

# Notice of Meeting

2021 Annual General Meeting



Commonwealth  
Bank

# Chairman's message

I am pleased to invite you to join the 2021 Annual General Meeting of the Commonwealth Bank of Australia which will take place on Wednesday, 13 October 2021, at 9.30am.

## Dear Shareholder,

This year we had hoped to return to a face-to-face Annual General Meeting (AGM) after last year's virtual meeting which was necessary because of COVID restrictions. However, given restrictions are once again in place, and are unlikely to be eased in time for CBA's AGM on 13 October, we will be conducting a virtual meeting again in 2021.

I regret that this is the case because I know many shareholders prefer face-to-face meetings. However, the health and wellbeing of shareholders, and our own people involved in the meeting is a priority and, of course, we must comply with government and health advice and restrictions. I can assure shareholders that our planning for this virtual meeting seeks to ensure that shareholders have the best possible opportunity to participate in the meeting, ask questions and vote. A virtual meeting also means that all shareholders can participate, regardless of their location.

Detailed instructions on how to join and participate in the meeting are available on pages 6-7 and are also available on our website [commbank.com.au/agm](http://commbank.com.au/agm).

## Resilience and recovery

Our purpose, of improving the financial wellbeing of our customers and communities, has provided the

Bank with a strong sense of direction throughout the past year.

As the pandemic persisted into the 2021 financial year, the Bank continued to defer repayments on home, personal and business loans, and offered a wide range of support to customers. This helped alleviate financial pressure, and uncertainty, for both individuals and businesses.

The past year has also been notable for governments, regulators and industry continuing to work collaboratively, to implement support programs quickly and to help minimise the impacts of the pandemic. In this regard, the strength and stability of a well-capitalised, and well-regulated banking sector has been a significant factor, including the ability of the sector to provide governments with the data needed to inform decisions on support packages and policies.

Over the course of the pandemic, our customers have embraced digital banking in record numbers.

Unfortunately, we are aware that the current circumstances may have put increased pressure on customers in vulnerable circumstances, including those experiencing domestic violence and financial abuse. The Bank expanded its support for these customers, and the community more broadly, through its Next Chapter program that includes referrals to external support services where appropriate, providing safe banking support for people experiencing difficult and often dangerous situations, and access to free financial coaching and assistance delivered in partnership with Good Shepherd through the Financial Independence Hub.

## A simpler better bank

The Bank has transformed itself over the past three years through its Remedial Action Plan (RAP), implemented in response to APRA's 2018 Prudential Inquiry into our governance, culture and accountability.



APRA's Inquiry made 35 recommendations for change, and our RAP translated these into 177 milestones with a three-year timetable to embed the outcomes. The RAP, which was launched in June 2018, has been the most extensive of its kind undertaken by the Bank, and has led to fundamental changes in systems and processes, allowing staff to provide better service to customers, manage risk more effectively, meet compliance and regulatory obligations and fulfil their individual and team accountabilities.

The independent reviewer, Promontory, which has reported to APRA on our progress, and will submit its final report this year, has described CBA as "almost unrecognisable as the institution described in the Inquiry Report."

The effectiveness of the RAP will ultimately be determined by how sustainable the changes become. We now have in place an ongoing program of work to ensure that the progress achieved to date becomes enduring.

Alongside the RAP, we revised our Code of Conduct, and refined the Bank's values of care, courage and commitment. Employees now consistently ask "Should We?" to test whether actions are in keeping with our Code of Conduct and our values. Staff are encouraged to speak up and constructively challenge colleagues, including those more senior.

Cultural change has also been reinforced through the Remuneration Framework, with an emphasis on accountability and risk management. For senior executives, the relative proportion of equity has been increased, and deferral periods extended, to ensure that executive remuneration is more closely aligned with longer-term shareholder returns.

## Sustainable outcomes for all stakeholders

The Bank recognises that its performance on environmental and social dimensions is fundamental to delivering sustainable outcomes

## Contents

2021 highlights	4
Participation in the virtual AGM	6
Items of business	8
Explanatory memorandum	12
Appendix	21
Corporate directory	23

that balance the interests of all stakeholders.

In the past year, we have strengthened our approach to sustainability, including updating our Environmental and Social Framework which provides a reference point for our people and stakeholders on the minimum standards we seek to abide by.

In March 2021, we published our Modern Slavery and Human Trafficking Statement, reflecting our focus on ensuring that our activities - including general banking services, lending, financial crime detection and supply chain management - can identify and mitigate human rights abuses, including modern slavery.

CBA is committed to playing its part in limiting climate change in line with the goals of the Paris Agreement and supporting the transition to net zero emissions by 2050.

During the year, the Board endorsed a Group-wide work program to strengthen our approach to climate risks and opportunities across the Bank, and establish new medium and long-term targets for our operational emissions.

The Bank has also continued to develop products which provide opportunities for businesses to benefit from sustainability initiatives, including the provision of low carbon finance, energy efficient equipment finance, green bonds, and incentives for solar power usage.

For retail customers we now provide lower cost financing, for eligible home loans, to support sustainable and energy efficient solutions such as solar panels and other technologies that use renewable energy or lower emitting energy sources.

Our latest report applying the Task Force on Climate-related Financial Disclosures (TCFD) appears on pages 22–33 of the [2021 Annual Report](#) and explains our approach to climate-related governance, strategy, risk management and metrics and targets.

### **Strong business performance and capital position**

The Bank performed well in the year to 30 June 2021, with disciplined execution delivering strong outcomes despite the impacts of the pandemic.

Cash net profit after tax was 20% higher, reflecting the improved economic conditions and outlook, resulting in a lower loan impairment expense, and a strong contribution from operational performance.

During the year the Bank also continued its program of divestments of non-core businesses, in line with

its strategy to become a simpler bank. Since the divestment program began in 2018 it has generated \$6.2 billion in excess capital.

Benefits from divestments, the strong balance sheet, and continued discipline on capital management, resulted in a Common Equity Tier 1 capital ratio of 13.1% at 30 June, well in excess of the APRA's 'unquestionably strong' benchmark of 10.5%.

The year's performance and capital position has allowed CBA to deliver strong returns for shareholders.

The Board determined a final dividend of \$2.00 per share, taking the total full year dividend to \$3.50 per share, fully franked, resulting in shareholders receiving \$6.2 billion in dividends in relation to the financial year.

After considering our capital management options, we have also announced an off-market buy-back of up to \$6 billion of CBA shares. We believe that an off-market buy-back will benefit all our shareholders whether or not you decide to participate. This is because the buy-back will reduce the number of CBA shares on issue, thereby supporting the return on equity, earnings per share and dividend per share, for all shareholders who continue to hold shares in CBA. For shareholders who participate, the buy-back price is expected to include a fully franked dividend component.

### **Board focus on mix of skills, experience and intellectual capacity**

The Board has an ongoing focus on ensuring that it has the appropriate diversity of skills, experience and strategic thinking capabilities that are required to lead Australia's largest financial institution and be at the forefront of digital banking. During the year, two new directors were appointed to the Board.

Simon Moutter joined the Board in September 2020. Simon was most recently Managing Director of Spark New Zealand Limited, New Zealand's largest telecommunications and digital services company for seven years and has extensive experience in technology, process effectiveness and business strategy.

In March 2021, the Board welcomed Peter Harmer. Peter was previously Managing Director and Chief Executive Officer of IAG where he drove digital innovation across the business. In addition to a focus on customer service, Peter has expertise in the impact of climate change on financial services firms and the economy more generally.

These appointments have further strengthened the mix of skills, knowledge and experience relevant to the Bank's strategic priorities, particularly in digital technology and leadership in the transition of the Australian economy.

Effective 1 September 2021 Julie Galbo has joined the Board as an independent non-executive director. Julie brings to the Board more than 20 years' experience as an executive and a director in major European financial services organisations. Her experience and expertise covers risk management and compliance, strategy and implementation. Julie has also previously served as the deputy director of a European financial supervisory authority, including responsibility for mortgage regulation.

### **The future**

Over the past year CBA has evolved its strategy, updated its brand, refined its core values to reflect the progress over the past three years, and set out a more ambitious agenda to build tomorrow's bank today.

For CBA, this includes the development of new digital products and services, which reimagine the way financial services can be tailored to individual customers, and an ambition to provide a leading digital experience.

The refinement of the strategy also reflects our purpose and values, with an explicit intent for CBA to play a significant role in Australia's economic recovery and to contribute to the nation's transition to a digital and sustainable economy, thereby underpinning Australia's prosperity and social wellbeing.

In aspiring to these ambitions, we recognise the importance of achieving the best balance of outcomes for all stakeholders. I thank all of our employees, customers and shareholders for your support this year.

