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	Ongoing	Ongoing	Ongoing
	Executive Leadership Team Environmental and Social (E&S) Committee chaired by the CEO and supported by a Business Action Group meeting monthly		Complete	Ongoing
	Board approved new Group-wide program to uplift our approach to climate risks and opportunities		Complete	Review and revise
	Group E&S Policy clarifying Board oversight and management accountability for E&S risks and opportunities, including climate change	Complete	Review and revise	
	E&S Accountability in Executive Scorecard linked to remuneration:			
	• CEO: FY21 performance and remuneration outcomes considered E&S focus and progress		Complete	
	• ELT: FY22 performance assessment and remuneration outcomes include accountability for strategic response to E&S opportunities and risks			Future activity
	Group E&S Framework outlining climate commitments	Complete	Review and revise	Ongoing
Strategy ⊕ see pages 25–29	Commitment to support the objectives of the Paris Agreement and the transition to net zero emissions by 2050	Complete		
	Product innovation to support our customers' transition to net zero emissions (e.g. low carbon/sustainable finance and green loans)	Ongoing	Ongoing	Ongoing
	Support our customers and communities who experience extreme weather events	Ongoing	Ongoing	Ongoing
	Engage with regulators and collaborate with industry on new banking and industry standards	Ongoing	Ongoing	Ongoing
	Conduct Group-wide climate stress test, consistent with APRA Climate Vulnerability Assessment			Future activity
	Climate scenario analysis: • Undertake physical and transition risk scenario analysis on areas that are material to the Bank and to our customers • Integrate ongoing actions identified into our climate work program	Complete	Ongoing	Ongoing
	Develop and embed glidepaths, to transparently track alignment to the Paris Agreement, for priority sectors and expand to other significant sectors		Ongoing	Future activity
Risk management ⊕ see pages 30–32	Continue enhancing methodologies, tools and data for identification, measurement and aggregate reporting of E&S risk exposures	Ongoing	Ongoing	Ongoing
	Develop quantitative E&S Risk Appetite measures for ongoing monitoring (Board approval required)			Future activity
	Review of our Group E&S Policy and Group E&S Framework		Complete	
	Evolve our ESG Risk Assessment tool and expand the methodology to apply to a greater proportion of business lending	Ongoing	Ongoing	Ongoing
	Measure and monitor our Energy Value Chain exposures	Ongoing	Ongoing	Ongoing
Metrics and targets ⊕ see page 33	Set and monitor progress towards new absolute emissions reduction targets for our operations:			
	• Emissions reduction target (Scope 1 and 2)		Complete	Ongoing
	• Upstream Scope 3 emissions reduction target (excluding financed emissions)		Complete	Ongoing
	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)	Ongoing	Ongoing	Ongoing
	Targeting an overall average emissions intensity decrease of our business lending portfolio	Ongoing	Ongoing	Ongoing
	Assess emissions of our retail lending portfolio			Future activity
	Expanded the ambition and scope of our Low Carbon Funding Target to a broader Sustainability Funding Target	Ongoing	Review and revise	Ongoing

Complete   Ongoing   Review and revise   Future activity

OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

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

Board

Oversees the management of climate-related risks and opportunities

Impact
Considers environmental and social impact of activities

Policy
Approves the Environmental & Social Policy and Framework

Opportunities
Endorses climate-related opportunities from management

Risk management
Approves the approach to managing climate-related risks

Disclosure
Approves climate-related disclosure included in the Annual Report

Board Risk and Compliance Committee

Monitors the Bank's climate-related risk profile (including emerging risks).
Receives and reviews climate-related risk reports from management.

Executive Leadership Team (ELT)

Responsible for making specific recommendations to the CEO and agreeing common actions addressing: strategy, business performance, people leadership and culture, and risk and compliance management and control.

ELT E&S Committee

Chaired by CEO and responsible for directing the development and implementation of the Bank's E&S Policy and Framework.
Meets monthly to direct and oversee the Bank's implementation of the E&S strategy, governance, priorities for implementation, and disclosures.
Oversees progress, performance and reporting on climate-related initiatives.

Business E&S Action Group

Chaired by Group Executive Institutional Banking and Markets with representatives from all relevant business units.
Meets monthly to support the ELT E&S Committee.

