Environmental & Social Framework
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At the Commonwealth Bank of Australia, our purpose is to improve the financial wellbeing of our customers and communities. We recognise we have a responsibility to manage environmental and social risks, and to proactively identify opportunities that will help secure the financial wellbeing of Australians for generations to come.

Building tomorrow’s bank today means focusing on doing the right thing and being transparent about our progress and performance.

Our Environment and Social Framework recognises the interconnectedness of commercial, environmental, and social matters against the backdrop of changing community expectations. We will routinely review our Framework to ensure it continues to deliver value to all our stakeholders.

About our Environmental and Social Framework (the E&S Framework)

The environmental and social considerations outlined in this document reflect the key matters we have identified through feedback and engagement with our customers, people, communities, and shareholders.

The E&S Framework provides a reference point for our people and stakeholders on the minimum standards we seek to abide by, the targets we seek to implement, and the governance and oversight in place to support our endeavours.

Please note: all capitalised words and phrases used throughout this document are defined terms.

Five areas of focus

- Climate change
- Human rights
- Biodiversity
- Agriculture, forestry and fisheries
- Defence
Laying the foundations

A point of reference

Our E&S Framework

We believe that conducting our business in a responsible way and making meaningful contributions to the communities in which we operate is critical to delivering balanced and sustainable stakeholder outcomes.

The E&S Framework is designed to allow for scalability while remaining focused on impact. The areas of focus will evolve over time to reflect the changing environmental and social context, community expectations and to account for new regulatory settings.

We report on our progress and performance every year through our annual reporting and other reporting frameworks see page 5.
Guiding principles and values

Our approach to environmental and social matters is underpinned by the following guiding principles.

• Managing and seeking to improve the impact of our operations on the environment and community;
• continuing to strengthen the integration of environmental and social risk management into business practices and procedures;
• seeking to mitigate environmental and social risks through dedicated products and services;
• aligning our behaviours, decisions and actions to the Group’s Code of Conduct and Values;
• taking a risk-based approach to environmental and social matters, with additional due diligence, where applicable, being applied to lending and investments in sectors where impacts are high or sensitive, and jurisdictions where regulatory frameworks are not fully evolved;
• where practicable, leveraging our relationship with customers to mitigate environmental and social impacts;
• expecting our Suppliers to adhere to our Supplier Code of Conduct, which sets out our minimum standards on socially responsible and sustainable sourcing, or an equivalent standard;
• staying abreast of the changing regulatory landscape and adapting to new requirements as necessary; and
• continually improving governance of, and assurance over, adherence to our environmental and social commitments.

Best practice: guidelines, frameworks and initiatives

We participate in, and are committed to supporting, the following frameworks and initiatives:
• Equator Principles;
• RE100;
• Task Force on Climate-related Financial Disclosures;
• Principles for Responsible Banking; and
• UN Guiding Principles on Business and Human Rights.

The following additional instruments and frameworks help to guide our approach to environmental and social issues:
• Banking Code of Practice;
• Paris Agreement (pursuant to UN Framework Convention on Climate Change);
• UN Declaration on the Rights of Indigenous Peoples;
• UN Sustainable Development Goals; and
• UN Global Compact.

Details on how we report on progress and performance can be found on page 5.

CBA Code of Conduct

The commitments laid out in our E&S Framework are underpinned by our Code of Conduct, which is the ultimate guide for how we do things at the Commonwealth Bank. The Code connects our purpose, values, expectations (with a ‘should we?’ test) and the key policies to help us deliver balanced and sustainable outcomes for all our stakeholders.

We are guided by our Values

Care

Courage

Commitment

Read the CBA Code of Conduct.
Governance and oversight

We are committed to embedding environmental and social considerations into our business processes and decision-making. Our approach is facilitated by our risk management framework, and by targets and minimum standards for a range of specific sectors.

Our E&S Framework is underpinned by our internal Group Environmental and Social Policy (E&S Policy) and any business unit-specific procedures. The E&S Policy applies to the Group, Directors, employees, secondees and contractors. For those parts of the Group that are impacted by foreign or local laws, regulatory requirements, or contractual obligations that conflict with the E&S Policy, the more stringent standard applies. A small number of subsidiaries will, within 6 months of publication of this Framework, update their own E&S policies which incorporate the core principles and intent of this Framework.

The CBA Board is responsible for approving the E&S Policy and overseeing adherence to it, while our people are responsible for meeting the requirements of the E&S Policy. Our senior leaders are responsible for promoting and championing the environmental and social considerations outlined in the E&S Policy through their business decisions and interactions.

The Group’s Code of Conduct governs conformance of our people with the Group’s Values and policies, including the E&S Policy. Breach of our E&S Policy may be regarded as misconduct, which can lead to disciplinary action (including termination).

