as at 30 June 2021. The PwC Limited Assurance Report is provided on pages 65–66.

2 All figures are Total Committed Exposures (TCE) excluding Commitment at Offer and trading securities exposures as at 30 June 2021. Figures represented have been specifically derived based on material client exposures, and have not been netted off against any insurance or guarantees that mitigate the Group’s risk exposure to clients. Not included are ‘Other energy-related’ exposures (\$0.05bn) which comprise smaller loans and exposure to energy trading entities.

3 Exposures to metallurgical coal mining (\$0.03bn), and metallurgical coal mining within diversified miners (\$0.01bn) not included.

4 Thermal coal exposure within each diversified miner is calculated as the Group’s exposure to the miner, excluding exposure to thermal coal subsidiaries, multiplied by the percentage EBITDA contribution of thermal coal in its latest annual financial statements. Excluded from the exposures are exposures to thermal coal subsidiaries of diversified miners, i.e. subsidiaries whose business activities are predominantly related to thermal coal mining. These are allocated to thermal coal.



Assessing the emissions intensity of our business lending portfolio

We continue to assess the emissions intensity for our business lending across the Group. Our seventh iteration of this annual assessment has resulted in the estimation of the Bank’s emissions intensity at 0.22 kgCO₂-e/\$AUD of client expenditure.

Emissions intensity is calculated as emissions divided by economic activity. We use client expenditure as a proxy for the client’s economic activity.

The calculation uses client-specific emissions and expenditure data where available, and modelled sector-specific emissions intensity and financial data for the remaining lending exposures.

For sectors like mining, and electricity, gas and water, which are more likely to include publicly listed companies with detailed sustainability disclosures, our estimates are more reflective of the emissions profile of clients in our portfolio rather than an industry average. However, for sectors with few publicly listed companies (e.g. agriculture and business services), we rely more heavily on assumptions and an emissions intensity metric reflecting the industry average.

Evolving our methodology for assessing emissions

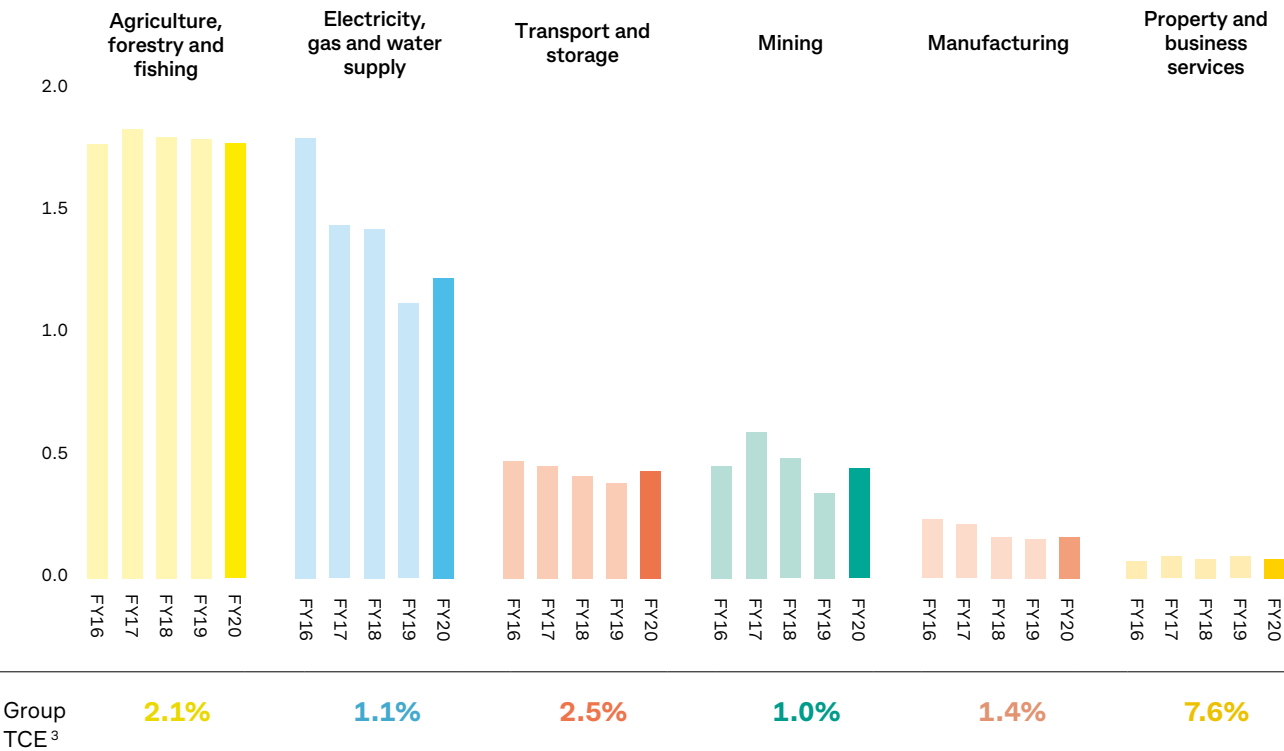
The availability of emissions data and the methodology for measuring financed emissions is an evolving topic. This year, we updated our methodology to remove guarantees from the reporting scope. We also updated the sector-specific assumptions in the agriculture and transport divisions to reflect updated and improved data sources.