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

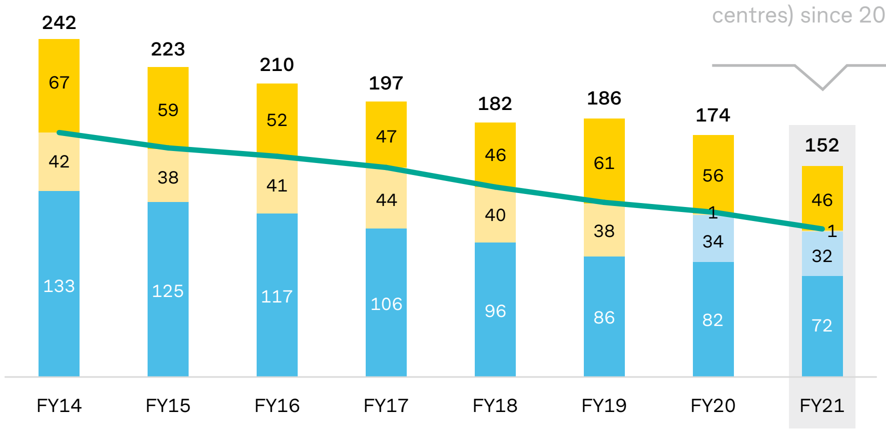
We have uplifted our approach to climate by developing a Board-endorsed climate work program. The program focuses on short-term actions across each business unit to establish strong foundations for a medium-term plan. Our approach includes:

- **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.

40%

reduction in Group Scope 1 and 2 emissions (including Australian data centres) since 2014

Our greenhouse gas emissions ('000s tCO_2-e)[1]



Scope 1 & 2 (excluding data centres)
Data centres (Scope 2)
Scope 3 (excluding data centres)
Data centres (Scope 3)
Scope 1 & 2 (including Scope 3 data centres)

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.

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.

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.

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

Storms | Extreme heat | Bushfires | Sea level rise | Drought | Flooding

Transition

Market | Policy and Regulation | Legal | Reputation | Technology

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

Building insurance policies: 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.

Home loan portfolio: 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.

Agriculture portfolio: Mapped productivity data to locations of agricultural loan exposures and securities across Australia to manage and monitor our risks.

FirstChoice Australian Share Fund: 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.

Business lending portfolio: 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.

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.

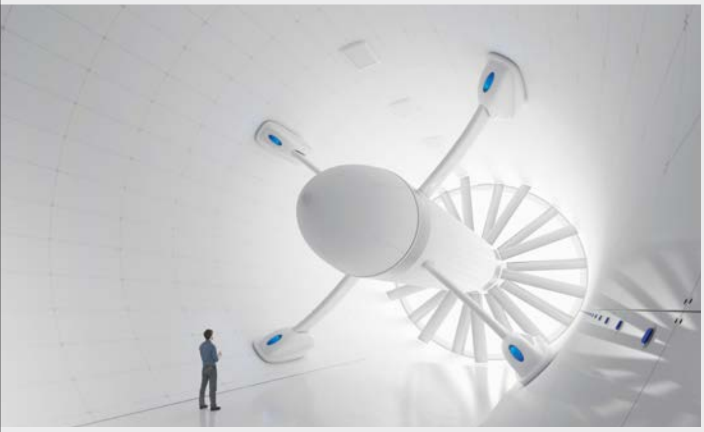
To this end, this year we began developing science-based sector-level glidepaths in four of the most emissions-intensive sectors in our portfolio: thermal coal mining, upstream oil, upstream gas and power generation.

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.



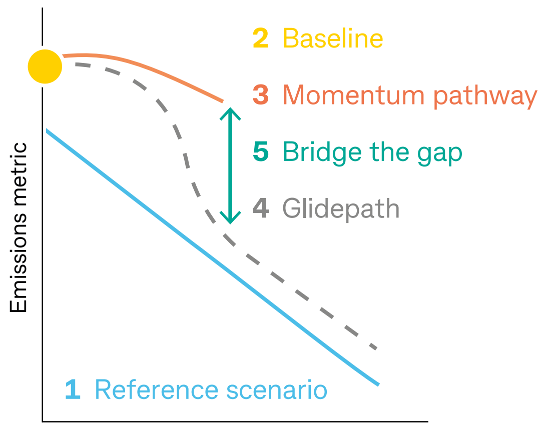
What is a glidepath?

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



OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

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 Framework[1]

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 Mines[2] 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 Clients[3] 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 2030[4];
- only offer corporate or trade finance to existing oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients[3] 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.

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.

