Carbon Disclosure Project

Module: Introduction

Page: Introduction

0.1

Introduction
Please give a general description and introduction to your organization

The Commonwealth Bank is Australia's leading provider of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, investment and sharebroking products and services. The Group is one of the largest listed companies on the Australian Securities Exchange and is included in the Morgan Stanley Capital Global Index.
The key financial objective of the Group is to have Total Shareholder Return in the top quartile of our Australian listed peers over each rolling five-year period. Total Shareholder Return is calculated as the growth in the value of the investment in the Group's shares, assuming all dividends are reinvested in shares at the point dividends are paid.
The strategic strengths of the Commonwealth Bank are its:
• brand
• scale
• diversified business mix

The Commonwealth Bank brand is the most recognised brand in the Australian financial services industry. Other award-winning brands within the Group include our wealth management business Colonial First State, our online broking service CommSec and Bankwest.
In terms of scale, the Group has a strong domestic presence with the largest customer base of any Australian bank and operates the largest financial services distribution network in the country with the most points of access.
Structure

The Commonwealth Bank has five customer-facing business divisions, designed to align product development and service delivery more fully with customer segments. The businesses are:
Retail Banking Services, Business and Private Banking, Institutional Banking and Markets, Wealth Management and International Financial Services.
Fully owned subsidiaries of the Bank include:
• The Bank of Western Australia (Bankwest) an award winning bank that is strongly capitalised and funded while being fully regulated by the Australian Prudential Regulatory Authority (APRA). Bankwest is a market leader within Western Australia with approximately one quarter of all bank advances and deposits.
• The Bank's wealth management business, Colonial First State, one of Australia's leading wealth management groups, which provides investment, superannuation and retirement products to individuals as well as to corporate and superannuation fund investors.

• Sovereign Assurance Company Limited (Sovereign) is a New Zealand-based financial services company providing life and health insurance, home loans, investment and superannuation products. It is a member of the ASB Group of companies, which is in turn part of the Commonwealth Bank of Australia (CBA) group.
• The Bank's New Zealand businesses, Auckland Savings Bank (ASB) a history of more than 150 years of service to New Zealanders, and is one of the New Zealand's leading financial services companies.
• The Bank's asset management business, Colonial First State Global Asset Management, which provides asset management services to wholesale and institutional investors across a diverse range of domestic and global asset classes.
It should be noted that the Kiwi Income Property Trust (KIP) managed under the Bank's New Zealand business, Auckland Savings Bank, report separately under the 2012 Carbon Disclosure Project
In addition, to better align with Australia's National Greenhouse and Energy Reporting (NGER) reporting boundaries under the 'Operational Control' definition, emissions of the Colonial First State Global Asset Management (CFSGAM) funds under management have not been included in the Bank's 2013 CDP submission. The Commonwealth Property Office Fund (CPA) and the Retail Property Trust (CFX) managed under CFSGAM, report separately under the 2013 Carbon Disclosure Project

Sustainability and climate change strategy:
For the Bank, sustainability is an integral part of delivering our strategic priorities and creating long term value for our shareholders.
We take a considered, long-term view towards sustainability in everything that we do. We take responsibility for the impact and influence we have on our key stakeholders and the environment. Our activities and achievements are centred around five focus areas:
• Responsible Financial Services,
• Engaged and Talented People,
• Community Contribution and Action,
• Environmental Stewardship, and
• Sustainable Business Practices.

The Bank believes climate change will have a major environmental, economic and social impact and that it presents both risks and opportunities for our business. As a financial intermediary we have a key role to play in addressing climate change. We are committed to measuring and reducing our own greenhouse gas emissions as well as engaging our customers, stakeholders, regulators and communities more broadly to improve the understanding and management of climate change issues.

0.2

Reporting Year
Please state the start and end date of the year for which you are reporting data.
The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.
We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.
Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Fri 01 Jul 2011 - Sat 30 Jun 2012

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Australia
New Zealand

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD ($)

0.6

Modules
As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry and companies in the information technology and telecommunications sectors should complete supplementary questions in addition to the main questionnaire.
If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx.

Module: Management [Investor]

Page: 1. Governance

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

Chief Executive Officer of the Commonwealth Bank – Ian Narev

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator
Environment/Sustainability managers	Recognition (non-monetary)	Communicating Climate Change issues to a variety of internal and external stakeholders, as well as developing and implementing programs and initiatives that support the Bank and its clients to transition to a low carbon economy.
Environment/Sustainability managers	Monetary reward	Incentive in meeting emissions reduction and/or energy reduction targets. The Bank's New Zealand Sustainability Managers are measured on sustainability goals in the context of their performance review. Specific goals during this reporting period were around reduction of GHG emissions and education of staff. The result of the performance review then feeds into bonus calculations.

Page: 2. Strategy

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details

i) Scope of Process:
The scope covers the Bank's operations within Australia as well as for NZ. NZ business, Sovereign, to include Head Office in Auckland and regional offices in Wellington, Christchurch and Hamilton.
The Bank-wide Corporate Sustainability team is responsible for understanding the impact of climate change developments, designing and developing a strategy including an overarching Environment Policy and liaising directly with business units to implement risk mitigation measures and realise opportunities associated with the transition to a low carbon economy. The Bank's Environmental Sustainability Manager ensures all internal stakeholders apply continuous improvement principles. The team also reports to the Board on all annually legislated requirements (e.g. National Greenhouse and Energy Reporting Scheme and Energy Efficiency Opportunities Act, as well as voluntary disclosure such as the CDP and Dow Jones Sustainability Index (DJSI), FTSE4GOOD and an array of questionnaires/ surveys, analysts and investor requests.
The monitoring and planning processes within the Bank's Wealth Management business, Colonial First State (retail distribution) and CommInsure (life and general insurance) identify and assess a broad range of risks and opportunities that may impact their businesses, directly relating to climate change.
Additionally, all business divisions work closely with the Risk and Compliance teams across the Bank, incorporating risk assessment and management to their business strategy, as well as reporting these to the Bank's Board.

ii) Assessing Company level Risks:
The Bank's Corporate Sustainability Team actively monitors stakeholder perceptions and understanding of sustainability issues impacting the Bank's reputation. The team identifies risks and/or opportunities and works with the relevant business units to embed these into the Risk Management Framework. The Team actively monitors all legislative requirements associated with climate change. The Bank engages in policy discussions on environmental issues on a local, state and national level, both directly and through its industry representatives such as the Australian Bankers Association (ABA) and the Australian Financial Markets Association (AFMA).
To minimise any indirect impacts through the provision of financial services, the Bank's Credit Risk Policy requires that environmental risks be assessed at key stages in the lending process, using environmental questionnaires, independent assessments and a customer's own environmental policies, processes and licensing requirements.
The Bank's Group wide 'Risk Appetite Statement' (RAS) and the Bank's Institutional Banking and Markets (IB&M) RAS also includes ESG risk mitigation measures. IB&M also developed sector specific policies guiding the assessment of environmental and social risk, for use when financing in the natural resources and utilities sectors.
Sovereign, the Bank's NZ business has adopted the Bank's ESG positions within their Risk Appetite Statement. Sovereign is also a member of the Principles for Responsible Investment (PRI) and continuously works to improve their understanding of ESG risks in all the companies they invest in, while integrating sustainability including climate change risk throughout policies, processes and practices. Sovereign has become a member of the UN led Principles of Sustainable Insurance (PSI).
iii) Assessing Asset level Risks:
The Bank's Property team is responsible for managing the Bank's property portfolio and any consideration of locations, technologies, design and construction, as well as strategic plans to ensure the Bank's assets are resilient against physical risks and attuned to opportunities resulting from climate change. The Property team is also responsible for implementing technologies to monitor (daily), maintain and report (monthly) on these assets.
Example, the Bank has addressed risks arising from regulatory changes by developing a portfolio assessment schedule. This schedule has assisted in conducting an 'energy efficiency opportunities assessment' process, a core requirement of the Australian Government's Energy Efficiency Opportunities (EEO) program. By establishing this process the Bank has been able to identify energy efficiency initiatives to further mitigate the risks to its portfolios and significantly reduce its direct carbon footprint. During the reporting period, the Bank developed a dedicated Environmental Management System (EMS) aligned to the international standard of ISO: 14001.
The Bank's Wealth Management business also reports to the Australian government's Energy Efficiency Opportunity (EEO) program and is ultimately captured under the reporting obligations of the Bank. Additionally the Bank's Wealth Management business systematically considers all environmental, social and governance issues that have the potential to impact their investments as outlined in their commitments to the United Nations Principles for Responsible Investment (PRI).
The Bank's insurance arm, CommInsure, is committed to being a responsible investor. To help achieve this, CommInsure has become a signatory to the PRI. The incorporation of environmental, social and corporate governance (ESG) factors into the investment research framework adds a risk management overlay and guides how CommInsure manages shareholder and policyholder funds.
The Bank's NZ business incorporates the risk of natural events within their risk assessment approach and have signed up to an energy management program for the next three years (i.e. 2012-15), (Energy Efficiency and Conservation Authority (EECA) NZ, partially funded) which has initially identified possible energy savings of between 14 and 35%.
iv) Monitoring Frequency:
Monitoring climate change risk and opportunity management procedures is a continual process and formally conducted annually. Risks and opportunities are constantly reviewed for appropriateness, accuracy and currency, via a process of continual improvement.
All teams are sponsored by a Bank Executive who sits on the Bank's Executive Committee, chaired by the Bank's CEO.
The Bank's 'Risk Appetite Statement', which includes climate change related risk, is monitored annually and updated as needed and reviewed and signed off by Board.
v) Materiality Priorities:
The Bank's Institutional Banking and Market (IB&M) Risk teams analyse climate change related risk as part of the standard client 'Risk Review' process. Materiality is assessed through the Bank's lending policy and requires that climate change risks be considered at deal initiation, risk assessment and annual review.