This year, we do not report a year-on-year change in the overall portfolio emissions intensity, as the change would be primarily attributable to the change in assumptions in the agriculture and transport divisions.

Our ability to assess the emissions intensity of our lending activities will improve as the availability and robustness of emissions data increases. In future years, we will aim to balance comparability with our historical approach and best practice as improved financed emissions methodologies emerge.

Further information on the end-to-end process and calculation methodology, is provided at commbank.com.au/CRreporting

Group business lending emissions intensity of client expenditure (kgCO₂-e/\$AUD) ^{1,2}



Further information on emissions associated with our business lending activities in key sectors is provided at commbank.com.au/CRreporting

1 Client expenditure is based on operational and capital expenditure as reported in the company financial statements. Where client expenditure data is not available, sector-specific estimates are applied.
2 FY20 numbers calculated using the new methodology and assumptions. All previous years use the old methodology and assumptions.
3 Group Total Committed Exposure (TCE) summary as at 30 June 2020.

Metrics and targets

We set and track metrics and targets related to emissions from our own operations, financed emissions and financing the low carbon transition.

We are carbon neutral for Scope 1, 2 and upstream Scope 3 emissions from our operations and supply chain in Australia and New Zealand. This year, we set updated targets informed by science. The table below outlines our progress for the 2021 financial year.

Metric	Target	FY20	FY21	Progress	Highlights
Scope 1 and 2 greenhouse gas (GHG) emissions reduction	FY20 baseline 2025: ↓ 21% 2030: ↓ 42%	18,224 tCO ₂ -e ¹	14,160 tCO ₂ -e ¹ ↓ 22% ²		We have set new targets informed by science.
Upstream Scope 3 GHG emissions (excluding financed emissions) reduction	FY20 baseline 2025: ↓ 12.5% 2030: ↓ 25%	36,916 tCO ₂ -e ¹	12,334 tCO ₂ -e ¹ ↓ 67% ²		We have set new targets informed by science.
RE100 – renewable energy	100% global operations by 2030	100% (Australia)	100% (Australia)		Continued to source the equivalent of 100% of our Australian operational electricity needs from renewable sources, in line with our RE100 commitment.
On-site renewable energy	2020: 1,250kW 2025: 2,000kW	1,510kW	1,705kW		Increased our onsite renewable energy generation capacity using solar photovoltaic (PV) panels to 1,705kW at 91 sites across the country, exceeding our 2020 target of 1,250kW.
Carbon neutral Scope 1, 2 and upstream Scope 3 emissions from our operations and supply chain	100% global operations by 2022	New Zealand operations (2019)	Australian operations (FY20) New Zealand Operations (FY20)		Achieved Climate Active carbon neutral certification for our FY20 operational emissions (Scope 1 & 2), via partnership with the Aboriginal Carbon Foundation. We have the highest number of Green Star certifications from the GBCA for a non-property organisation, holding 34 certifications across bank branches of a 5-star rating or above. Achieved ‘Toitū Carbon Zero’ certification from Toitū Envirocare for our New Zealand operations (ASB), validating ASB as a carbon neutral organisation for its FY20 operational emissions. We aim to expand offsetting of residual emissions to achieve carbon neutrality for our Global FY21 operations in arrears.
Business lending assessed emissions intensity	Average decrease over time	– ³	0.22kgCO ₂ -e/\$ of expenditure (FY20)		This year we have refined the methodology for calculating assessed emissions.
Low Carbon Funding Target/ Sustainability Funding Target	\$15bn by 2025 \$70bn in cumulative funding by 2030	\$5.4bn	\$6.4bn		We are replacing our Low Carbon Funding Target (\$15bn by 2025) for a broader Sustainability Funding Target across renewables, energy efficiency, low carbon transport, commercial property, land/agriculture, sustainable water, pollution & waste management, climate adaptation and sustainability-linked lending.