### **Items of business**

The Notice of Meeting for the AGM commences on page 6 of this document and outlines the items of business that we will put to shareholders for consideration. Background information on these items is contained in the Explanatory Memorandum on pages 12–20 which forms part of the Notice of Meeting.

Yours sincerely,



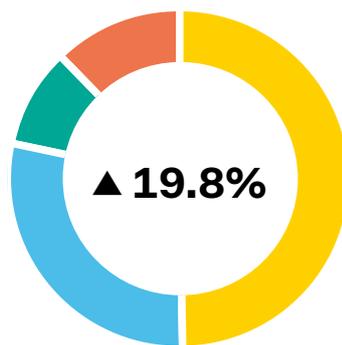
**Catherine Livingstone AO**  
Chairman

# 2021 highlights

## Financial highlights

### Group

Cash NPAT by business unit



Retail Banking Services

**\$4,806m**

Business Banking

**\$2,758m**

Institutional Banking and Markets

**\$922m**

New Zealand

**\$1,159m**

Statutory net profit after tax (NPAT)

**\$8,843m**

▲ 19.7%

Cash net profit after tax (NPAT)

**\$8,653m**

▲ 19.8%

Operating income

**\$24,156m**

▲ 1.7%

Net interest margin

**2.03%**

▼ 4 basis points

Capital ratio

**13.1%**

CET1 (APRA, Level 2)

▲ 150 basis points

## Value we create



### Customer

#### Our targets

#1 Net Promoter Score (NPS) in consumer and business banking

#### Our progress

**#1** mobile app NPS

**#2** consumer NPS

**#1** business NPS

**15m+**

customers served

**\$157bn**

of new lending for home buyers

**\$50bn**

of new lending for businesses

**\$1.9bn+**

in loans under the Government's Coronavirus SME Guarantee Scheme



### Community

#### Our targets

Top quartile among peer companies for reputation improvement

#### RepTrak reputation score

**65.0**

Average of peer companies: 65.7

**\$3.6bn**

tax expense – one of Australia's largest taxpayers

**\$47.3m**

cash contributions

**\$6.1m**

Australian Indigenous supplier spend

**\$6.4bn**

funding for low carbon transition



### Our people

#### Our targets

Top quartile amongst global companies in our employee engagement score

#### Employee engagement

**78%**

Global 90th percentile score: 83%

**88%**

of employees are proud to work at the Bank

**\$6.0bn**

paid to our 44,375 people in salaries and superannuation

**81.1%**

employees working flexibly

**41.7%**

women in Executive Manager and above roles



### Shareholders

#### Our targets

Top quartile TSR outperformance relative to peers

#### Total shareholder return (TSR)

**226%** 10-year

**72%** 5-year

**48%** 1-year

**870,000+**

shareholders, 78% Australian owned

**\$3.50**

dividend per share, fully franked

**\$6.2bn**

returned to shareholders as dividends

**\$2,818**

dividend amount received by the average retail shareholder

# Notice of Meeting

The 2021 Annual General Meeting (the AGM or Meeting) of the Commonwealth Bank of Australia (the Bank, Company or CBA) will be held on **Wednesday, 13 October 2021**. The Meeting will commence at **9:30am (AEDT)** and shareholders are invited to participate online, including viewing the Meeting, asking questions and voting in real time.

CBA had planned to welcome shareholders to attend the 2021 AGM in person. However, with COVID-19 an ongoing health concern and restrictions in force in New South Wales, this year's AGM will be conducted online as a virtual AGM. Shareholders will be given the opportunity to participate in the AGM, including voting and asking questions, at [commbank.com.au/agm](http://commbank.com.au/agm). This will provide the opportunity for all shareholders to participate in the Meeting, regardless of location.

The Board is grateful that online technology will allow the Company to keep its staff, shareholders and the broader community safe given the serious health risks currently posed by COVID-19. However, the Board hopes to invite shareholders to attend the 2022 Annual General Meeting in person and to continue the tradition of meeting with shareholders at the conclusion of the meeting.

Should technical difficulties arise during the course of the Meeting, the Chairman has discretion as to whether, and how, the Meeting should proceed in the event that this occurs. In exercising discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the Meeting is affected. Where considered appropriate, the Chairman may continue to hold the AGM and transact business including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, shareholders are encouraged to lodge a direct vote or directed proxy even if they plan to participate in the Meeting online. Similarly, if a shareholder is unable to participate in the Meeting, or will not have access to the internet on the day of the Meeting, they are encouraged to appoint a proxy or submit a direct vote via [vote.linkmarketservices.com/cba](http://vote.linkmarketservices.com/cba). All proxy appointments and direct votes, whether submitted online or in hard copy, must be lodged before 9:30am (AEDT) on Monday, 11 October 2021 (as described on page 7).

If it becomes necessary or appropriate to make alternative arrangements for the holding, or conduct, of the Meeting we will announce this on the CBA website and ASX market announcements platform.



## How to join the Meeting online

- From 8:30am (AEDT) on Wednesday, 13 October 2021 visit [commbank.com.au/agm](http://commbank.com.au/agm) from a desktop, mobile or tablet device with internet access, and click the 'Join the 2021 AGM' link.
- If you have previously registered for the AGM, select the 'Sign in' option, and use your previously registered email address and password to participate in the Meeting.
- If you haven't previously registered for the AGM, complete the registration form by entering your name, email address and creating a password.
- Shareholders who wish to participate and vote online need to ensure they have located their SRN/HIN in advance of joining the Meeting. If you are unable to locate your SRN/HIN, please contact Link Market Services on +61 1800 022 440 or at [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au) well in advance of the Meeting. For security reasons, your SRN/HIN can only be sent by post to your registered address. Your SRN/HIN cannot be provided by email or phone. Shareholders who need a copy of their SRN/HIN are strongly encouraged to contact Link Market Services as soon as possible, to avoid any mailing delivery delays.

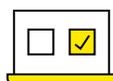


## How to vote and ask questions online

- Shareholders and proxyholders who wish to register to vote will need to click the button 'Shareholder Voting/Questions'.
- You will be asked to register your details and accept the Terms and Conditions.
- If you are a shareholder you will need to enter your SRN/HIN, then enter your Australian postcode or select 'Outside Australia' and enter your country code.
- If you are an appointed Proxy, you will need to enter the Proxy Number issued to you by Link Market Services in the 'Proxy Details' section.
- Click the 'Register' button.
  - Your voting card will appear with all of the resolutions to be voted on at the Meeting. You may need to use the scroll bar on the right-hand side of the voting card to view all of the resolutions.
  - Place your vote by clicking on the 'For', 'Against', 'Abstain' or 'No Instruction' voting buttons.
  - Once you have finished voting on the resolutions scroll down to the bottom of the box and click the 'Submit Vote' button.
- To ask a question click the 'Ask a Question' box.
  - Select the Item of Business your question relates to and type your question in the area provided.
  - Once you have typed your question, click the 'Submit Question' button.

For more information about how to participate in the Meeting (including how to vote and ask questions) visit our AGM website at [commbank.com.au/agm](http://commbank.com.au/agm) to read our AGM Guide which includes answers to Frequently Asked Questions. The AGM Guide also includes details on how you may ask questions by phone.

- + Shareholders can also watch a recording of the Meeting at [commbank.com.au/agm](http://commbank.com.au/agm).



## Voting options for the AGM

Shareholders have the option to vote on resolutions considered at the AGM by:

- lodging a direct vote with the Share Registry before **9:30am (AEDT) on Monday, 11 October 2021**;
  - appointing a proxy to vote on your behalf at the AGM before **9:30am (AEDT) on Monday, 11 October 2021**; or
  - voting online in real-time by lodging a direct vote during the AGM.
- + Further information about each of these options is included on pages 10 and 11 of this Notice of Meeting.

## Shareholder questions

Shareholders are encouraged to submit written questions online in advance of the AGM via the Shareholder Questions Form, which is available at [vote.linkmarketservices.com/CBA](http://vote.linkmarketservices.com/CBA). Questions submitted in advance must be received by the Share Registry by Wednesday, 6 October 2021.

During the Meeting, the Chairman will endeavour to address as many as possible of the themes raised in shareholder questions. Please note that individual responses will not be sent to shareholders.

During the Meeting, shareholders will have a reasonable opportunity to ask questions and make comments, including an opportunity to ask questions of the Company's external auditor, PricewaterhouseCoopers. During the Meeting, shareholders may submit a question via the online platform as outlined on this page.

## Moderation of questions

The Chairman will explain the protocols for asking questions at the start of the Meeting. Questions submitted via the online platform will be read out to the Meeting by a moderator.

It is not uncommon for a number of shareholders to ask the same or very similar questions. To facilitate the orderly conduct of the Meeting, and ensure that all shareholders have a reasonable opportunity to participate, questions and comments may be moderated or grouped together to avoid repetition and to make them more concise.