Any direct impacts are taken into account in assessing the client's ability to service loans, the potential impacts associated with the client's asset valuations, and in loan covenants.
The Bank's IB&M teams have, since the 2012 CDP submission, developed sector specific policies covering project financing of Natural Resources (mining and extraction) and Utilities (including Renewable) sectors. The Bank will review and address any Environmental Social and Governance (ESG) matters as part of this process. Clients are also expected to, and are evaluated on, their considerations of ESG matters as part of their own due diligence process.
Additionally, the Bank's Carbon Solutions Team was formed to understand the developments in carbon markets and their implications for the Bank and its clients.
Colonial First State Global Asset Management (CFSGAM) systematically considers environmental, social and governance issues that may impact their investments as outlined in their commitments to the PRI. Materiality is considered every time an investment decision is made.
vi) Reporting results:
The Bank's risk management reporting procedures relating to climate change are ultimately reported to the Bank's Board and CEO. CEO and Board's decisions reach all employees, investors, shareholders, regulators as well as the communities in which we operate. This facilitates a greater understanding and management of climate change related risks and opportunities associated with the Bank's operations and loan book.
Ultimate responsibility for climate change matters rests with the Bank's CEO, who is provided with regular updates alongside Board members. NZ's escalation of risk is reported directly to the Board and Risk Committee (BARC).
The Bank's risk management approach is reported via global indices e.g. the Dow Jones Sustainability Index, regulatory requirements e.g. Energy Efficiency Opportunities (EEO) Act and where appropriate, on the Bank's company website and dedicated/ standalone Sustainability Reports.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes

i) The Bank's strategy is underpinned by sustainable business practices and supported by the Board and CEO. It also relies on the engagement of staff, customers and other stakeholders. The Bank considers climate change and its related risks and opportunities (such as carbon pricing) at both the strategic and operational levels.
Strategic level; the Bank's Strategy Team considers issues which will shape the direction of the Bank over the medium (3-5 years) to longer (5+ years) term. In the reporting period, Bank Strategy presented a series of papers to the Bank's Board covering Climate Change impacts.
Operational level; the overarching mechanism for addressing climate change risks and opportunities is the Bank's Environment Policy. The Bank-wide policy sets out a framework for understanding and managing the Bank's environmental impacts, risks and opportunities.
An example of how the Bank's business strategy has been influenced by climate change, is the development and implementation of a number of internal systems and to collect, monitor and report on climate change related information. These systems also support the Bank in managing its indirect risk exposure through its loan book.

Some examples include:
1. Development of sector specific policies guiding the assessment of environmental and social risks, within the natural resources and utilities sectors.
2. 'CarbonSystems', a dedicated environmental management platform capturing all GHG emission sources, assisting with the Bank's carbon reduction target which is directly linked to two of the Bank's strategic priorities – productivity and technology.
3. Development of our Environmental Management System (EMS ISO: 14001), (during the reporting period).
NZ's approach to sustainability and climate change is built into its core business strategy. Sovereign is a member of the Principles for Sustainable Insurance and has signed up to embed sustainable practices. The Sustainable Asset Management benchmarking results (i.e. DJSI) are fed directly into their annual business planning sessions to ensure that all sustainability risks and issues are tackled as part of the planning process.
ii. Climate change influencing strategy:
The Bank's Credit Risk Key-Operation manuals address potential impacts relative to a carbon price on a client's capacity to repay i.e. as a result of increased client costs linked to the introduction of recent climate change legislation in Australia.
The Bank assesses climate change related aspects, adaptation and its implications. This process is embedded into the Bank's overarching business strategy. As the Australian government's Carbon Pricing Mechanism became operational on 1 July 2012, the Bank has seized the opportunity to further grow its business directly relating to climate change, e.g. the Bank's Carbon Solutions Team was formed to manage the carbon exposure of its clients across the carbon and renewable energy markets.
Within the Bank's NZ business, climate change has influenced the strategy and overarching framework and both carbon reduction targets and carbon offsetting have been introduced.
iii. Short term strategy influenced by CC:
Examples of important components of the Bank's short term (0-3 years) strategy that have been influenced by climate change include:
1. Changes in operational practices:
Each of the Bank's divisions will separately assess related risks and opportunities and implement strategies relating to and influenced by climate change. For example:
2. Institutional Banking and Markets' (IB&M) division recently developed sector specific policies surrounding natural resources and utilities.
3. Carbon Solution Team introduced a range of carbon risk management and carbon financing solutions to assist its institutional customers.
4. Wealth Management's, Global Asset Management's business strategy reflects its role as a portfolio manager and platform provider. Its strategy links into its partnering approach with asset managers and its ability to provide its investors access to a wide range of investment options and choices.
5. Risk Management addressed the risk associated with the implementation of a carbon price through its Credit Risk policies.
6. Bank wide tracking of its carbon reduction target, (20% reduction in GHG emissions). NB: a reduction of over 23,500 TCo2-e in the reporting year).
Deep dive example, Carbon Reduction Target:
1. As part of the Bank's climate change strategy it announced a commitment to a 20 per cent reduction by June 2013, from a 2008-09 baseline. This target has since been achieved (5 months ahead of its deadline).
2. Property Team has implemented a range of energy saving initiatives throughout its portfolios, (including energy, water, paper, lighting and air-conditioning), less carbon intensive vehicles and staff awareness programs. In addition, the construction of Commonwealth Bank Place (CBP), (the Bank's Six-Star Green Star and 5 Star NABERS targeted commercial premises. This award winning development is setting a benchmark for future Bank building occupation.
NZ have additionally adopted a wide range of initiatives to include updating its vehicle fleet using hybrids, diesel or electric vehicles; using webcams facilities to reduce staff and client's transport needs and implementing new waste management programs, while adopting CBP's building principles within their new head office.

iv. Long term strategy influenced by CC:
The Bank has taken a proactive approach that involves regulatory compliance and public participation.
The Bank's long term strategy (5 years & beyond) includes directly engaging with its internal and external stakeholders regarding climate change related activities as well as the Federal and State governments in relation to policy development and implementation. It does this through its Carbon Solutions Team, Corporate Sustainability, Government Relationship teams and the Institutional Banking and Markets division, as well as through representation within industry bodies e.g.

Australian Bankers Association, the Australian Financial Markets Association, and the United Nations Environmental Program for Financial Institutions (UNEPFI). The Bank is committed to adhering to long term best practice.
Sovereign's (NZ) framework ensures they have a long term (5 years & beyond) strategy for all aspects of sustainability/ climate change. They are members of United Nations Environment Program for Financial Institutions, United Nations Principles for Responsible Investment and Principles for Sustainable Insurance and have endorsed the Natural Capital Declaration.
v. Gaining strategic advantage:
A key advantage over competitors is the Bank's Carbon Solution Team which assists clients in managing their carbon risk and in capturing opportunities as Australia moves to a low-carbon economy. The Bank leverages its core capabilities around financing, trading and distribution as well as working with market-leading companies to deliver innovative and integrated solutions. In addition, the Bank's Commodity team actively trades a range of environmental products including Renewable Energy Certificates (RECs).
The Bank's Utilities, Energy and Renewables division provides project finance to large-scale renewable and clean energy projects. The Bank has been investing in this sector since 2004. As at 30 June 2012, 71 per cent of the Bank's exposure to the energy sector was dedicated to renewable and clean energy single assets in Australia, (Mega Watt (MW) capacity), compared to 59 per cent as at 30 June 2011.
vi. Substantial business decisions:
1. The Bank's Bank-wide Environment Policy is continuously reviewed and updated annually to ensure it is effective in mitigating the effects of climate change. The Policy clearly states that the Bank is committed to ensuring compliance with all relevant environmental legislation (e.g. Australia's carbon pricing mechanism).
2. The Bank's Institutional Banking and Markets (IB&M) division abides by its 'Risk Appetite Statement' which includes ESG risk mitigation considerations.
3. The introduction of sector specific policies around natural resources and utilities.
4. The introduction of the Bank's Environmental Management System, aligned to ISO: 14001, which assists in mitigating the effects of climate change.
5. The introduction of the Bank's carbon reduction target is also a substantial business decision that was directly influenced by climate change.
6. NZ's Executive approval of its policies on Sustainability and its decision to set reduction targets and to offset the residual.