More information on our environmental performance is available at commbank.com.au/CRreporting

Achieved Commenced New

1 Scope 1 and 2 and Scope 3 GHG emissions reduction targets exclude: electricity emissions where we are sourcing 100% of our electricity needs from renewable sources; emissions where we cannot influence the reduction (e.g. work from home emissions); or emissions that are based on estimates. For detailed definitions, including how the reduction target emissions differ from the GHG emissions reported in the Sustainability performance metrics on [page 60](#), see the *Glossary* on [pages 293–308](#).
2 Emissions have been reduced due to the impact of COVID-19 on business operations. This is expected to normalise over the term of the target.
3 We have not reported FY20 measure (for FY19) as the change in result would be primarily attributable to the change in the methodology for determining the financial ratios in the agriculture and transport sectors.



Supporting our customers

\$481m

savings from
Benefits finder claims

530,000+

offers redeemed with
CommBank Rewards

1.7m

personalised reminders
on COVID-19 support

As we build tomorrow's bank today for our customers, we are committed to supporting them in a fair, timely and transparent way.

Serving our customers responsibly

As part of our commitment to fairness and transparency, we continually review our products and services to ensure they meet customers' needs and support their financial wellbeing. Feedback from community groups and our complaints management systems inform this process.

This year, we consulted formally with our community stakeholders and partners. We continued to engage with consumer and community advocacy organisations, Indigenous and multi-cultural groups, and regional and remote areas. These consultations help us to identify issues, seek feedback and design products that better meet our customers' changing needs – particularly those who are underrepresented or in vulnerable circumstances.

We are focused on giving customers more control with bill management and budgeting tools, spending and payment alerts, and the ability to block some transaction types. We also prioritise helping customers save on everyday spending. CommBank Rewards has saved customers more than \$6 million in deals and cashbacks, and our *Benefits finder* tool has connected customers to over one million unclaimed benefits and rebates.

+ For more information on how we are reimagining products and services see pages 14–15.

Listening to customers and responding to complaints

Over the past 12 months, the Bank has focused on enhancing complaint handling and prevention reporting. We recently published new complaint handling principles on our website to ensure customers know they can expect fairness and consistency when making a complaint.

We are committed to resolving the root cause of complaints and are continuing to invest in data-driven solutions to analyse all complaints and identify issues that may impact other customers.

Based on these insights, we can better respond to current complaints, prevent future problems and inform the design and development of our products.

We continue to enhance our reporting to the Board, the Executive Leadership Team and senior leaders across the Bank, to increase visibility and facilitate discussion and action on systemic issues impacting customers.



A new view on financial wellbeing

To better understand how we can improve financial wellbeing, we continue to work with the Melbourne Institute (MI) of Applied Economic and Social Research on the MI Financial Wellbeing Scale. The scale measures the extent to which Australians have financial freedom, control and security, and can meet their ongoing obligations now and into the future.