Questions or comments containing defamatory or offensive language or concepts will be excluded.

Any questions or comments in the nature of customer queries (e.g. involving individual banking matters) will not be put to the Meeting and will instead be referred to Group Customer Relations.

These guidelines are designed to ensure that as many shareholders as possible have the opportunity to ask questions at the Meeting on as many subjects as possible. For more information about how questions are moderated in the Meeting visit our AGM website at [commbank.com.au/agm](http://commbank.com.au/agm) to read our AGM Guide which includes answers to Frequently Asked Questions.

# Items of business

## 1 Consideration of Financial Statements and Reports

To consider the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2021.

## 2 Re-election and election of Directors

- (a) To re-elect Catherine Livingstone AO who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (b) To re-elect Anne Templeman-Jones who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (c) To elect Peter Harmer who was appointed as a Director of the Company since the 2020 AGM and, being eligible, offers himself for election.
- (d) To elect Julie Galbo who was appointed as a Director of the Company since the 2020 AGM and, being eligible, offers herself for election.

Information about the Directors seeking re-election and election under Item 2 appears on pages 12 to 14 in the Explanatory Memorandum (which forms part of this Notice of Meeting).

**The Board (with Catherine Livingstone AO, Anne Templeman-Jones, Peter Harmer and Julie Galbo abstaining from Items 2(a), 2(b), 2(c) and 2(d) respectively), recommends that shareholders vote in favour of Items 2(a), 2(b), 2(c) and 2(d).**

## 3 Adoption of the 2021 Remuneration Report

To adopt the Remuneration Report of the Company for the financial year ended 30 June 2021.

The vote on this Item is advisory only and does not bind the Company, or its Directors.

**The Board recommends that shareholders vote in favour of Item 3.**

## 4 Grant of Securities to the CEO, Matt Comyn

To approve for all purposes, including ASX Listing Rule 10.14, Matt Comyn's participation in the Employee Equity Plan (EEP) of the Company, to receive a grant of a maximum of: (i) 17,586 restricted share units as his 2022 financial year long-term alignment remuneration (LTAR) award, and (ii) 17,586 performance rights as his 2022 financial year long-term variable remuneration (LTVR) award.

Subject to shareholder approval, these LTAR and LTVR awards will be granted following the AGM under the EEP, and in any event no later than three years after the date of the 2021 AGM, and on the terms summarised in the Explanatory Memorandum (which forms part of this document).

The maximum number of restricted share units and performance rights to be granted to Matt Comyn has been determined by dividing the maximum value of the LTAR opportunity and the LTVR opportunity (\$1,750,000 and \$1,750,000 respectively) by the volume weighted average price (VWAP) of the Company's ordinary shares over the five trading days up to 1 July 2021 (being \$99.50).

The number of restricted share units and performance rights that ultimately vest will be determined according to the terms and conditions of the respective awards, and in the case of LTVR, the satisfaction of performance measures.

Matt Comyn's 2022 financial year Fixed Remuneration is \$2,500,000, maximum short-term variable remuneration (STVR) is \$2,343,750, maximum LTAR opportunity is \$1,750,000, and maximum LTVR opportunity is \$1,750,000. Fixed Remuneration includes base salary and mandatory employer superannuation contributions.

The Fixed Remuneration component had not been increased since Matt Comyn was appointed to the CEO role in 2018, other than the adjustment to reflect the executive remuneration framework pay-mix changes effective 1 July 2020 (refer to the Explanatory Memorandum for Item 3 (Adoption of the 2021 Remuneration Report) on page 15 below). Following a review of remuneration arrangements, the Board determined to increase Matt Comyn's Fixed Remuneration by 8.7%, effective 1 July 2021, to ensure that his remuneration is appropriately positioned against the relevant market and commensurate with his role scope and accountabilities.

**The Board (with Matt Comyn abstaining) recommends that shareholders vote in favour Item 4.**

## 5 Resolutions requisitioned by a group of shareholders

The following resolutions have been requisitioned under section 249N of the Corporations Act 2001 (Cth) (Corporations Act) by a group of shareholders, led by Market Forces, holding approximately 0.01% of the Company's ordinary shares on issue.

The resolutions are NOT SUPPORTED by the Board.

The Chairman intends to vote all available proxies AGAINST Items 5(a) and 5(b).

### 5(a). Amendment to the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

Insert into the Constitution in clause 9 'Meetings of members' the following new sub-clause: *"The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company."*

The Board recommends that shareholders vote AGAINST Item 5(a).

### 5(b). Contingent resolution – Transition Planning Disclosure

Subject to and conditional upon the resolution in Item 5(a) (Amendment to the Constitution) being passed as a special resolution, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

*Shareholders note the Company's stated support for the goal of achieving net-zero emissions globally by 2050<sup>1</sup>, along with the publication of the International Energy Agency's Net Zero by 2050 scenario.<sup>2</sup> Shareholders therefore request the Company disclose, in subsequent annual reporting, information demonstrating how the Company will manage its Fossil Fuel<sup>3</sup> exposure in accordance with a scenario in which global emissions reach net zero by 2050. This information should include:*

- *A commitment to no longer provide Financing<sup>4</sup> where use of proceeds are explicitly intended for new Fossil Fuel projects; and*
- *Targets to reduce Fossil Fuel exposure consistent with net zero by 2050.*

The Board recommends that shareholders vote AGAINST Item 5(b).

1 2020 Annual Report, Commonwealth Bank of Australia, p.38

2 'Net Zero by 2050', International Energy Agency, May 2021

3 Upstream, midstream and downstream oil and gas; coal mining and transport (including haulage and ports); coal, oil and gas power generation

4 Direct corporate lending, project finance, trade finance, IPOs and their distribution, as listed by Commonwealth Bank in their 2019 Environmental & Social Framework

# Items of business

## Voting Exclusion Statement for Item 3 (Adoption of the 2021 Remuneration Report)

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Company's Key Management Personnel (KMP) named in the Company's 2021 Remuneration Report, or any of their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP, at the date of the AGM, or their closely related parties.

However, votes will not be disregarded if they are cast on Item 3 by:

- a person as proxy for a shareholder entitled to vote on Item 3, in accordance with a direction given to the proxy or attorney to vote on Item 3 in that way; or
- the Chairman of the Meeting under an express authorisation in the proxy appointment to exercise the proxy even though Item 3 is connected with the remuneration of KMP.

## Voting Exclusion Statement for Item 4 (Grant of Securities to the CEO, Matt Comyn)

The Company will disregard any votes cast on Item 4:

- in favour of the resolution by or on behalf of Matt Comyn or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP, at the date of the AGM, or their closely related parties.

However, votes will not be disregarded if they are cast on Item 4 by:

- a person as proxy or attorney for a shareholder entitled to vote on Item 4, in accordance with a direction given to the proxy or attorney to vote on Item 4 in that way; or
- the Chairman of the Meeting as proxy for a shareholder entitled to vote on Item 4, in accordance with a direction given to the Chairman of the Meeting to vote on Item 4 as the Chairman of the Meeting decides and, if acting as proxy, under an express authorisation in the proxy appointment to exercise the proxy even though Item 4 is connected with the remuneration of a member of the Company's KMP; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Item 4; and
  - the holder votes on Item 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

## Determination of a Shareholder's Right to Vote

A shareholder's voting entitlement at the AGM will be the entitlement of that shareholder set out in the register of shareholders as at 7:00pm (AEDT) Monday, 11 October 2021. Share transfers registered after that time will not be able to be used to determine voting entitlements at the AGM. Shareholders who successfully sell shares to CBA through the off-market buy-back announced on 11 August 2021 will only be eligible to vote at the AGM if they continue to hold at least one share as at 7:00pm (AEDT) Monday, 11 October 2021.

## All Resolutions will be by a Poll

In accordance with good governance and CBA's usual practice, voting on each resolution considered at the AGM will be conducted by a poll. The Board considers voting by a poll to be in the interests of the shareholders as a whole.

## Direct Voting – Prior to the AGM

If you wish to vote your shares directly prior to the AGM, please go to [vote.linkmarketservices.com/cba](https://vote.linkmarketservices.com/cba). You should mark "For", "Against" or "Abstain" for each Item.

If you vote on at least one Item, but leave other Item(s) blank, the vote on the Item(s) marked will be valid, but no vote will be counted for the Item(s) left blank.

If you leave the voting boxes blank for all Items, the Chairman of the Meeting will be deemed to be your appointed proxy for all Items. The voting intentions of the Chairman of the Meeting are set out on page 11 in the section entitled "Voting Intentions of the Chairman of the Meeting".

Details of how to lodge your direct vote prior to the Meeting can be found on page 11 in the section entitled "Sending us your Direct Vote or Proxy Appointment".