2.2b

Please explain why not

2.3

Do you engage in activities that could either directly or indirectly influence policy on climate change through any of the following? (tick all that apply)

Direct engagement
Trade associations

2.3a

On what issues have you been engaging directly?

Focus of legislation	Corporate Position	Details of engagement	Proposed solution
Other: Clean Energy legislation	Support	Corporate position: The Commonwealth Bank supports legislation where Australia benefits both environmentally and economically. One of the key roles of Australia's largest commercial bank is to manage risk and finance opportunities in a sustainable way. The Bank will continue to respond to the risks of climate change and its legislative aspects, for our staff and clients as well as the community in which we operate. An important component of the Bank's corporate positioning is where the Bank directly engages with policy makers to encourage further action mitigation and/ or adaption related to climate change. It does this through a number of business unit divisions such as the Carbon Solutions Team, Corporate Sustainability, Government Relations teams, Institutional Banking and Markets division, Business and Private Banking as well as through representation within industry bodies such as the Australian Bankers Association (ABA) and the Australian Financial Markets Association (AFMA). Details of engagement: The Bank engages in policy discussions on environmental issues directly and through its industry representatives. Direct policy engagement is undertaken with industry representatives as well as with departmental and Federal Government representatives.	The Bank established the Carbon Solutions Team to prepare for and directly address the issues surrounding climate change and the resulting regulatory environment. The Bank assists its clients achieve sustainable practices by funding more efficient processes and equipment, and provides long term risk management products as the nation transitions to a low-carbon economy.

2.3b

Are you on the Board of any trade associations or provide funding beyond membership?
Yes

2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to influence the postion?
NZ Financial Services Council,	Consistent	Sovereign CEO, Charles Anderson, is Deputy Chair of the NZ Financial Services Council, was on the interim Board for the Principles for Sustainable Insurance (PSI) and is also on the Board of two local sustainability organisations. Sovereign funded a resource (work with New Zealand's Financial Services Council (FSC) to promote sustainable insurance. The FSC, as a result of this, has now become a supporting member of the PSI and an ongoing working group has been set up to formulate the FSC's strategy for sustainability. The strategy will be rolled out to all members with a view to embed sustainable insurance principles within the organisation. Explain the trade association's position: The FSC has not publicly voiced their position on climate change or sustainability as a whole. However since working with them, the FSC have signed up to be a supporting institution of the PSI and have committed to promoting this within the industry.	Sovereign funded a resource to work with the FSC to promote sustainable practice and ensure that not only the FSC but also the organisations involved with the FSC took environmental/sustainability into account.

2.3d

Do you publically disclose a list of all the research organizations that you fund?

2.3e

Do you fund any research organizations to produce public work on climate change?

2.3f

Please describe the work and how it aligns with your own strategy on climate change

2.3g

Please provide details of the other engagement activities that you undertake

2.3h

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

All initiatives undertaken and/or funded by Sovereign must be approved by its Executive Team/ Board to ensure initiatives are consistent with Sovereign's overall climate change strategy and overarching business policies.

2.3i

Please explain why you do not engage with policy makers

Page: 3. Targets and Initiatives

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
CBAAU	Scope 1+2	100%	20%	2009	172752	2013	The Bank set a target of reducing its emissions by 20% of 2008-09 baseline scope 1 and 2 full fuel cycle emissions by 2013. In real terms this is a reduction of 34,550 tonnes of CO2-e. This target does not include BankWest operations. The Bank calculates its target and achievement towards the target using its National Greenhouse and Energy Reporting data and in addition includes the upstream scope 3 emissions related to scope 1 and 2 emissions (full fuel cycle). These emissions in their entirety are reported in the Bank's annual Sustainability Report. In order to achieve its target, the Bank began implementing its targets program in 2010 to reduce emissions across its operations. The Targets Program includes the following initiatives: 1. Energy efficiency projects for commercial and retail properties including but not limited to, lighting and Heating, Ventilation Air-conditioning and Cooling (HVAC) replacements and upgrades. By the end of the reporting period the following achievements were made, a. 931 Site Audited, and b. 550 Sites 'Refreshed' (i.e. implemented with associated initiatives). 2. Commercial building/office consolidation to leading environmental spaces and buildings. The transition of employees commenced in June 2011 and completed in April 2012. 3. Utilising vehicles that are more fuel efficient and less carbon-intensive. 4. Automated overnight PC shutdown across the Bank. 5. Undertaking staff awareness and engagement programs and communication through newsletters and intranet and annual reports. In the reporting period, The Bank achieved an overall reduction in emissions of 23,544 tonnes of CO2-e from the previous reporting period, the greatest annual reduction since the Target Program began and a significant contribution to the reduction target. (NB: At the time of writing the Bank has exceeded its emissions reduction target by more than 9,000tCo2-e through emission reduction activities).
CBANZ	Scope 1+2+3	100%	25%	2008	12133	2012	After exceeding their original target ahead of schedule in the previous reporting period, the Bank's New Zealand operations, Auckland Savings Bank (ASB) extended its emissions reduction target from 20 to 25 percent of its 2008 levels by December 2012. It includes all scope 3 emissions reported by the NZ operations including those associated with business travel, full fuel cycle, supplier (courier) and waste. The original target was exceeded due to the implementation of a range of emission reduction activities: 1. Lighting and air conditioning upgrades in offices and branches. 2. Improvements in energy data

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
							systems and control mechanisms, leading to improved day-to-day management of energy use. 3. Automated overnight PC shutdown across ASB. 4. Green technology projects to improve energy efficiency. 5. Encouraging people to use video and phone conferencing. technology instead of air or vehicle travel. 6. Improving the environmental performance of the NZ vehicle fleet, by increasing the number of hybrid vehicles. 7. A waste reduction and recycling program. 8. Reducing the amount of paper used internally and on behalf of customers. 9. Online energy management tool – 'Energy Tracker'.

3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment

3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
CBAAU	80%	74%	The Bank made significant progress against its Carbon Emissions Reduction Target in the reporting period achieving an actual emissions reduction of 23,544 tCO_2-e from the previous reporting year and 25,628 tCO_2-e from the target baseline 2008-2009. This represents 74% of target achievement and is the greatest reduction in emissions that has been achieved by the Bank. This is a considerable achievement given that the target is an absolute target rather than an intensity target and that the Bank's operations have grown in terms of revenue. These reductions can be attributed to the ongoing successful implementation of the emission reduction Target Program which includes the 'Green Refresh' program - improving building efficiency in both retail branches and commercial premises through lighting upgrades, HVAC improvements and the use of tri-generation technology. Of greatest significance in the reporting period has been the successful completion of the Bank's commercial office consolidation to Commonwealth Bank Place (CBP) which has 'world leading' best practice environmental design (6 Star Green Star Rating) and energy efficiency (including 5 Star NABERS Energy Rating), which was finalised during the reporting period. CBP was the final pillar in one of the most ambitious corporate consolidations in Australia which saw the Bank move over 19,000 employees from 19 buildings across Sydney into 3 purpose built campuses.
CBANZ	80%	84%	Auckland Savings Bank (ASB) increased its emission reduction target to 25 per cent by December 2012 (using 2008 as its base year) after exceeding its original 20 per cent target two years ahead of schedule. In real terms, ASB's emissions reduced by 2,538 tonnes of CO_2-e, or 21 per cent by the end of 2011 from 2008. The savings since the baseline year equate to an 84% achievement of the updated emissions target. A focus on environmental sustainability has contributed to ASB being named winner of Deloitte/Management Magazine Responsible Governance Award 2012 and EECA's 2012 Large Business Award for ASB's strong focus on energy efficiency. Similar to last year, emissions savings can be attributed to emission reduction activities targeted at reducing electricity.