Reviewing our policy settings

We are committed to working closely with all our stakeholders and will review our policy settings at least every two years to ensure our approach is fit for purpose.
Measuring and reporting on progress and performance

Building tomorrow’s bank today means focusing on doing the right thing and being transparent about our progress and performance.

**Sustainability reporting**
Our annual sustainability reporting can be found in the Group’s Annual Report. Our reporting is aligned with the Global Reporting Initiative (GRI) Standards and we adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

**Sustainability surveys**
We participate in key sustainability surveys and indices to help measure our sustainability performance against global benchmarks.

**Assessed emissions reporting**
Every year, we report on the emissions arising from key sectors within our business lending portfolio. These insights help us to manage the associated risks and opportunities, and remain transparent with our stakeholders.

**Equator Principles reporting**
We became a signatory to the Equator Principles in May 2014. We use the Equator Principles IV standards to assess, manage, mitigate, and monitor environmental and social risks in applicable project-related financing and report annually on our progress.

**Modern Slavery & Human Trafficking Statement**
We report annually on our progress on identifying, managing, and mitigating risks of modern slavery in our operations and Supply Chains in compliance with UK and Australian laws.

**Reconciliation Action Plan**
Our first Reconciliation Action Plan (RAP) was launched more than 10 years ago. Our current RAP has achieved Elevate status through Reconciliation Australia.

Access our reporting suite commbank.com.au/CRreporting
Areas of focus

We expect our Clients and Suppliers to adhere to the minimum standards outlined in our E&S Framework, to the extent that they are applicable to them.

We are aware that some Clients and Suppliers will not meet all of these expectations all of the time. This may be due to operational issues outside of their control, or due to changes we have made where they need time to implement – for example, when we require our Clients and Suppliers to become a member of an industry body or gain certain certifications.

We are committed to supporting our Clients and Suppliers in their endeavours to meet these minimum standards in relation to environmental and social matters and associated risk management.

Where we become aware that a Client or Supplier does not adhere to applicable standards, we work with them to inform them about our minimum standards and if necessary agree on a specific, time-bound action plan to address any issues or risks. If a Client or Supplier is unable or unwilling to meet our minimum standards, we may choose to end the relationship subject to contractual obligations.

Climate change

Climate change is a source of both strategic financial and non-financial risks for the Group and has the potential to impact the long term financial wellbeing of Australia. The physical and transitional consequences of climate change have the potential to disrupt business activities, affect the value of assets, and affect our customers’ ability to repay loans.

We are addressing climate change by:

• reducing our own operational footprint;
• better understanding the impacts of climate change on the Bank;
• seeking to increase the resilience of our business to climate risks;
• supporting our customers and people in the transition to a low carbon economy; and;
• pursuing opportunities created by climate change.

We are committed to playing our part in limiting climate change in line with the goals of the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050.

We do this by:

Reducing our operational footprint by investing in technologies and practices that enable us to achieve our Scope 1, 2 and 3 emissions reduction targets. For example:

• sourcing renewable electricity equivalent to 100 per cent of our power needs globally by 2030 in line with our RE100 commitments (100 per cent target already achieved for our Australian power needs);
• increasing on-site renewable energy (solar PV) generation capacity to 2MW by 2025;
• where possible, leasing new main commercial office spaces, and designing and building new retail branches with a minimum 5 star Green Star ratings;
• maintaining operational performance of all main commercial spaces to a minimum weighted average of 4.5 stars as predefined by NABERS Tenancy Energy or international equivalent;
• transitioning over time to hybrid and battery powered business-related motor vehicles; and
• monitoring and reducing Supply Chain emissions aligned to our Scope 3 emissions reduction target.

Offsetting residual emissions to be carbon neutral using the Australian Government certified Climate Active carbon neutral standard and equivalent international systems;

• Where carbon offsets, are required, we will, where possible, prioritise the use of domestic carbon units (for example, Australian carbon units for emissions generated in Australia).

Supporting the transition to a net zero emissions economy. For example, 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 1 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 2 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 3; and
• only offer corporate or trade finance to existing oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients 4 after an assessment of the environmental, social and economic impacts. From 2025, we will expect these Clients to have published Transition Plans.

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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.
3 We will continue to provide rehabilitation bonds for these existing Clients to ensure their responsibilities with exiting mine sites are fulfilled.
4 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.
We will track our progress over time, including by:
• publishing and providing updates against a sustainability funding target;  
• targeting an overall average emissions intensity decrease of our business lending portfolio; and  
• aiming to implement ‘glidepaths’ for four emissions-intensive priority sectors (thermal coal mining, upstream oil, upstream gas, and power generation) to inform our portfolio level lending decisions with a view to publishing those glidepaths, once implemented, in the FY22 Annual Report.