## Direct Voting – During the AGM

Shareholders will be able to vote directly at any time between the start of the AGM and the closure of voting, as announced by the Chairman during the Meeting, by following the instructions on pages 6 and 7 of this document, or in the AGM Guide available at [commbank.com.au/agm](https://commbank.com.au/agm).

## Proxy Appointment

If you are a shareholder and unable to participate in the AGM, and you do not submit a direct vote prior to the AGM, you are entitled to appoint a proxy to participate in the AGM and to vote on your behalf. A proxy need not be a shareholder, and may be an individual, attorney or a body corporate. You can appoint a proxy online at [vote.linkmarketservices.com/cba](https://vote.linkmarketservices.com/cba).

If your proxy does not have an email address on the CBA register, please provide the email and telephone number to [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au). Subject to applicable voting exclusions, if no voting directions are given, the proxy may vote as they see fit for each undirected resolution.

If a shareholder appoints a member of the Company's KMP (which includes each Director) as a proxy, the member is not permitted to cast the shareholder's votes on Item 3 or 4, unless the shareholder directs the member how to vote or the Chairman of the Meeting is the shareholder's proxy.

If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies to participate in the AGM and vote on a poll, and may specify the proportion of voting rights, or the number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of your votes.

The Share Registry will contact all proxyholders with a valid email address or contact phone number at least 24 hours prior to the start of the AGM to enable the proxyholders to participate in the Meeting. The Share Registry will provide them with the Proxy Number they will need to enter into the AGM online platform.

### **Voting by attorney or body corporate representative**

A body corporate who is a shareholder or proxy must appoint an individual as its corporate representative, if it wishes to participate in and vote at the Meeting. If you are a corporate representative, you will need to provide evidence of your appointment as a corporate representative to Link Market Services in advance of the AGM or have previously provided such evidence.

If you appoint an attorney to participate in and vote at the Meeting on your behalf, the power of attorney (or a certified copy) must be given to Link Market Services in advance of the AGM, unless it has previously been provided.

### **Sending us your Direct Vote or Proxy Appointment**

Your direct vote or proxy appointment must be received by the Company's Share Registry, by **9:30am (AEDT) on Monday, 11 October 2021** (Proxy Close). You may lodge your direct vote or proxy appointment:

- electronically, by visiting the Share Registry website, vote. [linkmarketservices.com/CBA](https://linkmarketservices.com/CBA) and following the prompts and instructions. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN). If you are unable to locate your SRN/HIN, please contact Link Market Services well in advance of Proxy Close; or
- by post to Link Market Services Limited, Locked Bag A14, Sydney South New South Wales 1235; or
- by facsimile to (02) 9287 0309 in Australia, or +61 2 9287 0309 if you are overseas.

If your direct vote or proxy appointment is signed by an attorney, or in the case of a direct vote or proxy submitted electronically, authenticated by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Share Registry either by email to [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au), or by post or facsimile to the address or number provided above, and it must be received prior to the Proxy Close.

### **Express authorisation of Chairman**

If a shareholder appoints the Chairman of the Meeting as their proxy, or the Chairman of the Meeting is appointed as the shareholder's proxy by default, and the shareholder does not mark a voting box for Item 3 or 4, then by submitting the appointment the shareholder expressly

authorises the Chairman of the Meeting to exercise the proxy in respect of the relevant Item, even though the Item is connected with the remuneration of one or more of the Company's KMP.

Please note that if you do not name a proxy or your named proxy does not register to participate in the AGM, the Chairman of the Meeting will become your proxy by default. If your named proxy registers to participate in the AGM but does not vote on a poll in accordance with your instructions on an Item, the Chairman of the Meeting will become your proxy for that Item.

### **Voting Intentions of the Chairman of the Meeting**

The Chairman of the Meeting intends to vote all available proxies:

- in favour of Items 2(a), 2(b), 2(c), 2(d), 3 and 4; and
- against Items 5(a) and 5(b).

By order of the Board



**Kristy Huxtable**  
Company Secretary

9 September 2021

# Explanatory memorandum

Items 2(a), 2(b), 2(c), 2(d), 3 and 4 are ordinary resolutions. Ordinary resolutions require a simple majority (50%) of votes cast by shareholders entitled to vote on the resolution. The Board recommends that shareholders vote IN FAVOUR of these resolutions.

Item 5(a) is a special resolution which requires a special majority of at least 75% of votes cast by shareholders entitled to vote on the resolution. Resolution 5(b) is contingent on resolution 5(a) being passed and is an ordinary resolution. The Board recommends that shareholders vote AGAINST these resolutions.

This Explanatory Memorandum is an important document and should be read carefully by all shareholders.

## Item 1

### Consideration of Financial Statements and Reports

The Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2021 (collectively the Reports) will be put before the AGM. The Reports are contained in the Company's Annual Report for the financial year ended 30 June 2021 ([2021 Annual Report](#)) which is available on our website.

This Item does not require a resolution to be put to the Meeting. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Reports, Management and the Company.

Shareholders may submit written questions to PricewaterhouseCoopers, the Company's external auditor, about the content of the Auditor's Report and the conduct of the audit via the Shareholder Questions Form. Questions must be received by the Share Registry by Wednesday, 6 October 2021. The auditor is not obliged to provide written answers. PricewaterhouseCoopers will be available at the AGM and the Chairman of the Meeting will provide a reasonable opportunity for shareholders to ask questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

## Item 2

### Re-election and election of Directors

- In accordance with the Company's Constitution, Ms Catherine Livingstone AO will retire at the AGM, and offers herself for re-election.
- In accordance with the Company's Constitution, Ms Anne Templeman-Jones will retire at the AGM, and offers herself for re-election.
- In accordance with the Company's Constitution, Mr Peter Harmer offers himself for election.
- In accordance with the Company's Constitution, Ms Julie Galbo offers herself for election.

The Board:

- has in place Director appointment and independence criteria, and a Board Skills Matrix, to seek to ensure that the Board has the skills considered necessary to address existing and emerging business and governance matters that may be relevant to the Company, and the experience to discharge its responsibilities;
- assesses the skills and experience of any prospective Non-Executive Director against those criteria as part of the Board renewal process; and
- before appointing a new Director, undertakes comprehensive checks into a candidate's background, experience and suitability for the role.

In addition, the Board undertakes an annual review of its performance. This review includes an assessment of each Director's individual performance. The Board considers the review's results in determining whether to endorse any Directors standing for re-election or election at the AGM.

The Board considers that Ms Catherine Livingstone AO, Ms Anne Templeman-Jones, Mr Peter Harmer and Ms Julie Galbo are independent Non-Executive Directors.

### Ms Catherine Livingstone AO

BA Hons (Accounting), FCA, FTSE, FAICD, FAA



**Appointed:** Non-Executive Director from 1 March 2016, Chairman from 1 January 2017

**Board Committees:** Nominations (Chairman), Audit, Risk & Compliance, People & Remuneration

Catherine has extensive business, finance and executive leadership experience and has contributed to the development of Australia's banking, telecommunications, science, technology and innovation sectors. She has held a number of senior roles, including as Chairman of Telstra Corporation Ltd and of the CSIRO, and as Managing Director and Chief Executive Officer of Cochlear Ltd. Catherine has also served on the boards of Worley Ltd, Macquarie Group Ltd, and is a former President of the Business Council of Australia, the Australian Museum and Chief Executive Women.

Catherine is Chancellor of the University of Technology Sydney. She is also a member of the Steering Committee for the CSIRO Australia Telescope National Facility and of the Australian Ballet Board.

**Recommendation:** The Board considers that Ms Catherine Livingstone continues to be a valuable addition to the Board in light of the particular skills, knowledge and experience that she brings to the Board and her leadership of Board discussions as Chairman. The Board considers that Catherine's extensive executive leadership experience, deep knowledge of both the Bank (including over four years' experience as CBA Chairman) and the Australian business and economic landscape, and her high competency in risk management and governance support her re-election. **The Board (with Catherine Livingstone AO abstaining) recommends that shareholders vote in favour of her re-election.**

### Ms Anne Templeman-Jones

BCom, EMBA, MRM, CA, FAICD



**Appointed:** 5 March 2018

**Board Committees:** Audit (Chairman), Risk & Compliance

Anne is an experienced listed company director with substantial operational risk, banking and strategy experience. Anne is Chairman and a Director of Blackmores Ltd, and a Director of Worley Ltd. During her 30-year executive career, Anne held a number of leadership positions in corporate and private banking with domestic and offshore banks including Westpac Banking Corporation, Australia and New Zealand Banking Group Ltd and Bank of Singapore. Anne is the former Chairman of Commonwealth Bank's financial advice companies and has served on the boards of GUD Holdings Limited, The Citadel Group Ltd, Cuscal Ltd, HT&E Limited, Pioneer Credit Ltd, TAL Superannuation Fund and HBF's private and general insurance companies.