3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

3.2a

Please provide details (see guidance)

i) How emissions were avoided:
The Bank has increased the use of online banking and electronic communications. Customers are able to view electronic statements and other material on-line in lieu of receiving a traditional paper-based statement by post resulting in a reduction in emissions generated through third party travel via postal delivery. During the reporting period alone, 18,453,536 statement pages were sent electronically rather than being sent via conventional mail delivery.
ii) Emissions avoided:
The initiative achieved emissions savings by eliminating printouts and emissions associated with postal delivery. It is estimated that approximately 66 tonnes CO2-e per year were saved by the Bank's Australian operations (An increase of approximately 12 per cent on the previous reporting period).
iii) Methodology:
Using publicly available data from Australia Post on their carbon emission and postal volumes, a typical emissions factor per $1 of postal spend was calculated. This was then applied to the Bank's annual postal spend to estimate the overall emissions associated with the Bank's postal services provided by Australia Post.
Assumptions:
Included average postal delivery distances travelled, derived from the Bank's internal data systems, as well as the fuel emissions per km by the individual delivery service vehicles, as supplied by Australia post.
Emission factors and Global warming potentials used:
• National Greenhouse Accounts (NGA) Factors,
• UNFCCC - Global warming potential (CO2 of 1 GWP)
iv) Considering CERs or ERUs generation:
No.

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	9	901.8
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	306	19783
Not to be implemented	35	3.7

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in Q0.4)	Investment required (unit currency - as specified in Q0.4)	Payback period
Energy efficiency: Building services	Nature of activity: This project replaces inefficient lighting across the Bank's retail branches around Australia. At the end of 30 June 2012, 931 branch audits were completed and upgrade works completed in 550 branches. Scope: Scope 2 (same scope as target). Voluntary or Mandatory: Voluntary. Expected Lifetime: The program commenced in 2009, initial installation works being finalised by September 2012, with an expected emissions saving of approximately 7,000 tonnes Co2-e per annum.	4233	1115138	3670378	1-3 years
Energy efficiency: Building services	Nature of Activity: This project improves the energy efficiency of HVAC systems used by the Bank in its retail and commercial buildings. Once Green Refresh HVAC is completed across the portfolio, it is expected to reduce carbon emissions by approximately 20,000 tonnes CO2-e per annum (from cumulative implementation	1350	352418	376577	1-3 years

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in Q0.4)	Investment required (unit currency - as specified in Q0.4)	Payback period
	over every year of the program). Scope: Scope 2 (same scope as target). Voluntary or Mandatory: Voluntary. Expected Lifetime: Green Refresh HVAC commenced in January 2012, with initial works completed in December 2012.				
Other	Nature of Activity: The move of approximately 6,000 employees from less efficient office spaces into Commonwealth Bank Place (CBP) in Sydney's Central Business District (CBD). This initiative will deliver emissions savings of approx. 14,200 tonnes CO2-e per annum as the new buildings are energy and carbon efficient achieving 6 Star Green Star and 5 Star NABERs ratings. Scope: Scope 2 (same scope as target). Voluntary or Mandatory: Voluntary. Expected Lifetime: The transition of employees commenced in June 2011 and was completed in April 2012.	14200	3483019	27500000	4-10 years

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	The Bank established a carbon reduction target in 2009 to reduce carbon emissions by 20 per cent of its 2008-09 emissions levels. This target was set to be achieved by June 2013 and represented a reduction of 34,550 tCo2-e. (NB: The Bank has already achieved and exceeded this target and is in the process of setting additional targets). Dedicated resources, including budget, were put aside to achieve this target, a number of projects have already been implemented and completed. The reduction target project involved identifying and evaluating several potential emission reduction activities. During the reporting period, the Bank achieved an overall reduction in emissions of over 23,500 tCo2-e. The Bank’s target was achieved by implementing a number of projects including: 1.Energy efficiency projects to commercial and retail portfolio’s, including but not limited to, lighting and HVAC replacements and upgrades, 2. Utilising vehicles that are less carbon-intensive, 3. Continuing to increase the use of E10 and biodiesel fuels, 4. Continuing the rollout of the Bank’s driver education programs, 5. The Relocation of employees from inefficient buildings to energy efficient properties, for example the move to Commonwealth Bank Place, the Bank’s new commercial property, housing approximately 6,000 employees and boasting a 6-Star Green Star (signifying world leadership), and 5-Star NABERS rating, and 6. Continuing the Bank’s staff awareness and engagement programs.

3.3d

If you do not have any emissions reduction initiatives, please explain why not

Page: 4. Communication

4.1

Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section reference	Attach the document
In mainstream financial reports (complete)	2012 Annual Report, Pages 51 and 54	
In voluntary communications (complete)	2012 Sustainability Report, Pages 11, 29-33	https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/Investor-4.1-PublishedInformation2/Commonwealth_Bank_Sustainability_Report_2012.pdf
In other regulatory filings (complete)	2012 Energy Efficiency Opportunities Act Report, All of Report	https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/Investor-4.1-PublishedInformation3/Energy-Efficiency-Opportunity-Report-2012-PublicReport.pdf

Module: Risks and Opportunities [Investor]

Page: 5. Climate Change Risks

5.1

Have you identified any climate change risks (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
CBA01	Emission reporting obligations	Non-compliance with the National Greenhouse and Energy Reporting (NGER) Scheme, and Energy Efficiency Opportunities (EEO) Act. The CBA Bank (the Bank) is captured under both the NGER legislation, which establishes a mandatory reporting system for corporate and facility level greenhouse gas emissions and energy production and consumption in Australia. The Bank is also captured under the EEO program, which requires the identification, evaluation and public reporting of cost effective energy savings opportunities across our portfolio. NGERS: The Bank exceeds the Corporation threshold as it produces more than 125,000 tonnes of CO2-e per annum (first initial reporting threshold) due to the number of facilities across its entire portfolio nationally. The NGER legislation requires the Bank to report greenhouse gas emissions, energy production and energy consumption from the facilities under the operational control of the Bank (within Australia) as the controlling entity. The first reporting period began on 1 July 2008. EEO: The EEO commenced on 6 July 2006. Participation is mandatory	Increased operational cost	Current	Direct	Virtually certain	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		for corporations that use more than 0.5 petajoules (PJ) of energy per annum. The Bank consumed 1.8 PJ during this reporting period.					
CBA02	Cap and trade schemes	Description: The recently introduced (1 July 2012) Clean Energy legislation in Australia is the Government's comprehensive plan to address climate change and begin the country's transition towards a low-carbon economy. The legislation has significant and far-reaching economic and environmental implications which present a number of risks (and opportunities) for corporate Australia and the Commonwealth Bank. A key component of the legislation is to put a price on carbon. The Carbon Pricing Mechanism introduced an initial fixed carbon price for the first three years commencing on 1 July 2012, moving to a full floating carbon price from 1 July 2015. To note: Recently the Australian Senate passed Bills enabling the linking of the EU and Australian carbon price schemes from mid-2015. Cap and Trade schemes may create a credit risk if customers subject to scheme compliance requirements do not manage their compliance obligations effectively, particularly those customers that are emissions-intensive. This could result in a decrease in clients' asset values and increased financial vulnerability for those emissions-intensive clients. Cap and trade schemes can also increase energy pricing, further emplyfying a clients credit risk, while also impacting the Bank directly.	Other: Possibility of decreased asset values and increased financial vulnerability for emissions-intensive clients.	Current	Indirect (Client)	About as likely as not	Low
CBA03	Uncertainty surrounding new regulation	Introduction of carbon pricing and restrictions on the use of certain resources. Potential impact: May impact investment returns of the assets invested in, dependant on the type of investment.	Other: May impact investment returns of the assets invested in.	Current	Indirect (Client)	Likely	Low

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk and (iii) the costs associated with these actions

CBA01:
i) Potential financial implications:
The financial implication of not taking into account regulatory reporting obligations, involves the reduced financial performance of our investments/ assets and the inefficient allocation of internal resources.
NGERS: With the introduction of the NGER legislation there are potential civil and criminal penalties as well as financial penalties, corporate and personal, such as a $220,000 fine for the CEO of a company that does not comply.
EEO: Non-compliance penalties may be imposed against the Bank up to $110,000. The financial implication of not taking action would result from the non-implementation of energy efficiency opportunities, therefore the Bank would continue to pay higher prices for its overall consumption of electricity and fuels. As an example, if the Bank had not reported to the EEO program, the Bank may not have identified a total of 850 different opportunities equating to an estimated annual energy saving of approximately 385,000 Giga Joules (GJ). At an estimated average of $0.15 per kWh, the collated energy savings equate to over AUD15 million.
Non-compliance against the NGER and EEO regulations would affect the Bank's financial performance and our value chain directly by resulting in significant and unexpected financial penalties and in addition, loss of opportunity via the implementation of energy efficiency measures. Coupled with this risk is the potential increased reputational damage associated with non-compliance and inaccurate disclosure.

ii) Methods used to manage this risk:
The Bank has developed a comprehensive Environmental Management System (EMS) aligned to the international standard of ISO14001. Under this system teams can identify, prioritise and implement energy efficiency activities and improvements to their portfolios.
The Bank also transferred its energy and emissions data to an improved and more advanced global reporting platform (CarbonSystems), assisting in the overall management of the Bank's data for accuracy, transparency and to comply with all legislative emissions reporting.
To further manage any risk, the Bank conducted a property listing audit during the reporting period, confirming the accuracy of reportable emissions throughout its portfolio.
The Bank continues to engage Energetics, a third party expert energy and climate change consultancy firm to ensure data is both accurate and reliable for public disclosure.
The Bank also engaged the services of KPMG, a leading provider of audit, tax and advisory services which offers industry insight to help organisations negotiate risk, to audit the Bank's emissions used to report to the National Greenhouse and Energy Reporting (NGER) scheme, (which is also used for Energy Efficiency Opportunity (EEO) reporting purposes for robustness and accuracy and the management of risk associated with regulatory emissions reporting.
iii) Costs associated with these actions:
The Bank employed 8 full time sustainability specialists at the end of 2012.
Cost associated with the collection and assurance of emissions data, and related implementation of internal risk management platforms total approximately $250,000.
Implementing energy efficiency activities during this reporting period to the Bank's property portfolio equated to approximately AU$10,000,000.