This year we launched the Australian Consumer Financial Wellbeing quarterly report. Informed by more than five million customers' transactional and account data, the report tracks financial wellbeing outcomes experienced by more than one quarter of the Australian adult population. The research shows customers' financial wellbeing is more closely linked to their financial behaviour than their income or financial knowledge. We use the report's insights to ensure the tools and features we provide make a real difference to our customers and communities.

+ For more information on our financial wellbeing scales and report, visit commbank.com.au/financialwellbeing

Cybersecurity training

We are helping protect our customers from cybersecurity risks and fraud.

This year, we delivered 6,900 'Cyber for Business' training modules, helping small to medium-sized businesses prepare for and respond to cyberattacks. This included an Indigenous Business Banking Cyber Safety and Fraud Prevention Guide specifically designed for Indigenous businesses.



Helping customers when they need us most

When a natural disaster or pandemic hits, customers need immediate and personalised support.

As part of our COVID-19 support measures, we are helping customers navigate the pandemic by offering temporary loan deferrals and financial assistance. We made 240,000 calls to customers to help assess their individual situations and offer appropriate solutions. We also sent 1.7 million personalised reminders to ensure customers had information on the financial support available to them.

We had a structured, fair and transparent approach for helping those who still required assistance as the deferrals program came to an end. This gave customers more choice and ensured those in similar circumstances were treated equally. To give customers more time to get back on their feet, we were the first bank to commit to a freeze on any foreclosures, which has been extended to February 2022. We remain committed to supporting Australians through the pandemic.

We also offered same-day personalised support to over 800,000 customers impacted by extreme weather events in New South Wales, Victoria, Queensland and Western Australia. Using data insights, our Customer Engagement Engine allowed us to automatically identify customers who may be affected by a natural disaster and offer immediate support that aligns to their needs.



No hidden bank stuff

We are dedicated to improving access to our information, products and services for all customers.

We have launched a range of banking factsheets optimised for screen readers and transcribed into Easy English – a style of writing that conveys information for people with low English literacy. These have been accessed over 2,000 times.

Bankwest worked with The University of Western Australia's Law Faculty to reinvent terms and conditions (T&Cs), developing a visual format that conveys key product features in a way that is more engaging for customers and easier to understand to improve financial wellbeing outcomes.



Supporting our community

\$247m

in community investment

\$6.1m

Australian Indigenous supplier spend

22,500

interactions with customers in vulnerable situations, supported by Community Wellbeing team

We are committed to making a positive contribution to the communities we serve and supporting Australians through challenging times.

Progressing reconciliation

Through our Reconciliation Action Plan (RAP) we are advancing reconciliation in three key areas: cultural awareness training, procurement, and employment to improve the financial and economic wellbeing of Aboriginal and Torres Strait Islander customers and communities.

Since 2014, we have partnered with BlackCard to provide our workforce with Indigenous cultural capability training. More than 1,700 people have completed the program, and a further 13,000 have completed the e-learning module. Our target is for 70% of our workforce to have completed this training by 2022.

In 2021, we spent \$6.1 million with Australian Indigenous suppliers, tracking towards our 2024 target of 3% total annual domestic contestable spend. We also partnered with Supply Nation to fund the DRIVE Program. This training program is focused on building skills to support Indigenous businesses wanting to supply to corporate and government. Twenty businesses have participated in the DRIVE Program this year.

To create Indigenous employment opportunities, we set ourselves a target of 3% Indigenous representation across our business by 2026. We currently have 0.8% Indigenous representation and we are actively looking for ways to attract and retain Indigenous talent at the Bank.

Creating sustainable outcomes and supporting Indigenous communities

The Bank has taken a careful, deliberate and long-term approach to making our operations carbon neutral.

This year, to offset our residual emissions, we purchased carbon credits from the Aboriginal Carbon Foundation, the only Indigenous company in Australia to provide third-party verified Indigenous carbon credits.