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

Natural resources[3]

Gas
$0.9bn
–27%

Thermal coal
$0.30bn
–15%

Thermal coal within diversified miners[4]
$0.03bn
–78%

Uranium
$0.0bn

Oil
$1.7bn
–28%

Infrastructure

LNG terminals
$2.1bn
–6%

Coal terminals
$0.6bn
–30%

Electricity generation

Gas
$0.5bn
–17%

Renewables
$4.8bn
+13%

Coal
$0.002bn
–55%

Nuclear
$0.0bn

Network and retailers

Electricity and gas transmission, distribution and retailing
$5.0bn
–5%

Oil distribution and refining
$0.9bn
–19%

+ **For the full definition, including definitions of each asset category, refer to the *Glossary* on pages 304–306.**

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 $kgCO_2$-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

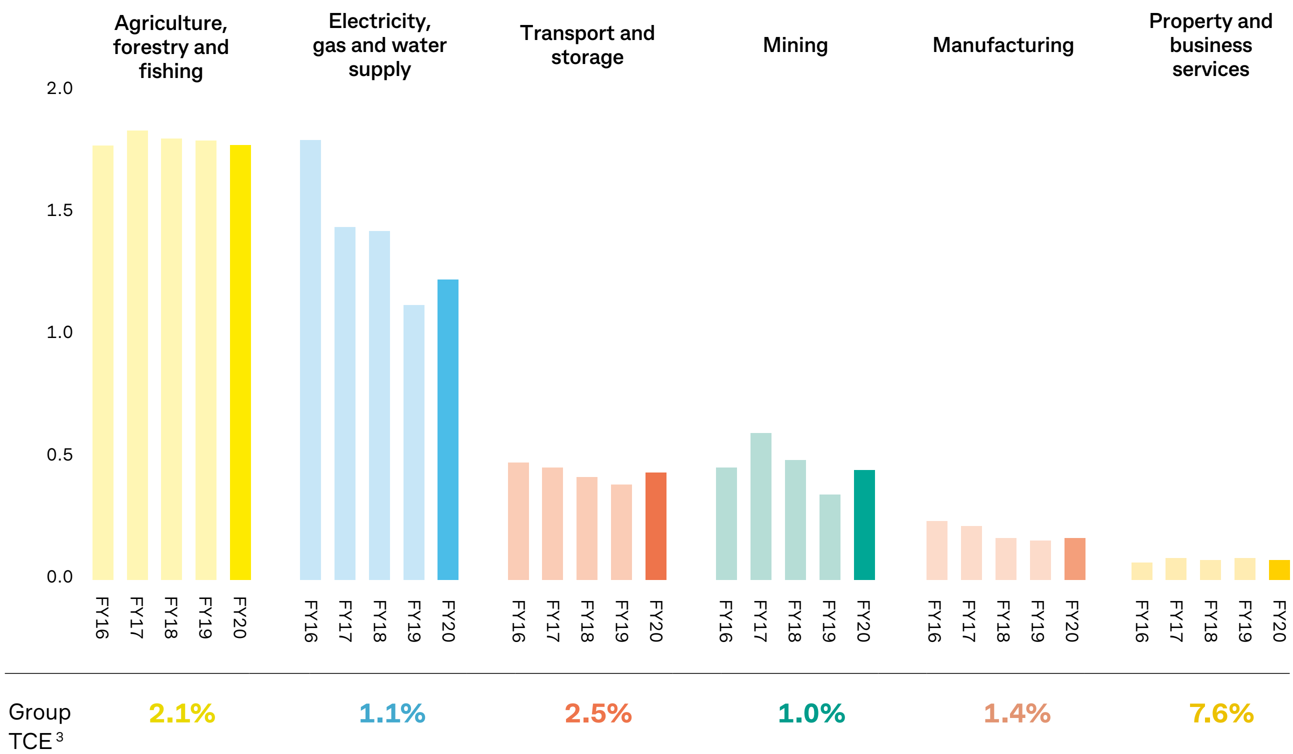
The availability of emissions data and the methodology for measuring financed emissions is an evolving topic. This year, we updated our methodology to remove guarantees from the reporting scope. We also updated the sector-specific assumptions in the agriculture and transport divisions to reflect updated 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 ($kgCO_2$-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]	New	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]	New	We have set new targets informed by science.
RE100 – renewable energy	100% global operations by 2030	100% (Australia)	100% (Australia)	Commenced	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	Commenced	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)	Commenced	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)	Commenced	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	New	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.