CBA02:
i) Potential financial implications:
Direct exposure: Cap and Trade Schemes tend to feed into inflated prices associated with energy and transportation (including in our supply chain pricing). These increased prices are considered immaterial to the Bank and are incorporated into operational forecasts and considered business as usual. For example, the Australian Independent pricing and Regulatory Tribunal (IPART) have forecasted ongoing increases in electricity of approximately 7 per cent on 1 July 2013, some of which is a direct result of Australia's Cap and Trade schem. This equates to an increase in Bank electricity costs of approximately AUD2 million per year.

Indirect exposure: The Bank has exposure to regulatory risk through its client base. If compliance with regulatory requirements related to Cap and Trade schemes is not met/ managed by the client, this may reduce their financial viability, and therefore may lead to credit risk for the Bank.
ii) Methods used to manage this risk:
To mitigate the Bank's exposure to this risk, the Bank has undertaken assessments of the possible impacts on key emission-sectors. The Bank also monitors policy developments closely and assesses any likely impacts resulting from policy amendments and/ or new policy introduction.
Direct exposure: The Bank has taken various energy efficiency measures to reduce energy consumption across its property portfolio and fuel exposure. During the reporting period the Bank's emissions reduced by over 23,500 tCo2-e, as a result of these energy efficiency measures.
Indirect exposure: A key component to the management of the Bank's potential credit risk exposure to Cap and Trade scheme is the Bank's Carbon Solutions team. This team has engaged in client consultations that cover a wide range of emissions-intensive industries with a total emissions profile of over 250 million tonnes of Co2-e (over 70 per cent of Australia's covered emissions) with a view to collaboratively assess the scale of the possible impact on each individual client and advise on ways to mitigate it.
In addition, during the reporting period the Institutional Banking and Markets (IB&M) division developed key sector specific policies guiding the assessment of environmental and social risk, for use when financing in the natural resources (mining and oil & gas extraction) and utilities (including renewables) sectors. These actions assist in minimising any residual risk associated with our indirect exposure to Cap and Trade and investment as a whole.
The Bank's dedicated Carbon Solutions team was established to prepare and directly address the issues surrounding climate change and the resulting regulatory environment. The Bank is assisting its clients transition to a low-carbon economy by developing specific energy efficiency loans that providing a longer than usual loan term, for the purpose of purchasing more efficient equipment or implementing more efficient processes; additionally the Bank provides long term risk management products for carbon (both domestically and internationally) and for renewable energy generation.

iii) Costs associated with these actions:
Direct exposure: Energy efficiency measures undertaken to the Bank's property portfolio (including Lighting and HVAC) equate to AU$10,000,000.
Indirect exposure: No cost, as these activities are considered business as usual.

CBA03:
i) Potential financial implications:
The uncertainty surrounding new legislation may impact investment returns. This is modelled where potentially material to investment returns.

ii) Methods you are using to manage this risk
The development of business cases and strategies to better understand and respond to risks posed by climate change to the business units, other asset managers offered through our portfolios and clients.
iii) Cost associated with these actions:
No cost associated with this action

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
CBA04	Change in precipitation extremes and droughts	More frequent extreme weather conditions and events have an adverse impact on the Bank's buildings and employee travel to and from work. The Bank has a large physical presence across Australian cities and towns through its commercial office portfolio, data centres and retail branch network. The Bank's property base of more than 1100 retail branches and extensive commercial portfolio is exposed to climate change risks that arise in each location, with the risks and magnitude of impacts varying within each geographical region. Australia has seen increasing flood and drought/ fire conditions across the nation. (e.g. recent catastrophic fire in the South East regions of Australia and flooding in Queensland). To note, the next drought cycle in Australia has been predicted to be even longer by expert climate scientists. The Bank's employees, property and operations were impacted by the floods and drought/ fire events, where the Bank was required to implement its business continuity plans to ensure staff and property were protected for the Bank to continue to service its customers. The United Nations also predicts that changes in precipitation extremes and droughts will effect food production, while food demand will also rise by 70% by 2050* (*How to Feed the World in 2050, Food and Agriculture Organisation of the United Nations, October 2009.) As a sector example, for Australian agri-businesses, this changing landscape presents some risks (and opportunities). As agricultural commodity markets become larger and more complex, so is the sector corporate decision making process.	Increased operational cost	Current	Direct	More likely than not	Low-medium
CBA05	Uncertainty of physical risks	Frequency and severity of weather related events and natural disasters. (Insurance).	Increased operational cost	Current	Direct	Likely	Medium-high

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

CBA04:
i) Potential financial implications:
The intergovernmental Panel on Climate Change (IPCC) reports that the regions in which the Bank operates will be subject to increasing climate change events, which include the change in rainfall patterns affecting flood and drought conditions, as well as the increased frequency in extreme weather conditions and events and temperature extremes.
An increased frequency of extreme weather events will result in financial implications for the Bank's assets and property and may also disrupt Bank and key supplier operations. These risks have the potential to devalue the Bank's property portfolio through the physical damage these extreme weather events may inflict and increase the repair/replacement costs associated with damaged assets and property, plus the potential loss of business if properties are closed for repair.
Direct insurance premium levels may also rise due to increasing damage to property portfolios in the future.
CommInsure, the Bank's life and general insurance arm, may also see an increase on operational expenses, as the Bank insures its own property. As an example, CommInsure saw an increase in operational expenses of AUD16 million from FY11 to FY12.
ii) Methods used to manage the risk:
The Bank's Property Team is responsible for managing the physical impacts across the Bank's property portfolio. The Bank insures its own property and to ensure there are only minimal impacts to its operations in the event of an extreme weather event, the team has specific business continuity plans in place, which detail the possible mitigation activities and response protocols.
The Bank assesses individual exposure to industry sectors to understand customer and sector vulnerability. Most sectors are affected by, or are at risk from climate change, however these risks are more concentrated in sectors such as forestry, utilities, tourism, finance/ insurance and Agri-business. The Bank has a healthy exposure to the Agri-business sector which has one of the greatest potential for direct exposure to physical risk from climate change. To help mitigate risk from extreme weather events, the Bank undertakes assessments of the possible impacts on key emission-sectors and introduces plans to assist clients in such cases.
The Bank also monitors policy developments closely and assesses any increased vulnerability from their introduction. The Bank has also recently (within the reporting period) introduced sector specific policies to incorporate environmental social and governance (ESG) considerations when financing, while the Bank-wide Risk Appetite Statement (RAS) also considers ESG risk mitigation strategies.
The Bank is a member of the United Nations Environment Program for Financial Intuitions (UNEPFI). Bank employees, who have a consideration of Climate Change in their role descriptions, attend UNEPFI training on Environmental & Social Risk Analysis (ESRA) to further manage and mitigate the Bank's risk to changes in physical climate parameters.
iii) Costs associated with these actions:
Costs associated with the UNEPFI's Environmental & Social Risk Analysis (ESRA) training is considered continual business practice (To note, these costs are US$600 per attendee). Annual UNEPFI contribution is approximately AUD19,000.00
The Bank also expects to see an increase in insurance costs over time, due to an expected higher number of insurance claims arising from extreme weather conditions. The 2012 financial year saw an increase in CommInsure's Operating Expenses from AUD276 million (FY11) to AUD292 million (FY12).
The Bank assisted the Tasmanian communities impacted by the January bushfires with an emergency assistance package, additional on-site resources to support affected customers and a donation of AU$100,000 to the Australian Red Cross appeal.
Queensland Flood Emergency Assistance Package was also extended to customers in flood affected areas. A donation of $500,000 was made to the Premier's Appeal to assist those affected by the flooding in Queensland.