This partnership supports the employment of the Traditional Owners as rangers at the Kowanyama Carbon Project in Queensland, the continuation of cultural fire management, and the sharing of ecological knowledge across the local community.

Working with vulnerable customers

We support our vulnerable customers and those experiencing hardship with dedicated teams, assistance packages, fee waivers, special accounts and appropriate offers. We also have dedicated customer assistance lines to support those with specific needs or different cultural backgrounds.

To support customers with an eligible health care or pensioner concession card, we offer the Streamline Basic account with zero monthly fees,

unlimited assisted withdrawals and access to key banking features and technology. We are contacting customers who, from our data, may be eligible for a Streamline Basic account. Over the past 12 months, we proactively migrated approximately 39,000 accounts and contacted more than one million customers.

Addressing financial abuse

We have increased our support for people impacted by financial abuse with the launch of our Next Chapter program. Through this program, we are taking action in three areas: leading the industry in providing care for vulnerable customers; expanding our support for long-term recovery; and helping raise public awareness and increase action in response to the issue.

Our specialist Community Wellbeing team provide trauma-informed care for customers. This year, the team has had over 22,500 interactions with customers in vulnerable circumstances to provide financial safety and wellbeing support, including addressing banking needs and providing referrals to external experts.

We continue to address technology-facilitated abuse through our digital platform and have introduced automatic blocks on offensive and abusive language.

Elevating women's sport

We are set to become one of the largest supporters of women's sport in the country.

From August 2021, CBA will become the official naming rights partner of the national women's football team, the Matildas, Junior Matildas and Young Matildas. Together with our longstanding support for women's cricket, we are committed to helping players of all ages and abilities to participate in two of the country's favourite sports.



Supporting not-for-profits

The Bank's work with the not-for-profit sector has a positive impact on our society's most vulnerable people. One avenue of support is innovation workshops. The program's range of events help organisations learn the basics of design thinking, test ideas and improve efficiency. More than 3,500 people have participated in the last four years.



Our partnership with Good Shepherd has established Australia's first Financial Independence Hub. The Hub offers free one-on-one financial coaching and support to people who have been impacted by domestic and financial abuse, regardless of who they bank with. Over the next four years we aim to support over 10,000 people in Australia to become financially independent.

+ For more information visit commbank.com.au/nextchapter

Longstanding commitment to education

We are committed to helping young Australians build financial literacy and are continuing to evolve our school banking and Start Smart programs.

We have improved more than four million students' financial capability through our Start Smart program since it was founded in 2007. By learning money management skills, 82% of students reported changed behaviours towards money after taking the award-winning program.

As part of our commitment to the next generation, the 2021 Commonwealth Bank Teaching Awards recognise and reward 12 outstanding educators from around Australia. The awardees receive a \$45,000 Teaching Fellowship to fund a strategic project in their school and further their professional development.

+ For more information visit commbank.com.au/teachingawards

Engaging our people

88%

proud to work at the Bank

54%

employees with caring responsibilities

3 days

of life leave in addition to annual leave under new Enterprise Agreement

We have seen our organisation and people at their best and most purposeful. Looking ahead, we will maintain our commitment to ensuring the lived experience throughout the Bank aligns with our purpose and values.

Energising our people

Our people have shown remarkable resilience, compassion and determination over the past year – coming to work inspired to live our purpose and help customers navigate COVID-19.

To help support our people in targeted ways during uncertain times, we increased communication and tracked engagement, wellbeing and enablement through our Your Voice and People Pulse surveys.

In our most recent 2021 survey, employee engagement was 78%. Our people's sense of pride in the organisation remains our strongest area, with 88% saying they feel proud to work at the Bank.

Advocacy and pride in the organisation remain significantly higher than their pre-2020 scores.

Strengthening culture

COVID-19 gave us a unique opportunity to see our culture in action. We saw how our risk management practices were delivering. We also saw how the changes made through the Bank's APRA Remedial Action Plan helped prepare us to deliver for our customers and communities during a crisis. Looking ahead, our focus is on continuing to embed our culture, using good judgement and ensuring the voice of customers remain strong.