Anne is a Non-Executive Director of the Cyber Security Research Centre Ltd and a Director of New South Wales Treasury Corporation.

**Recommendation:** The Board considers that Ms Anne Templeman-Jones continues to be a valuable addition to the Board in light of the particular skills, knowledge and experience that she brings to the Board and her contribution to Board discussions and leadership of Audit Committee matters as Chairman. The Board considers that Anne's extensive public company experience and knowledge of operational risk, banking and strategy matters support her re-election. **The Board (with Anne Templeman-Jones abstaining) recommends that shareholders vote in favour of her re-election.**

# Explanatory memorandum

## Mr Peter Harmer

Harvard Advanced Management Program



**Appointed:** 1 March 2021

**Board Committees:** Audit, People & Remuneration

Peter brings a diversity of thought in the areas of risk, customer perspectives and environmental, social and governance practices. He has significant experience in customer service and innovation within the insurance sector and financial services more broadly, and a deep understanding of environmental principles.

Peter was previously Managing Director and Chief Executive Officer of Insurance Australia Group Ltd (IAG). Peter joined IAG in 2010 as Chief Executive Officer of CGU Insurance, and held a number of senior roles including Chief Executive of the IAG Labs division where he was responsible for customer experience strategy, product, pricing and marketing, and innovation. During his time at IAG he led initiatives for driving digital innovation across IAG and its brands, and created incubator areas to explore innovative customer solutions across the fintech landscape. Prior to IAG he was Chief Executive Officer of Aon Ltd UK and a member of Aon's Global Executive Committee, after serving as Chief Executive Officer of Aon's Australian, New Zealand and Pacific operations. Peter is a Director of nib holdings limited, AUB Group Limited and Lawcover Insurance Pty Ltd, and an Executive Mentor with Merryck & Co ANZ and a member of the Bain Advisory Council.

**Recommendation:** The Board considers that Mr Peter Harmer is a valuable addition to the Board in light of the particular skills, knowledge and experience that he brings and his contribution to Board discussions. The Board considers that Peter's executive leadership experience in financial services and deep understanding of environmental principles support his election. **The Board (with Peter Harmer abstaining) recommends that shareholders vote in favour of his election.**

## Ms Julie Galbo

LLM, Executive Management Programme (INSEAD)



**Appointed:** 1 September 2021

**Board Committees:** Nil

Julie is an experienced financial services professional with substantial banking, strategy, risk and regulatory experience. Julie is Chairman of the board of Trifork AG and a non-executive director of Velliv A/S and DNB Bank ASA, where she serves on the board risk committee and the board audit committee. During her executive career Julie held a number of leadership positions with Nordea Bank Abp, including the role of Group Chief Risk Officer, and with the Danish Financial Services Authority, including the role of Deputy Director General, as well as serving on the Management Board of the European Securities and Markets Authority. Julie is the former Chairman of the board of Fundamental Fondsmæglerselskab A/S.

Julie is a member of faculty of the Board Academy at Copenhagen Business School, the advisory council of the International Association of Credit Portfolio Managers, the advisory board of Prometeia (an Italian consultancy firm) and the advisory board of MFT Energy Trading (a Danish energy trading company). Julie is a member of Bestyrelsesforeningen (Danish Institute of Company Directors).

**Recommendation:** The Board considers that Ms Julie Galbo is a valuable addition to the Board in light of the particular skills, knowledge and experience that she brings to the Board. The Board considers that Julie's banking, global strategy and financial services experience support her election. **The Board (with Julie Galbo abstaining) recommends that shareholders vote in favour of her election.**

## Item 3

### Adoption of the 2021 Remuneration Report

Section 250R of the Corporations Act requires a listed company to put a resolution to shareholders to adopt its Remuneration Report for the relevant financial year.

The Company's Remuneration Report for the financial year ended 30 June 2021 can be found at pages 84 to 110 of the [2021 Annual Report](#). It sets out information about the:

- remuneration policy and framework, including changes implemented in FY21 to support our strategy and respond to anticipated APRA remuneration regulatory standards;
- relationship between the remuneration framework and Company performance;
- governance framework for remuneration arrangements; and
- performance and remuneration details for the Company's KMP.

The vote on this Item is advisory only and does not bind the Directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the Company's future remuneration arrangements.

**The Board recommends that shareholders vote in favour of this Item.**

## Item 4

### Grant of Securities to the CEO, Matt Comyn

The Company is proposing to grant to Matt Comyn under the Company's EEP, a maximum of 17,586 restricted share units as his 2022 financial year LTAR award, and 17,586 performance rights as his 2022 financial year LTVR award. The 2022 financial year LTAR and LTVR awards will be offered on similar terms to the 2021 financial year LTAR and LTVR awards, which were approved by shareholders at the 2020 AGM.

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval before issuing equity securities (including shares and rights to shares) to a director under an employee incentive scheme. ASX Listing Rule 10.14 does not apply to the grant of rights to directors under an employee incentive scheme, where the shares to be acquired in satisfaction of the rights are required by the terms of the scheme to be purchased on-market. It also does not apply to the subsequent purchase of those securities on-market.

If new shares are issued in order to satisfy the LTAR and LTVR awards (if they vest), that issue falls within Listing Rule 10.14 above because Matt Comyn is a director of the Company and therefore requires the approval set out under ASX Listing Rule 10.14. While it is currently intended that shares will be acquired on market as opposed to issuing new shares to satisfy any award that vests, shareholder approval is being sought for the new issue of shares to preserve flexibility in the event that the Board ultimately considers it necessary or appropriate to issue shares rather than acquire them on market.

If Item 4 is passed, the Company will be able to proceed with the 2022 financial year grant of a maximum 17,586 LTAR restricted share units and 17,586 LTVR performance rights to Matt Comyn. The restricted share units and performance rights will entitle Matt Comyn to receive shares or a cash equivalent payment, as determined by the Board, subject to set vesting conditions as set out below.

If Item 4 is not passed, the Board may proceed with the LTAR and LTVR awards by satisfying them with shares acquired on market, or may consider alternative long-term deferred remuneration arrangements such as deferred cash. If deferred cash awards are granted, this may diminish the alignment of the CEO's interests with those of the rest of our senior leadership team and shareholders.

# Explanatory memorandum

Participants in the LTAR and LTVR awards for the financial year ending 30 June 2022 comprise Matt Comyn, the Company's Group Executives and the CEO ASB. No other Directors are entitled to participate in the LTAR and LTVR awards.

No amount is payable by Matt Comyn on issue or vesting of the restricted share units and performance rights. Restricted share units and performance rights are used for the LTAR and LTVR awards because they create share price alignment between Matt Comyn and shareholders but do not provide Matt with the full benefits of share ownership (such as voting rights and dividends) unless and until the restricted share units and performance rights vest and shares are allocated.

Further details of Matt Comyn's LTAR and LTVR awards are set out below.

## LTAR – Restricted Share Units

LTAR restricted share units will be granted in two tranches, with 50% of the restricted share units restricted for four years to 30 June 2025, and 50% restricted for five years to 30 June 2026 (Restriction Periods), and are subject to a pre-grant assessment, and ongoing malus considerations by the Board.

## LTVR – Performance Rights

The LTVR performance rights are subject to satisfaction of the performance measures set out below over the period from 1 July 2021 to 30 June 2025 (Performance Period). At the end of the Performance Period, performance will be tested against the performance measures set out below, and the number of performance rights will adjusted accordingly. Any performance rights remaining on foot after the performance test will be subject to a further holding period of two years (to 30 June 2027) for 50% of the remaining performance rights, and three years (to 30 June 2028) for 50% of the remaining performance rights (Holding Period). Performance rights are subject to malus considerations by the Board. Performance rights will be eligible to vest at the end of the relevant Holding Period.

Two total shareholder return performance measures will apply over the Performance Period:

1. **Total Shareholder Returns relative to a general ASX peer group:** 50% of the performance rights award, 8,793 performance rights, will be subject to a performance measure that ranks the Company's Total Shareholder Return (TSR) relative to a peer group comprising the 20 largest companies by market capitalisation listed on the ASX on 1 July 2021, excluding resources companies and CBA (with the next

five largest companies by market capitalisation forming a reserve bench for the peer group).