CBA05
i) Potential financial implications:
The impact on CommInsure (the Bank's life and general insurance business) of increased weather related events and natural disasters would/ could lead to an increase in claims costs, which is likely to be reflected in increased reinsurance premiums. This could potentially have an impact on gross premiums resulting in insurance being less affordable in some areas. For our Retail and Wholesale Life Insurance business, there is potential exposure to increased life claims should

climate change related natural disasters occur. Furthermore, higher life claims could potentially result in higher reinsurance costs and an overall higher price for the customer.
The Bank may also experience an increase in operating expenses due to the frequency and severity of weather related events and natural disasters.
Insurance income may also be effected, as an example, CommInsure's Funds management income declined 23% to AUD160 million (in FY12), reflecting the managed contraction of the closed portfolios and constrained growth due to uncertain markets.
ii) Methods you are using to manage this risk:
Reinsurance arrangements, the Bank's Risk Appetite Statement and product design are continually reviewed in order to respond to the changing market in which our business operates as well as ensure ongoing business sustainability.
Business Continuity Management (BCM) is considered vital in key areas where there is the concentration of revenues, property, product knowledge IT systems as well as infrastructure, as this creates a specific risk to the Bank.
Without BCM in place, there is the potential risk/ costs due to; loss of clients, repair costs of affected/ damaged property, employees not being able to perform certain work duties, and the potential trading losses of data centre infrastructure if affected.
As an example of managing the risk of data centre infrastructure, the Bank has developed robust solutions to ensure time critical information continues to be available and ensure no loss of data occurs. The Bank has two internally highly resilient Tier 3+ data centres that have dual redundant measures, and diverse electronic high-speed communication procedures in place, as well as service feeds (HV and water), built to withstand a 1:100 year storm, and not built in a floodplain and are geographically separated.
In the event of one of the Bank's Data Centres is adversely affected due to an extreme weather event, our sites have the capability to run internal services on locally generated power fed by bulk diesel tanks for 5-7 days without refuelling. Along with multiple redundant network connections and paths between both Bank Data Centres we are able to achieve high levels of risk mitigation.
To assist in managing all risks arising from climate change, the Bank reviews its Environment Policy on an annual basis. The Environment Policy creates a framework for understanding and managing our direct and indirect environmental impacts, risks and opportunities. The Environment Policy is continuously being embedded throughout relevant business units on an ongoing basis.
The Bank has also (during this reporting period) developed a comprehensive Environmental Management System (EMS) aligned to the international standard of ISO: 14001. Under this system teams identify, prioritise and implement energy efficiency activities and improvements to their portfolios, while identifying sector specific and asset trends to help manage the physical risks from climate change.
iii) Cost associated with these actions:
Business Continuity Management (BCM): No cost, these actions are considered business as usual.
EMS development: External expert consultancy NetBalance, assisted in the development of the Bank's Environmental Management System (EMS ISO: 14001), this cost was approximately AU$50,000.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
CBA06	Reputation	Reputation is one of the Bank's most valuable assets, and is one key driver to the success of its brand. There is the potential	Reduced demand for	Current	Direct	More likely than not	Low-medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		reputational risk associated with the change in stakeholder perceptions of how the Bank is responding to climate change. The Bank's approach to climate change is directly linked to whether or not the Bank is listed on Sustainability rating Indices such as CDP, FTSE4good and DJSI, how we are viewed by rating agencies in general and various investors who value the importance of sustainability and associated Environmental Social and Governance (ESG) and climate change related issues. Stakeholders potentially criticising the bank's for the provision of financial services to industries that are active in the natural resources and utilities sectors is a clear reputational risk Protecting and enhancing the Bank's strong brand is not only important domestically but also internationally. Failure to address climate change issues will affect the Bank's existing and future client relationships. To enhance the visibility of the Bank's engagement in sustainability and climate change related matters, the Bank produces a dedicated Sustainability Report annually, a quarterly Sustainability Communities Newsletter going out to over 200,000 Bank-wide shareholders, the Energy Efficiency Opportunities (EEO) annual report covering all energy reduction activities throughout the reporting period, as well as a report to the National Greenhouse and Energy Reporting (NGER) Scheme, which discloses the Bank's GHG emission portfolio.	goods/services				

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

CBA06:
Potential financial implications:
Negative stakeholder perceptions of the Bank's approach to climate change may negatively impact the Bank's reputation, which is a key asset and driver to the success of the Bank. If the Bank does not take action on climate change issues, this may lead to the Bank's products and services being viewed as less attractive and could result in the loss of customers. This can then have a negative effect on the Bank's direct revenue and share price.

In addition, climate change is an increasing concern for our current and future employees. Failure to take action and address these concerns could impair the ability to retain and hire employees.
Lending strategies and credit relationships are likely to become more sensitive to climate change (e.g. the potential negative media exposure arising from the primary involvement with companies that do not adhere to all environmental standards.

As an example, within the Bank's Institutional Banking & Markets division potential financial implications may have occurred without the newly developed sector specific policies guiding the assessment of environmental and social risk, including climate change, for use when financing in the natural resources and utilities sectors. As for scale, Institutional Banking and Markets achieved a NPAT of AUD1,060 million for the year ending FY12, representing a 6 per cent increase on the prior year.

Methods you are using to manage this Risk:
The Bank manages these risks in a number of ways;
1. Actively monitoring stakeholder perceptions of our reputation and holding regular strategic reviews to identify reputation related opportunities and risks to our business.
2. External stakeholder roundtable events continue to maintain the dialog with our external audiences.
3. Greater communications, engagements and reporting on climate change related matters thus increasing the transparency of the organisation
4. The Bank is also engaged in a number of voluntary local, regional and global level communications with peers on climate change issues to address the growing interest and concerns from our clients, shareholders, community, banks, analysts, investors and our employees.
This growing stakeholder interest is met by our increased reporting and disclosure mechanisms surrounding climate change, e.g. CommBank website, annual dedicated Sustainability Report and dedicated microsite (with metrics that received external assurance by KPMG), quarterly Sustainability Communities Newsletter being distributed to over 200,000 Bank-wide shareholders, our Energy Efficiency Opportunities (EEO) annual report covering all energy reduction activities throughout the reporting period, annual National Greenhouse and Energy Reporting (NGER) program, disclosing in detail, the Bank's energy consumption sources. Additionally, climate change related risks are highlighted and addressed at Board level on a regular basis.
5. Other ways the Bank is managing its reputation is being at the forefront of global change. The Bank's memberships and signatories include :
United Nations Environment Programme for Financial Institutions (UNEPFI) - identifying, promoting, and realising the adoption of best environmental and sustainability practice,
UN Global Compact - promoting principles in the area of human rights, labour standards, anti-corruption and the environment.
Principles for responsible investment (PRI) – A global investor initiative designed to promote a framework for better integration of ESG matters into mainstream investment practices. The Bank's global asset management business CFSGAM, was one of the first global investment managers to become a signatory to the PRI in early 2007. In 2012, CFSGAM sits at the top quartile in five of the six principles relative to global investment management.
Earth Hour – Where hundreds of millions of people, businesses and governments around the world unite each year to turn off their lights to support the world's largest annual environmental event .
Dow Jones Sustainability Index (DJSI) – The Bank continues to report to the following two indices - a. The DJSI World, which tracks the financial performance of the top 10% of the 2,500 largest companies of the Dow Jones Total Stock Market Index, and b. The Asia Pacific Index, on which the Bank is included, which tracks the top 20% of the 600 largest companies in the developed Asia Pacific markets, in terms of sustainability.
FTSE4GOOD: The Bank was recognised again by the FTSE4GOOD this reporting period. The FTSE4GOOD measures the performance of companies that meet globally recognised corporate responsibility standards.
6. Managing all risk surrounding the provision of financial services to industries that are active in the natural resources and utilities sectors, included the Bank's Institutional Banking and Markets division developing (in 2012) sector specific policies guiding the assessment of environmental and social risk, including climate change, for use when financing in the natural resources (mining and oil & gas extraction) and utilities (including renewables) sectors. We also engage with external industry expertise and key stakeholders to further educate the Bank on areas of potential financial provision for emerging markets, e.g. in 2012 the Bank engaged Environmental Resources Management (ERM) to discuss Coal Seam Gas (CSG) and the details surrounding the sector/ industry.
7. 2012 saw the Bank develop its comprehensive Environmental Management System (EMS) aligned to the international standard ISO: 14001. The Bank's EMS

allows us to identify, prioritise and action and review our organisation's environmental management process, this assists the Bank in identifying additional environmental/ climate change impacts resulting from our business activities and to improve our environmental performance and therefore reputation.
8) The Bank also held a climate change forum during this reporting period. Presentations included both internal and external speakers, internal speaker presented on how the Bank is addressing climate change and what it is doing to assist the top 100 Australian emitters that cover a wide range of emissions-intensive industries with a total emissions profile of over 250 million tonnes of Co2-e (over 70 per cent of Australia's covered emissions) creating the opportunity to collaboratively assess the scale of the possible impact on each individual client/ sector and consult on ways to mitigate their liabilities. The external climate change expert (one of only 170 people selected in Australia to be trained by Al Gore to deliver the 'An Inconvenient Truth' slideshow), presented the 'Good News Story', a story of positive progress in sustainability which focuses on growth opportunities and innovation in relation the climate change.