We expect our leaders to uphold the highest standards, share a leadership mindset and energise their teams to achieve sustainable outcomes. We are supporting our leaders to put customers first, continuously learn, and pursue our purpose with care, courage and commitment.

Embracing new ways of working

The past year prompted us to reflect on how and where we work best to balance the needs of our customers with those of our people.

We quickly adapted our work environments to prioritise the health and safety of our people and customers. We listened to our people to understand their needs and we empowered leaders to utilise and support the best working environments to enable wellbeing, collaboration and deliver for our customers.

Our hybrid working model seeks to enable what is best for our people, teams and customers, and reflects trends in the external environment.

With our people's physical and mental health being a priority, we have appointed a Group Chief Mental Health Officer to continue promoting wellbeing and to enhance the support we offer across the Bank.

Embedding inclusion and diversity

Inclusion and diversity is integral to our culture and how we live our values. Reflecting the diversity of our customers and communities enables us to better understand and serve their needs. Our new inclusion and diversity strategy supports the Bank's commitment to care, equality and respect.

We listen to our people and our customers' experiences and regularly review metrics and decisions to ensure they are fair and equitable. We also partner with community organisations and academic experts to ensure our approach is evidence-based, and we share what we have learned externally to accelerate positive outcomes. Our six employee-led networks play an important role in promoting inclusion and informing solutions for our people and customers.

We stand against gendered harassment and violence in all its forms and are taking steps to make the workplace safe for everyone. Our #IStandForRespect pledge with the Diversity Council Australia reflects the Bank's commitment to proactively address these issues.

We are committed to our diversity in leadership goals. By 2025, we aim to have 47–50% gender equality in Executive Manager and above roles, and for our senior leaders to match the cultural diversity of the Australian population. By December 2026, we aim to achieve 3% Aboriginal and Torres Strait Islander representation in our domestic workforce.

+ Learn more at commbank.com.au/inclusion&diversity

More leave and better benefits

Our new, streamlined CBA Enterprise Agreement will better meet our diverse workforce's needs.

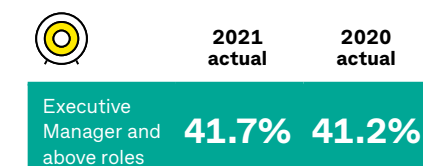
We have introduced new leave types, including Sorry Business, gender affirmation, pandemic, fostering and surrogacy leave. We have also extended parental leave from 12 to 13 weeks and introduced 'life leave', designed to encourage employees to engage with their communities and life goals. Life leave can be used for a variety of reasons, such as attending cultural days of significance.

Women in leadership

New goal

47–50% women

in Executive Manager and above roles by 2025

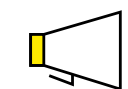


+ Our key workforce metrics are provided on pages 62–63.

The future of work is family friendly

We are proud to be recognised as one of Australia's first Family Friendly Workplaces. Our people have a diversity of family and caring responsibilities, which is why we provide a range of leave and other workplace support options. It is important that our people are able to perform their work in ways that work for them, their team and their customers.

+ Learn more at commbank.com.au/FFW



Encouraging our people to speak up

The Bank places great importance on fostering a culture where our people feel empowered to speak up.

It is essential that our people and external partners can raise any issue or conduct that concerns them and know that they will be taken seriously. This helps the Bank identify and resolve issues more quickly.

Our SpeakUP Service is available 24/7 via telephone, email or online. This year, we have continued to see a strong uptake in the SpeakUP program with 335 reports raised, an increase from 284 in the 2020 financial year. Of those reports, 123 were whistleblower cases.

Our Group Whistleblower Policy provides clarity on the support and protection available, as well as the manner in which concerns can be raised and will be managed.

+ Learn more at commbank.com.au/policies

Good business practices

The Bank delivers balanced and sustainable outcomes for stakeholders by conducting our business in a responsible way, executing our strategy and driving positive social and environmental outcomes.