The FY22 LTVR general ASX peer group comprises: Afterpay Limited, Aristocrat Leisure Limited, Australia and New Zealand Banking Group Limited, Brambles Limited, Cochlear Limited, Coles Group Limited, CSL Limited, Goodman Group, James Hardie Industries PLC, Macquarie Group Limited, National Australia Bank Limited, QBE Insurance Group Limited, REA Group Ltd, Sonic Healthcare Limited, Telstra Corporation Limited, Transurban Group, Wesfarmers Limited, Westpac Banking Corporation, Woolworths Group Limited, Xero Limited. Where a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting, the next company on the reserve bench will be substituted (in order of market capitalisation as at the beginning of the Performance Period) into the peer group. The reserve bench for the FY22 LTVR general ASX peer group comprises, in descending order of market capitalisation as at 1 July 2021: Sydney Airport, Reece Limited, ASX Limited, Ramsay Health Care Limited and Suncorp Group Limited.

2. **Total Shareholder Returns relative to a financial services peer group:** 50% of the performance rights award, 8,793 performance rights, will be subject to a performance measure that ranks the Company's TSR relative to a peer group comprising eight financial services companies as determined by the Board (with no reserve bench).

The FY22 LTVR financial services TSR peer group comprises: AMP Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Macquarie Group Limited, National Australia Bank Limited, Suncorp Group Limited, and Westpac Banking Corporation.

The LTVR performance measures will be tested following the end of the Performance Period (after 30 June 2025). The total number of performance rights (if any) subject to the Holding Period will be the aggregate of the performance rights that meet the performance hurdles as set out above, subject to the discretion retained by the Board. The companies comprising either peer group or reserve bench companies are subject to change at the Board's discretion.

The number of performance rights to be subject to the Holding Period will be determined according to the following framework:

Company's peer group ranking at 30 June 2025	Percent retained to be subject to Holding Period
In the top quartile (i.e. 75 <sup>th</sup> percentile or higher)	100%
Between the median and 75 <sup>th</sup> percentile	Pro-rata from 50% to 100%
At the median	50%
Below the median	0%

### Board discretion

Under the terms of the EEP, the Board has discretion to adjust the terms of the EEP or any awards granted under it. If the Company makes a bonus issue, or rights issue, or undertakes a corporate action, or capital reconstruction, the Board may adjust the number or value of the restricted share units and performance rights granted to Matt Comyn to ensure no material advantage or disadvantage occurs, subject to any ASX Listing Rule requirements. Any such adjustments will be explained in the Company's next Annual Report issued following the adjustment.

In addition, the LTAR and LTVR awards will be subject to malus considerations by the Board, and in relation to serious and material matters may be subject to a reduction adjustment (including to nil) prior to vesting, or clawback post vesting. This ensures that the outcomes, that would otherwise be delivered, appropriately consider risk, accountabilities and reputation outcomes.

The Board has discretion to determine that some or all of the award will lapse in certain circumstances, including where, in the opinion of the Board:

- the vesting of restricted share units and/or performance rights is not justified or supportable having regard to Matt Comyn's performance and/or conduct or the performance of the Company as a whole; or
- a significant failure of financial or non-financial risk management, breach of accountability, fitness and propriety or compliance obligations; or

- the vesting of restricted share units and/or performance rights will impact on the financial soundness of the Company; or
- the Company is required or entitled to reclaim remuneration or reduce Matt Comyn's remuneration outcome under law, regulation or Company policy; or
- a significant unexpected or unintended consequence or outcome has occurred which impacts the Company.

The Board also has discretion to require the recovery (i.e. clawback) of vested LTAR or LTVR awards for serious and material matters as determined by the Board, including in relation to responsibility for financial losses, material misstatement of financial statements, or other criteria on which the LTAR and LTVR grant or vesting was based; material breach of compliance obligations including in relation to misconduct risk; or failure of accountability or fitness and propriety.

### Voting rights and dividends

Restricted share units and performance rights do not carry any voting rights. Performance rights do not receive dividends (or dividend equivalent payments) in relation to the Performance Period.

For every restricted share unit or performance right that ultimately vests following the end of the respective Restriction Period or Holding Period (as applicable), Matt Comyn will receive a payment equal to dividends paid by CBA (not including the value of franking credits) over the relevant Restriction Period or Holding Period in relation to the vested units or rights.

Any shares allocated to Matt Comyn on vesting of the restricted share units and performance rights will carry the same rights (including with respect to voting and dividends) as other ordinary shares in the Company.

### Treatment of restricted share units and performance rights if Matt Comyn leaves the Company

In general, if Matt Comyn ceases employment with the Company as a result of his resignation or in the case of termination of employment for cause during the Restriction Period, or Performance Period (as applicable), any unvested restricted share units and performance rights will lapse. If Matt Comyn ceases employment for any other reason during the Restriction Period or Performance Period the awards remain on foot unless the Board determines

# Explanatory memorandum

otherwise. If cessation occurs during the Holding Period (for all reasons except termination of employment for cause), performance rights that are subject to the Holding Period will remain on foot with dates unchanged unless the Board determines otherwise. In the case of termination of employment for cause during the Holding Period, the unvested performance rights will lapse unless the Board determines otherwise. For any awards which remain on foot after cessation of employment, the vesting conditions will be assessed following the end of the Restriction Period or Holding Period (as applicable), with these dates remaining unchanged.

## Participation under previous approvals

At the 2020 Annual General Meeting, shareholders approved the granting to Matt Comyn of restricted share units and performance rights under the EEP. Matt Comyn was subsequently granted 23,394 restricted share units, which are subject to the terms of the FY21 LTAR award, and 23,394 performance rights, which are subject to the terms of the FY21 LTVR award. No price is or was payable for the acquisition of those restricted share units and performance rights. No other restricted share units or performance rights have been granted to a Director under the EEP or any other employee incentive scheme, since the 2020 Annual General Meeting. Since 2018, a total of 23,394 restricted share units and 125,715 performance rights have been granted to Matt Comyn under the EEP, and no price is or was payable.

## Disclosure in Annual Report and future issues

Details of any securities issued to Matt Comyn under the EEP are published in the Annual Report of the Company relating to the period in which they are issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEP after Item 4 is approved, and who were not named in this Notice of Meeting, will not participate until approval is obtained under that ASX Listing Rule.

**The Board (with Matt Comyn abstaining) recommends that shareholders vote in favour of this Item.**

## Item 5

### Resolutions requisitioned by a group of shareholders – Market Forces (NOT SUPPORTED by the Board)

A group of shareholders, led by Market Forces, holding approximately 0.01% of the Company's ordinary shares on issue has proposed resolutions under section 249N of the Corporations Act. The Company has included those proposed resolutions as Items 5(a) and 5(b) in this Notice of Meeting.

Resolution 5(a) seeks an amendment to the Company's Constitution as a special resolution. Resolution 5(b) is a contingent advisory resolution that will only be put to the AGM if 75% or more of the votes cast on resolution 5(a) are in favour.

Consistent with the Company's approach to welcoming shareholder feedback, it is the Board's intention to allow a reasonable opportunity at the AGM for questions from shareholders on each of Items 5(a) and 5(b), even if Item 5(b) is not ultimately put to the AGM.

**These resolutions are NOT SUPPORTED by the Board.**

### Item 5(a) – Amendment to the Constitution

The members' statement in support of this resolution is set out in the Appendix to this Notice of Meeting.

### The Board's response to Item 5(a)

The Board respects the rights of shareholders to seek to amend the Company's Constitution. The Board does not, however, consider the requisitioned resolution to be in shareholders' best interests and recommends that shareholders vote against it for the reasons set out below.

The resolution in Item 5(a) is a proposal to amend the Company's Constitution to enable shareholders in general meeting, by non-binding advisory resolution, to express an opinion or request information about the way in which a power of the Company vested in the Directors has been or should be exercised if the matter relates to a material risk identified by the Directors or the Company. The resolution in Item 5(a) is proposed as a special resolution and, to be carried, must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

The Board is responsible for making decisions that are in the Company's best interests. The proposed amendment would provide a platform for groups of shareholders to promote any number of matters that may not be in the best interests of the Company and shareholders as a whole. The Board considers that it would be inappropriate for any one issue promoted by shareholders to be given increased prominence over another. Further, the proposed amendment would introduce uncertainty and detract from Board decision making, which is not in shareholders' best interests.

The Company encourages transparency and appropriate shareholder discussion and provides shareholders with a number of avenues to raise issues or concerns. The Company has a comprehensive investor relations engagement program, which aims to facilitate regular and extensive engagement between the Board and senior management and investors. At each AGM the Chairman encourages shareholders to ask questions and make comments about the Company. Shareholders are also invited to submit questions before the AGM, which helps the Company to understand shareholder issues and concerns, and address key areas of shareholder feedback at the Meeting.

Given these reasons the Board considers that the proposed amendment to the Company's Constitution is not in shareholders' best interests.