Costs associated with these actions:
Bank employees involved in managing reputational issues and stakeholder concerns are the major cost driver.
There are minimal costs associated with holding external stakeholder forums (i.e. internal room hire and catering, presentation material, IT).
Cost associated with managing this risk also include, collation of sustainability and climate change related data, public disclosure of this information and third party voluntary verification and assurance of this material. Costs also include external stakeholder and employee engagement domestic and global memberships and signatories, e.g. UNEPFI, Global Compact and others. These costs equate to approximately AU$500,000pa for the reporting period.

5.1g

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1h

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1i

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Page: 6. Climate Change Opportunities

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in physical climate parameters
Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
CBAa	Emission reporting obligations	The growing number of mandatory emissions reporting obligations e.g. National Greenhouse and Energy Reporting (NGER) scheme and Energy Efficiency Opportunities (EEO) Act in Australia, supports the improvement in quality, reliability and transparency of Greenhouse Gas (GHG) reporting across a number of industry sectors. This enables cost efficiencies when identifying and managing climate change related risks in lending, asset and investment portfolios.	Reduced operational costs	Current	Direct	Virtually certain	Low
CBAb	Cap and trade schemes	The recently introduced Clean Energy legislation (1 July 2012) is the Australian Government's comprehensive plan to address climate change and begin the transition of the country towards a low-carbon economy. The legislation is a significant	New products/business services	Current	Direct	Virtually certain	Low

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		economic and environmental reform with far reaching implications. A key component of the legislation is to put a price on carbon. The Carbon Pricing Mechanism introduced an initial fixed carbon price (AU$23 per tonne) for the first three years that commenced 1 July 2012, and move to a floating carbon price from 1 July 2015. The Australian Government has also linked the Australian carbon price scheme to the EU carbon price scheme in mid-2015.					

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and (iii) the costs associated with these actions

CBAa:
i) Potential financial implications:
Not only does this improve the reliability of our own GHG emissions data, it also provides access to publicly disclosed information that may be vital in assessing the emissions profile of another company and/ or industry sector as a whole. This in turn reduces effort (time and expenses) the Bank may need to spend on due diligence. As an example, a prior emissions profiling exercise cost the Bank approximately AUD10,000 to complete. With the introduction of the above mentioned emissions reporting obligations within Australia (i.e. NGER and EEO), this cost has since been reduced, approximately 75%.
ii) Methods you are using to manage this opportunity:
1) The Bank has a dedicated Corporate Sustainability Team which on a day-to-day basis monitors and assesses climate change related data via these emissions reporting obligations. This assessment/ data gathering is also performed over individual companies and on specific sectors. Where necessary and/ or requested the Bank uses internal environmental, sustainability, climate change, carbon, trading, specific industry and credit risk experts to monitor the outputs of emissions reporting obligations. This information is also used in the screening of clients and/ or potential clients.
2) The Bank is Bloomberg's largest client in Australia, Bloomberg is an American multinational mass media corporation based in New York City. Bloomberg makes up one third of the $16 billion global financial data market. It provides the Bank with financial software tools such as analytics and equity trading platform, data services and news through its 'Bloomberg Terminal'. Information related to the emissions reporting obligations of companies the Bank interacts with, can be extracted by the Bloomberg team therefore allowing for a comprehensive analysis of environmental/ climate change data.
iii) Costs associated with these actions:
Employees are the main cost driver with this opportunity.
Cost associated with the collection and assurance of emissions data, and related implementation of internal risk management platforms total approximately AU$300,000 pa.

CBAb:
i) Potential financial implications of the opportunity:
There is likely to be direct price increases as a result of the implementation of a carbon pricing mechanism, e.g. electricity and transportation. For example, the Australian Independent pricing and Regulatory Tribunal (IPART) have forecasted ongoing increases in electricity of approximately 7 per cent in July 2013. This equates to an increase in electricity costs of approximately AUD2 million per year, part of which can be attributed to Australia's introduction of its emissions Cap and Trade Scheme.
There are also business opportunities.
For example, the introduction of a carbon price mechanism will create a number of carbon hedging and financing opportunities for the Bank and its customers. The Bank has already and will continue to develop and market a new range of goods and services that will help customers manage their carbon risks and take advantage of the business opportunities in the new and restructured low carbon economy, both domestically and internationally.
These opportunities will enable the Bank to bring in new revenue from both existing and new customers.
ii) Methods you are using to manage this opportunity:
For our Australian based clients directly impacted by a carbon pricing mechanism, the Bank will leverage its extensive client relationships, financing and global markets capabilities and has developed a range of tailored carbon hedging and carbon financing solutions.
The Bank offers clients the flexibility to use the Australian or International permits market to hedge their carbon price risk. The Bank's financing solutions enable clients to trade existing permits or fund investments in energy efficient technologies, renewable energy or bio-sequestration projects. In this way, the Bank gives its clients access to the full spectrum of services that will not only assist them in managing risk, but importantly take advantage of the opportunities in a new low carbon economy.
Additionally, the Bank's Carbon Solutions Team has engaged in client consultations (with the top 100 Australian emitters) that cover a wide range of emissions-intensive industries with a total emissions profile of over 250 million tonnes of Co2-e (over 70 per cent of Australia's covered emissions) creating the opportunity to collaboratively assess the scale of the possible impact on each individual client/ sector and consult on ways to mitigate their liabilities.
iii) Costs associated with these actions:
Employees are the main cost driver, there were 8 dedicated Sustainability professionals at the end of 2012, in addition there are dedicated Carbon solutions experts, and 3 Traders directly involved with the trading of Cap and Trade scheme units.

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
CBAc	Change in precipitation pattern	The physical impacts of climate change will create some initial direct opportunities for the Bank for its extensive Regional and Agriculture Business customer base. These customers may become more adversely affected by the physical impacts of climate change than other sectors due to their concentration in regional and remote areas of Australia. This creates the opportunity for the Bank to provide specialised services to these customers assisting them in	New products/business services	Current	Direct	Virtually certain	Low

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		managing the impacts of climate change on their business. Over the next few decades, increasing demand will transform the agribusiness sector, both in Australia and around the world. With the global population forecasted to reach 9 billion by 2050, the United Nations predicts that food demand will rise by 70%* (*How to Feed the World in 2050, Food and Agriculture Organisation of the United Nations, October 2009.) For Australian agri-businesses, this changing landscape presents both risks and opportunities. As agricultural commodity markets become larger and more complex, so is the sector corporate decision making process. The growing scale has led to industry consolidation, with global supply chains becoming more integrated.					

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and (iii) the costs associated with these actions

CBAc:
i) Potential financial implications of the opportunity:
Providing specialised services to customers, and assisting them in managing the impacts of climate change on their business is likely to result in the strengthening of existing customer relationships, and the attraction of additional clients. The Bank processes approximately 45% of Australia’s banking transactions, making the Bank the nation’s preferred transactional bank. Clients benefit from the Bank’s proven infrastructure and largest Australian banking network.
The Bank’s Regional and Agri-business represents 16 per cent of the Bank’s Business and Private Banking division during the reporting period. Its income increased 9 per cent on the prior year, while lending income also increased 10 per cent on the prior year.
Providing these specialise services to the Bank's customers will continue to have a positive financial impact on the Bank’s total revenue.
ii) Methods you are using to manage this opportunity:
The Bank will leverage its extensive client relationships, financing and global market capabilities through its Regional and Agriculture business teams and its Carbon Solutions Team.
The Bank provides specialised solutions to a range of companies within Australia’s corporate agribusiness sector, both pre and post farm gate (i.e. net value of a product when leaving the farm/property):
1. Corporate agricultural producers.
2. Agricultural supply companies.
3. Food processors.