We also seek to better understand and improve the resilience of our business to climate change risks as disclosed in our climate disclosures, including by:
• periodically conducting climate change scenario analysis to better understand the risks and opportunities at Group and portfolio level;  
• continuing to enhance the measurement, management and reporting of our climate risk exposures across the Group; and  
• ongoing strengthening and integration of climate risk management into business practices and procedures.

Balancing transparency with stakeholder confidentiality
We are committed to reporting on our environmental and social progress and performance in an open, timely, and transparent way. However, we take our confidentiality and privacy duties seriously.

The relationship between the Bank and our potential, existing, or past customers and other external parties is confidential, and our practice is not to comment on or name any such relationships.

Human Rights

Respect for human rights underpins the way we do business. These human rights are set out in the International Bill of Human Rights and International Labour Organisation Declaration on Fundamental Principles and Rights at Work, and at a minimum, we abide by the human rights–related laws of the countries where we operate.

We support the United Nations Guiding Principles on Business and Human Rights, and we continue to work to implement these across the Group. According to these principles, governments have a duty to protect human rights; our responsibility is to respect human rights.

We respect human rights and seek to manage the risks of human rights abuses through our direct operations and business relationships in the following ways.

We respect the human rights of our employees, contractors, customers, secondees, visitors and volunteers by:
• operating a workplace that is open, fair, inclusive and respectful of fundamental human rights regardless of age, gender, sexual orientation, culture, race, ability, religion or beliefs;  
• providing customers, suppliers and employees with access to mechanisms through which grievances and complaints may be raised;  
• providing a safe and healthy workplace which promotes physical, mental and financial well-being;  
• supporting freedom of association for Group employees choosing to join trade unions; and  
• requiring that employees attest to and undertake mandatory training on our Code of Conduct.

We respect human rights in our business relationships in the following ways:
• where reasonably practicable we work to assess and address the risks of modern slavery in our business operations, Supply Chains and Financing decisions, as reported in our annual Modern Slavery Statement; and  
• we engage with our Suppliers rated high risk for modern slavery to assess and address the risks of modern slavery in their operations.

We expect our Clients, Suppliers and other business partners to identify, manage, monitor, and redress any adverse impacts on human rights where their business is involved.

We respect the human rights of customers and communities by:
• treating all customers, existing and potential, fairly, in line with our Code of Conduct and the Banking Code of Practice;  
• taking steps to support customers and communities in times of hardship, for example, during prolonged illness or injury;  
• assisting customers in vulnerable circumstances, for example, those experiencing financial abuse or those who have fallen victim to a scam or fraud;  
• providing banking services that are accessible; and  
• protecting the privacy of those individuals whose personal information we collect and handle, in accordance with our Group Privacy Policy.

We respect the rights of Indigenous peoples in the following ways:
• we acknowledge the traditional owners of the lands across Australia. We are committed to recognising and managing the impacts of our operations on Aboriginal and Torres Strait Islander peoples and communities;  
• we support free, prior and informed consent for applicable project finance, as outlined by the Equator Principles, for Indigenous communities impacted by project decisions or actions that could affect their land, territory, and natural resources; and  
• we promote the rights of Indigenous peoples through the commitments outlined in our Reconciliation Action Plan (RAP), and we provide updates on our progress against our RAP.

Our RAP works to focus on:
• creating employment opportunities for Aboriginal and Torres Strait Islander peoples;  
• creating opportunities for Indigenous-owned suppliers through targeted initiatives; and  
• developing our peoples’ Indigenous cultural capability.

If we become aware that any clients are identified as operating outside the law, or do not meet our requirements, we will engage with those clients and, if appropriate, may exit the banking relationship.
Areas of focus (continued)

**Biodiversity**

Biodiversity underpins the wellbeing of our communities and the environment, and we recognise the risks associated with the degradation of ecosystems and natural resources. We respect the intrinsic, cultural, aesthetic, religious and economic value that biodiversity provides through healthy ecosystems.

We are committed to conserving, protecting and, where possible, improving existing biodiversity through our business processes and working with Clients, communities and Suppliers in the following ways.

We are committed to complying with, or exceeding, the requirements of environmental legislation relevant in all areas in which we operate.

We will not knowingly provide Finance to Clients operating in World Heritage sites that will or are likely to have a material adverse effect on the Outstanding Universal Value of those sites.

We will not knowingly provide Finance to new Clients whose primary focus is:

- the mining, exploration, expansion, or development of oil sands; or
- extraction, exploration, expansion or development of oil and gas projects in the Arctic and Antarctica.

We will not knowingly provide Finance to Clients who are engaged in the international trade in specimens of wild animals and plants that may threaten their survival and are in breach of CITES.