Environmental and Social (E&S) Policy

Environmental and social issues are rapidly evolving as science, context and stakeholder perspectives change. This year, we conducted a review of our Group E&S Policy to ensure it addresses the changing risks and opportunities, and continues to deliver value for all our stakeholders. We recognise that we must continue to manage our own impact, and mature our approach to our supply chain and financing. We have clarified and further developed our approach to climate change, human rights and biodiversity, and have introduced new considerations such as animal welfare.

+ For more information on our E&S Policy and associated E&S Framework, see commbank.com.au/policies

Addressing modern slavery risks

Given our position and scale, we have the opportunity to advance human rights. As a financial institution, we are committed to minimising modern slavery risks in our financing and supply chain activities. Accordingly, we seek to understand our impacts and mitigate the risks of modern slavery arising out of our business decisions.

This year, we undertook a data analytics project to systemically flag customer

transactions that may denote instances of modern slavery. The project will flag suspect customer transactions and inform future action plans. Its insights have been shared with peers and relevant NGOs for educational purposes.

In March, we published our first Modern Slavery Statement in compliance with the *Modern Slavery Act 2018*.

+ Detailed information is available at commbank.com.au/CRreporting

Managing our supply chain

To help our suppliers navigate their supply chain and cash flow challenges as a result of COVID-19, we put in place immediate payment terms for our Australian Indigenous and small business suppliers. We have now extended immediate payment terms to all suppliers, regardless of size, in the Australian accounts payable process.

We recognise the need to continuously improve how we manage environmental and social risks in our supply chain. We continue to engage actively with suppliers to identify and mitigate modern slavery risks and issues. More than 1,000 employees completed training on modern slavery. We also implemented a human rights and modern slavery contract clause and commenced modern slavery risk assessments with our suppliers at highest risk. This will inform whether improvement plans are required to better address these risks.

Enhancing risk identification in our lending

We consider environmental and social risks in our business lending decisions. All institutional bank loans, as well as large business bank loans, are evaluated through our ESG risk assessment tool.

Our ESG assessment is part of the lending approval process and considers the ESG risk and mitigations each client has in place. We have invested in expanding our ability to perform ESG risk assessments across a greater portion of our business lending portfolio.

The assessment covers nine priority areas: climate and energy, climate physical risk, pollution, biodiversity, water, labour rights and modern slavery, human rights, workplace health and safety, and anti-corruption and governance.

Institutional and business banking staff complete ESG training, which includes priority areas.

+ Refer to pages 22–33 for more information on how we manage our own climate and environmental risks and opportunities.

Position on political donations and industry associations

The Bank belongs to a number of industry associations. This year, we worked closely with government and industry bodies to support Australia's economic recovery.

Our engagement policy precludes us from making political donations. However, we may pay to attend political events aimed at the business community. This year, we contributed \$75,000 to the Australian Labor Party, \$75,080 to the Liberal Party of Australia and \$11,000 to the National Party of Australia. These payments are disclosed in line with the requirements of Federal and State governments.

Commitment to tax transparency

The Bank is one of Australia's largest tax payers, having paid over \$3 billion in Australian corporate income tax this financial year. Our Tax Transparency Code and Tax Policy Principles provide further information on our approach to tax risk management and additional tax disclosures.

+ More information is available at commbank.com.au/policies

Global principles and policies

We continue to evolve our approach in line with global best practice and feedback from our stakeholders.

Aligned to society's goals

We are signatories to international programs of action.



Our policies and targets

We drive focus and progress on our commitments through our policies. Key policies include:

- Environmental and Social Policy
- Supplier Code of Conduct
- Diversity and Inclusion Policy
- Accessibility and Inclusion Policy
- Workplace Health and Safety Policy

+ View our policies: commbank.com.au/policies

Transparently reporting progress

We report our progress in line with key frameworks and standards.



+ View our performance reports: commbank.com.au/CRreporting

Assessing our performance

We benchmark our progress using leading sustainability indices and surveys.



Relevant UN Sustainable Development Goals