**The Board recommends that shareholders vote AGAINST this Item 5(a).**

**The Chairman intends to vote all available proxies AGAINST this Item 5(a).**

### **Item 5(b) – Contingent resolution – Transition Planning Disclosure**

The same group of shareholders that proposed the resolution in Item 5(a) has also proposed the resolution in Item 5(b). The resolution is an advisory resolution. The resolution is not supported by the Board.

The resolution in Item 5(b) will only be put to the Meeting if the resolution in Item 5(a) is passed as a special resolution by at least 75% of the votes cast by shareholders entitled to vote on the resolution. However, as noted above, the Company intends to allow a reasonable opportunity at the AGM for shareholders to ask questions on the subject matter of this Item 5(b).

The members' statement in support of this resolution is set out in the Appendix to this Notice of Meeting.

### **The Board's response to Item 5(b)**

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.

On 11 August 2021, we updated our Environmental & Social Policy (Policy) and published our associated public-facing Framework in accordance with our commitment to review the Policy every two years. The Policy sets the Bank's minimum standards to manage environmental and social risks and applies to all of the Group's employees, directors, secondees and contractors.

The Policy matures and develops our existing approach to lending to the fossil fuel sector in a way that provides greater transparency and clarity for staff, customers and the community. As part of the Framework, subject to Australia having a secure energy platform, we have committed to:

- provide no project finance to new or expanded Thermal Coal Mines (coal mines from which the majority of coal, by tonnes, extracted is thermal coal), 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; and
- only provide project finance for new or expanded oil or gas projects or Metallurgical Coal Mines (being coal mines from which the majority of coal, by tonnes, extracted is metallurgical coal)<sup>1</sup> after an assessment of the environmental, social and economic impacts of such activity, and if in line with the goals of the Paris Agreement.

In addition, in relation to corporate and/or trade finance we will:

- only provide corporate or trade finance to new oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients (being customers who are relationship managed by the Group's Institutional or Business Bank with financing transactions \$5 million or greater)<sup>2</sup>

1 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.

2 Applies to new 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.

# Explanatory memorandum

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<sup>1</sup>; and
- only offer corporate or trade finance to existing oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients after an assessment of the environmental, social and economic impacts.<sup>2</sup> From 2025, we will expect these Clients to have published Transition Plans (a Transition Plan being a plan that contains, at a minimum, a time-bound decarbonisation plan which is consistent with the goals of the Paris Agreement).

The Board considers that these policy settings appropriately manage financial and non-financial risk to the Bank, support Australia's energy security, support our customers in their transition to a low carbon future, and are aligned with our commitments to the goals of the Paris Agreement.

As in previous years, we have transparently reported our exposures to energy sector clients via our Energy Value Chain. In FY21 those disclosures showed that, as at 30 June 2021, our exposure to thermal coal extraction entities was down 15%, gas extraction entities was down 27% and oil extraction entities was down 28%, as against FY20. Our exposure to gas power generation entities was down 17% and our exposure to coal power generation entities was down 55%. Over the same period, our exposure to renewable power generation increased 13% to \$4.8 billion.

In FY21 we also began developing priority sector-level glide paths, informed by science-based climate scenarios. These measures will allow us to transparently track alignment to the Paris Agreement at a sector level. Our initial sector-level glide paths are in four of the most emissions-intensive sectors in our portfolio: thermal coal mining, upstream oil, upstream gas and power generation.

In the coming year, we intend to implement these four glide paths internally. This will help us understand the impact of our lending decisions at a portfolio level. We expect to begin publishing these glide paths

in the 2022 Annual Report once they have been appropriately embedded in business practices.

As we articulate in our 2021 Annual Report, our initial drafts of the glide paths use 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.

The Board remains fully committed to CBA playing its part in limiting climate change in line with the goals of the Paris Agreement and supporting the transition to net zero emissions by 2050.

**The Board recommends that shareholders vote AGAINST this Item 5(b).**

**The Chairman intends to vote all available proxies AGAINST this Item 5(b).**

<sup>1</sup> We will continue to provide rehabilitation bonds for these existing Clients to ensure their responsibilities with exiting mine sites are fulfilled.

<sup>2</sup> Applies to existing 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.

# Appendix – supporting statements provided by Market Forces

The shareholders who requisitioned Items 5(a) and 5(b) have also requested that, pursuant to section 249P of the Corporations Act, the following statements accompany the resolutions.

CBA is legally required to circulate these statements to shareholders. However, the Board and Company do not endorse the statements or their accuracy and are not responsible for the contents of the statements or for any inaccurate or misleading statements contained in them.

**The Board recommends that shareholders vote AGAINST Items 5(a) and 5(b).**

## **Statement pursuant to Section 249P of the Corporations Act in relation to Item 5(a)**

*“Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.*

*A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.*

*In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.*

*The Constitution of CBA is not conducive to the rights of shareholders to place resolutions on the agenda of a shareholder meeting.*

*In our view, this is contrary to the long-term interests of CBA, our board and all CBA shareholders.*

*Passage of this resolution – to amend the CBA constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.*

*We encourage shareholders to vote in favour of this resolution.”*

## **Statement pursuant to Section 249P of the Corporations Act in relation to Item 5(b)**

*“Despite committing to the climate goals of the Paris Agreement and achieving net zero emissions by 2050, CBA is aligning its investment practices and policies with the failure of these goals, resulting in our company falling behind rapidly evolving investor and regulator expectations, and the practices of other financial institutions.*

### Paris and net zero: implications for fossil fuel finance

*To align with the Paris Agreement and net zero emissions by 2050, CBA’s lending must reflect the trajectory of the energy transition required to achieve these outcomes. The IPCC’s Special Report on Global Warming of 1.5°C demonstrates that the role of gas for primary energy must decline globally by 25% by 2030 (from a 2010 baseline), with oil’s role in primary energy falling 37% over the same timeframe.<sup>1</sup> Meanwhile, analysis from the International Energy Agency (IEA),<sup>2</sup> peer-reviewed scientific research<sup>3</sup> and analysis<sup>4</sup> drawing upon data from organisations including Rystad Energy, IEA and IPCC has confirmed the Paris climate goals leave no room for new fossil fuel projects.*

*In November 2018, the IEA’s Executive Director said achieving the Paris Agreement means “we have no room to build anything that emits CO2 emissions”.<sup>5</sup> More recently, the IEA has confirmed achieving net zero by 2050 means “no new coal mines or mine extensions”, “no new oil and gas fields” and “huge declines in the use of coal, oil and gas”.<sup>6</sup>*

### Policy changes fail to align lending with climate goals

*In July 2021, 115 investors with US\$4.2 trillion in assets under management and/or stewardship wrote to 63 global banks, calling on them to integrate the IEA’s Net Zero by 2050 findings into their climate strategies.<sup>7</sup> CBA’s current policies and practices fall well short of this demand.*

*CBA continues to finance companies and projects that expand the scale of the fossil fuel industry. This is contrary to its commitment to the Paris Agreement and net zero emissions by 2050, and the bank’s own policy.*

*In June 2020, shareholders noted CBA’s subsequent participation in deals that expand the global gas sector and queried<sup>8</sup> whether the loans were supported by an assessment demonstrating them to be “in line with the goals of the Paris Agreement”,<sup>9</sup> as required under the bank’s policy.*

1 <https://impaction/sr15/>

2 <https://www.iea.org/reports/net-zero-by-2050>

3 <https://www.nature.com/articles/s41586-019-1364-3>; <https://iopscience.iop.org/article/10.1088/1748-9326/aabc5f/meta>

4 <http://priceofoil.org/content/uploads/2020/09/OCl-Big-Oil-Reality-Check-vF.pdf> (p.6); <https://priceofoil.org/2018/10/17/the-skys-limit-ippc-report-15-degrees-of-warming>

5 <https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea>

6 <https://www.iea.org/reports/net-zero-by-2050>

7 <https://shareaction.org/investors-call-on-banks-to-strengthen-climate-ambitions-before-cop26/>

8 <https://www.theguardian.com/news/2020/jun/26/commonwealth-bank-activist-shareholders-call-out-company-for-financing-new-gas-projects>

9 <https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>

One of the projects funded is the 692km Permian Highway Pipeline in Texas,<sup>1</sup> which would enable an estimated 1 billion tonnes of CO<sub>2</sub> over its lifetime, equivalent to two years of Australia's total greenhouse gas emissions.

In 2020 CBA co-funded<sup>2</sup> Santos' acquisition of a 37.5% interest in the huge Barossa gas field proposal,<sup>3</sup> which Santos sanctioned in March 2021. According to process engineer and industrial economist John Robert, "the Barossa to Darwin LNG project looks more like a CO<sub>2</sub> emissions factory with an LNG by-product".<sup>4</sup>

Since January 2019, CBA has funded numerous ASX300 companies with business plans consistent with the failure of the Paris Agreement, including AGL Energy, Aurizon, Mineral Resources, Origin Energy and Santos.<sup>5</sup>

CBA's intention to align its "glide paths" with the IEA Sustainable Development Scenario (SDS) further underscores the malalignment of our company's commitments and practices. The SDS is aligned with a net-zero by 2070 outcome, meaning our company is stating its commitment to net-zero by 2050, but aiming for its failure.