We continually reduce the environmental impact of our Australia-based operations, by:

- increasing our waste recycling rate in commercial office spaces; and
- reducing the water consumption of our retail branches and commercial offices over time.

We recognise the challenges that biodiversity loss and water scarcity presents; we consider these impacts as part of the environmental, social, and economic assessment of Large Transactions.

**Agriculture, fisheries and forestry**

We support the adoption of sustainable practices in the agriculture, fisheries, and forestry industries.

For Large Transactions, we expect our Clients:

- who are growers, producers, and/or processors of palm oil, soybean and timber to gain industry-relevant sustainability certification, or equivalent standards, to demonstrate chain of custody;
- who are growers, producers, and/or processors of beef, cacao, coffee, cotton, and rubber, or involved in the catching and/or primary processing of fish to be able to demonstrate how they manage sustainability considerations in their business activities; and
- involved in projects or activities associated with logging to not be involved, either directly or indirectly, in any illegal production or trade of any timber-based products, particularly Old Growth Forests.

We will continue to reduce our exposure to upstream tobacco growers and processors, and downstream tobacco leaf traders and product manufacturers.

We also support animal welfare in the following ways.

We expect our Clients to:

- comply with the current legislative provisions of the jurisdictions in which they operate; and
- manage animal welfare considerations in their business activities.

We will not knowingly provide Finance to Clients involved in the following areas of environmental and social concern:

- operating fur farms from endangered species, or the trade and manufacturing of fur products from endangered species;
- destructive fishing practices including the use of poison and explosives;
- shark finning; or
- commercial whaling.

We will not knowingly support, invest in, or provide financial services to Clients that buy, sell, manufacture or store:

- Controversial Weapons banned under international agreements to which Australia is a party; or
- nuclear weapons outside NATO country government-controlled programs that are authorised under the Nuclear Non-Proliferation Treaty.

**Defence**

We recognise the right of countries to defend themselves and protect their national security, and we acknowledge the potential irresponsible end-use of defence equipment is a key issue in this sector.

We will not knowingly support, invest in, or provide financial services to Clients that buy, sell, manufacture or store:

- Controversial Weapons banned under international agreements to which Australia is a party; or
- nuclear weapons outside NATO country government-controlled programs that are authorised under the Nuclear Non-Proliferation Treaty.
Definitions

BU/SUs
Business Units/Support Units.

CITES

Controversial Weapons
Weapons banned under international agreements ratified by Australia. These include but are not limited to:
• nuclear weapons (except as authorised under the Nuclear Non-Proliferation Treaty);
• biological weapons;
• chemical weapons;
• non-detectable fragment producing weapons;
• blinding laser weapons;
• anti-personnel land mines;
• cluster munitions;
• incendiary weapons; and
• depleted uranium ammunition.

Client
A customer who is relationship managed by the Group’s Institutional or Business Bank with financing transactions $5 million or greater.

Finance/Financing
The provision of direct corporate lending, project finance or trade finance to a Client. It does not include such things as the Bank providing more general transactional banking services or activities.

International Bill of Human Rights
Includes:
• Universal Declaration of Human Rights;
• International Covenant on Economic, Social and Cultural Rights; and
• International Covenant on Civil and Political Rights and its two Optional Protocols.

Large Transaction
Finance transaction with a value of $30 million or more.

Metallurgical Coal Mines
Coal mines from which the majority of coal (by tonnes) extracted is metallurgical coal.

Modern Slavery Statement
Statement provided under the Australian Modern Slavery Act 2018.

NABERS
National Australia Built Environment Rating System.

NATO
North Atlantic Treaty Organization.

Old Growth Forests
Ecologically mature forests (also known as ‘virgin forests’) where the effects of human disturbances are negligible.

Outstanding Universal Value
The values of a World heritage site as set out in a statement of outstanding universal value approved by the World Heritage Committee.

Scope 1, 2 and 3
Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level.

Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity.

Scope 3 emissions are indirect greenhouse gas emissions other than scope 2 emissions that are generated in the wider economy. They occur as a consequence of the activities of a facility, but from sources not owned or controlled by that facility’s business.

Supplier
A person, organisation or entity that provides goods or services to the Group directly.

Supply Chain
The products and services (including labour) that contribute to the Group’s own products and services. This includes products and services sourced domestically or internationally.

Thermal Coal Mines
Coal mines from which the majority of coal (by tonnes) extracted is thermal coal.

Transition Plan
A plan that contains, at a minimum, a time-bound decarbonisation plan which is consistent with the goals of the Paris Agreement.

Values
Values that the Group stands for and uses to guide its decisions. These are: Care, Courage, Commitment.

This document may be subject to change from time to time at Commonwealth Bank’s discretion.