Our company is also offering companies with business plans aligned with the failure of the Paris Agreement another four years before Transition Plans are required of them. This fails to appreciate the near-term nature of climate-related financial risks, and the longer-term financial risks from the physical impacts of climate change, which will be exacerbated as companies seek to expand fossil fuel production even further.

#### CBA being left behind

Other financial institutions have placed more effective restrictions on finance for oil and gas, leaving CBA's clearly ineffective policy behind.

In 2020 Suncorp ruled out underwriting new oil and gas production assets, committing to "not directly invest in, finance or underwrite...new oil and gas exploration or production", and will phase out underwriting for the sector by 2025 and direct investment by 2040.<sup>6</sup> Similarly, IAG "committed to ceasing underwriting entities predominantly in the business of extracting fossil fuels, and power generation using fossil fuels, by 2023".<sup>7</sup>

As of March 2021, major Nordic investor Nordea Asset Management has excluded fossil fuel producers without a clear plan for complying with the Paris Agreement in 213 of its 368 funds, stating "no oil and gas producers and of course coal miners live up to these requirements at present".<sup>8</sup> In March 2021, Danske Bank committed to immediately end direct finance for expansion of oil and gas exploration and production worldwide<sup>9</sup>, while NedBank<sup>10</sup>, SEB<sup>11</sup>, and NatWest<sup>12</sup> have made similar commitments.

#### Financial risks and regulatory scrutiny

In April 2021, the Australian Prudential Regulation Authority (APRA) published draft Prudential Practice Guide 'CPG 229 Climate Change Financial Risks', "designed to assist APRA-regulated entities in managing climate-related risks and opportunities".<sup>13</sup>

APRA's Guide states:

"Where an APRA-regulated institution has identified material climate risks, a prudent institution would establish and implement plans to mitigate these risks and manage its exposures, as well as regularly review and assess the effectiveness of those plans."

Clearly, in order to comply with APRA's guidance, CBA should disclose targets to manage down exposure to gas, oil and coal sub-sectors, in line with the carbon constraints that can be anticipated as the global economy transitions to net zero emissions by 2050.

#### Investor support required

Despite its stated support for the Paris Agreement, and net zero emissions by 2050, CBA remains an active investor in fossil fuel expansion and is aiming to miss the 2050 goal for net-zero emissions, further exposing shareholders to financial risks associated with the energy transition required to meet the Paris climate goals.

We urge shareholders to vote in favour of this resolution, and expect the many institutional investors already outspoken on this issue to offer their support."

1 <https://ijglobal.com/data/transaction/48041/permian-highway-pipeline-692km>

2 <https://www.ifre.com/story/2588133/santos-lifts-bridge-takeout-to-us750m-14n2he1zj>

3 <https://www.santos.com/wp-content/uploads/2021/02/2020-Annual-Report.pdf> (p.115)

4 <https://ieefa.org/ieefa-santos-barossa-gas-field-emissions-create-major-risks-for-shareholders/>

5 <https://www.marketforces.org.au/campaigns/super/outofline/>

6 <https://www.suncorpgroup.com.au/corporate-responsibility/sustainable-growth/responsible-banking-insurance-investing>

7 <https://www.iag.com.au/sites/default/files/Documents/Safer%20Communities/FY20-Climate-related-disclosure.pdf>

8 <https://www.nordea.com/en/news/140-nordea-funds-tighten-requirements-for-investments-in-fossil-fuels>

9 <https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/5/danske-bank-position-statement-fossil-fuels.pdf>

10 <https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/Information%20Hub/Integrated%20Report/2021/Nedbank%20Group%20Energy%20Policy.pdf>

11 <https://webapp.sebgroup.com/mb/mblib.nsf/dld/80AF6A2E5F88CDC2C12586B1002E33C2?opendocument>

12 [https://www.natwestgroup.com/content/dam/natwestgroup\\_com/natwestgroup/pdf/oil-and-gas.pdf](https://www.natwestgroup.com/content/dam/natwestgroup_com/natwestgroup/pdf/oil-and-gas.pdf)

13 <https://www.apra.gov.au/consultation-on-draft-prudential-practice-guide-on-climate-change-financial-risks>

# Corporate directory

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## Shareholder Information

[commbank.com.au/investors](http://commbank.com.au/investors)

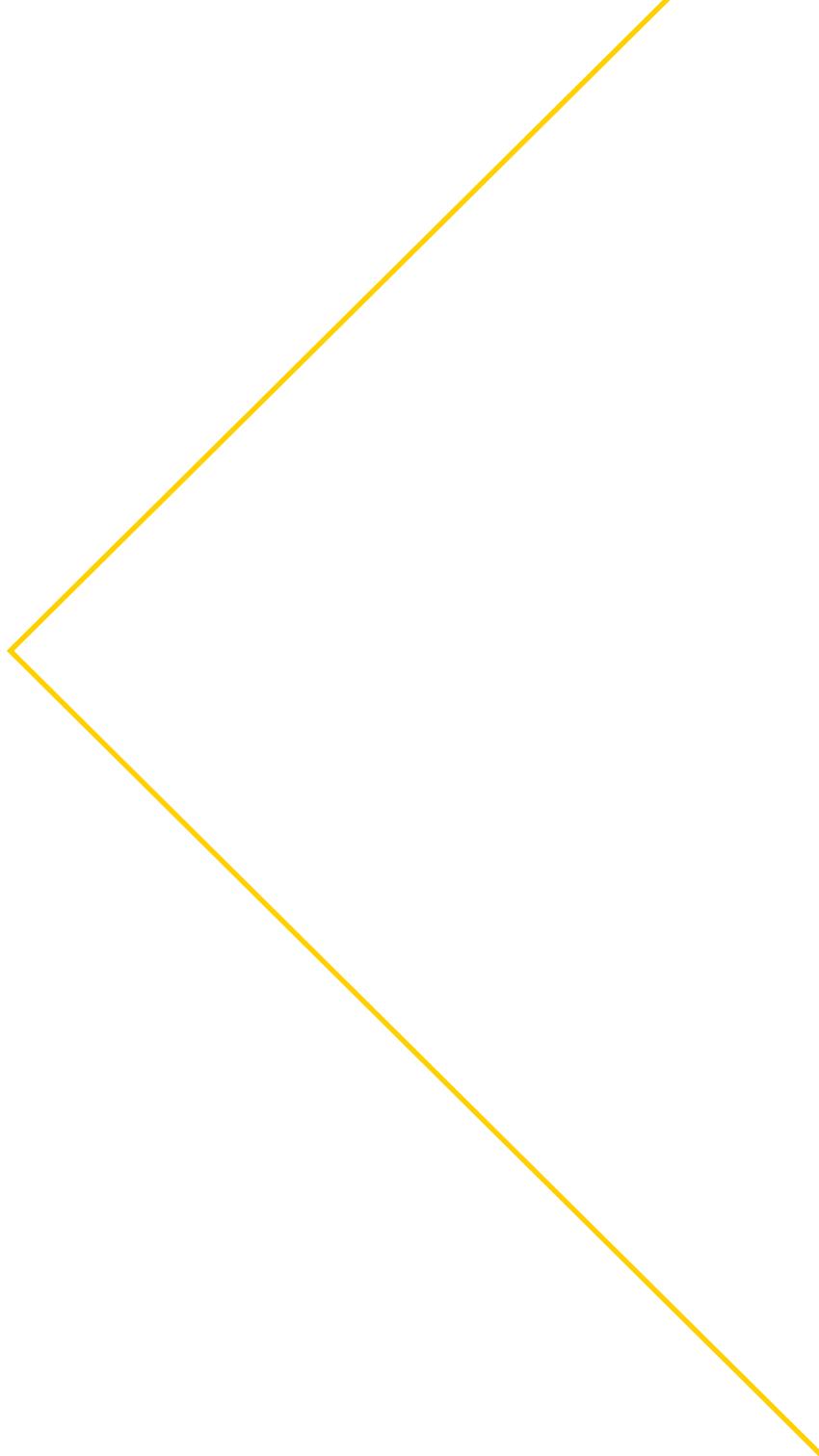
## Annual Report

To request a copy of the 2021 Annual Report, please call Link Market Services Limited on +61 1800 022 440 or by email at [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au)

An electronic version of the Commonwealth Bank's 2021 Annual Report is available at [commbank.com.au/2021annualreport](http://commbank.com.au/2021annualreport)

## Australian Securities Exchange Listing

CBA



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