4. Agricultural exporters and distributors.
5. Sophisticated private and institutional investors.

In additon, dedicated and sophisticated capital solutions include:
a. Commodity inventory finance: help to finance business growth and manage cash flow by unlocking the value of commodity inventory.
b. Acquisition finance: The Bank will work with the client to explore and implement the most effective finance option for their business, from structured lending solutions to capital raisings through the Bank's debt and equity capital markets specialists.
c. Supply chain finance: The Bank will assist the client in bridging the gap between buying inputs and marketing their final product, assisting the client in funding ongoing operations without raising additional capital.
d. Seasonal financing: The Bank understands that the seasonal nature of agribusiness can translate into large variations in peak cash flow requirements. The Bank structures finance packages to ensure the clients seasonal financing needs are fully catered for.
iii) Costs associated with these actions:
Employees are the main cost driver for this opportunity. The Bank has more than 300 agribusiness specialists in over 50 locations across the country.
As a result of providing specialised services to customers, and assisting them in managing the impacts of climate change, the Bank's Regional and Agri-business total banking income increased from (AUD448 million (as at 30 June 2011) to AUD489 million (as at 30 June 2012), an increase of AUD41 million.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
CBAd:	Reputation	A general increased awareness of climate change brings with it a range of stakeholder expectations. Monitoring and addressing changing stakeholder perceptions on how the Bank addresses climate change is an opportunity to build the Commonwealth Bank brand and therefore our reputation. Protecting and enhancing the Bank's strong brand is not only important domestically but also internationally, so as to build on our existing strength in client relationships and build new ones. To enhance the visibility of the Bank's engagement in sustainability and climate change as a whole, the Bank produces a dedicated Sustainability Report and microsite annually, a quarterly Sustainable Communities Newsletter reaching over 200,000 specific Bank-wide shareholders, an Energy Efficiency Opportunities (EEO) annual report covering all energy reduction activities throughout the reporting period, including a reader friendly version of this report to capture a	Increased demand for existing products/services	Current	Direct	Likely	Low-medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		wider range of topics relating to sustainability, Community and climate change. We also understand that we need to lead by example, our publicly communicated commitment to a 20% carbon emissions reduction target from a baseline of our 2008-09 emissions, to be achieved by June 2013, is testament to this commitment. Achieving this target will assist in raising the reputation of the Bank. To note, in January 2013 the Bank reached and exceeded its 20% carbon reduction target, five months prior to the deadline.					

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

CBAd:
i) Potential financial implications of the opportunity before taking action:
The positive impact on the Bank's reputation is directly linked to the action we take on climate change which provides a financial benefit where this results in existing customers being retained and in the forming of new relationships/ customers. If our existing customers extend their range of products and services with the Bank and where new customers are attracted to the Bank as a result of our reputation through the action we take on climate change, then our increased reputation can contribute to the Bank's increased revenue.
An example of protecting and enhancing the Bank's reputation is reducing its impact on the environment. During the reporting period, the Bank deployed projects (lighting and HVAC) to reduce the Bank's energy consumption expenditure. This investment of approximately AUD10 million is expected to continue to reduce the Bank's emissions profile by approximately 30,000 tonnes Co2-e per annum, relative to its total FY12 emissions profile of 147,124 tonnes Co2-e. If these projects were not implemented, the Bank would have been expected to pay a higher price for it electricity costs.

ii) Methods you are using to manage this opportunity:
The Bank is managing this reputational opportunity in a numbers of ways;
1) Enhanced communications:
The Bank is committed to publicly communicating its progress towards a sustainable future. The Bank produces a dedicated Sustainability Report annually, in 2012 we additionally created a dedicated Sustainability Micro-site detailing the Bank's actions surrounding the following 5 focus areas,
a. Sustainable Business Practices,
b. Responsible Financial Services,
c. Engaged and Talented People,
d. Community Contribution and Action, and
e. Environmental Stewardship.

This annual reporting details our approach to climate change along with our programs and initiatives as well as discloses our greenhouse gas emissions process and progress on a 5 year horizon.
Our Sustainable Communities Newsletter is distributed for times per year and is received by more than 200,000 shareholders, the Bank increases its transparency and accuracy each year when publicly disclosing its greenhouse gas emissions inventory as well as describing the way we will assess over 90% of energy consumed within our property and transportation portfolios, through our Energy Efficiency Opportunity (EEO) Act and National Greenhouse and Energy Reporting (NGER) scheme.

2) Public commitment to reducing our carbon footprint:
In May 2009 the Bank committed itself to action on climate change through its commitment to reduce its direct carbon footprint by 20% by June 2013 from an emissions baseline of 2008-09. This represents a reduction of 34,550 tonnes of Co2-e.
The Bank, in this reporting period, reduced its emissions by more than 23,500 tCo2-e alone.
To note: (In January 2013 the Bank reached and exceeded its 20% carbon reduction target, five months prior to the deadline).

Reaching this target was achieved as a result of 3 major programs;
a) Commercial office consolidation: Our largest consolidation is Commonwealth Bank Place (CBP) in Sydney, where we have relocated over 6,000 employees. Completing CBP was the final pillar in the Bank's Sydney Accommodation Consolidation strategy, one of the most ambitious corporate consolidations in Australia. Over eight years, we moved over 19,000 employees from 19 buildings across Sydney into three purpose-built campuses.
b) Heating Cooling and Air Conditioning (HVAC) replacements/ upgrades: This program has improved the energy efficiency of HVAC systems used by the Bank, where it has operational control in its retail and commercial facilities.
c) Lighting replacements/ upgrades: This program has improved the energy efficient operation of the lighting systems where the Bank has operational control, in its retail and commercial facilities.

3) Stakeholder engagement:
The Bank actively monitors stakeholder perceptions and holds regular strategic reviews to identify reputational related opportunities and risks to its business. External stakeholder roundtable events continue to maintain the dialog with our external audiences and contribute to the way we address climate change and other related topics as well as how we communicate to our internal and external audiences.
The Bank is also engaged in a number of voluntary local, regional and global level communications with peers on climate change issues to address the growing interest and concerns from our clients, shareholders, community, banks, analysts, investors and our employees.
The Bank also held a climate change forum during this reporting period, internally sponsored by the Bank's Senior Executive of Group Corporate Affairs, David Cohen. Presentations included both internal and external speakers, internal speaker presented on how the Bank is addressing climate change and what we are doing to assist the top 100 Australian emitters that cover a wide range of emissions-intensive industries with a total emissions profile of over 250 million tonnes of Co2-e (over 70 per cent of Australia's covered emissions) creating the opportunity to collaboratively assess the scale of the possible impact on each individual client/ sector and consult on ways to mitigate their liabilities. The external climate change expert (one of only 170 people selected in Australia to be trained by Al Gore to deliver the 'An Inconvenient Truth' slideshow), presented the 'Good News Story', a story of positive progress in sustainability which focuses on growth opportunities and innovation in relation the climate change.
iii) Costs associated with these actions:
The Major costs driver is the Bank employees involved in managing reputational opportunities and stakeholder interest and concerns.
There are minimal costs associated with holding external stakeholder forums (i.e. internal room hire, catering, communications, presentation material, IT etc).
Cost associated with managing this opportunity also include, collation of sustainability and climate change data, public disclosure of this information and third party verification and assurance of this material. Plus implementation of certain programs and reporting frameworks. This equates to approximately AU$360,000
Costs relating to HVAC and Lighting projects are a significant capital cost in reducing our carbon footprint. These project costs equate to approximately AU$10,000,000.

6.1g

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

Page: 7. Emissions Methodology

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Tue 01 Jul 2008 - Tue 30 Jun 2009	14443	170504

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Australia - National Greenhouse and Energy Reporting Act
ISO 14064-1
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other

7.2a

If you have selected "Other", please provide details below

Australia: National Greenhouse Accounts – July 2012

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference

Further Information

In reference to Question 7.4: Please find attached applied emissions Factors and their origin.

Attachments

https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/7.EmissionsMethodology/Copy of Q 7_4 worksheet-to-input-of-EF (3).xlsx

Page: 8. Emissions Data - (1 Jul 2011 - 30 Jun 2012)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

11160

8.3

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

145989

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
Emissions relating to Funds under the operational control of Colonial First State Global Asset Management.	Scope 1 and 2	The Bank has reviewed its CDP reporting boundaries to be consistent with the National Greenhouse and Energy Reporting Operational Control boundary and to reduce the risk of double counting. Accordingly, the Bank is not reporting on behalf of the Colonial First State Global Asset Management (the Funds) emissions. Although in previous years the Bank has reported the Funds emissions to CDP, these will now be reported separately. This has had a significant impact on emissions reported.

Source	Scope	Explain why the source is excluded
Asia Pacific business operations.	Scope 1 and 2	The Bank has a small number of offices, branches and automatic teller machines (ATMs) in countries in the Asia Pacific region in addition to Australia and New Zealand. Emissions and energy use associated with these operations is minimal in relation to the Bank's overall emissions profile and access to emissions and energy data from these operations is also limited and unreliable. For these reasons, data from these operations has been excluded. However, these emissions are immaterial to the overall emissions profile of the Bank.
New Zealand financial year data.	Scope 1 and 2	New Zealand data is included, but is based on the 2011 Calendar year data rather than the financial year. This data still represents a complete 12 month period but is used as it is consistent with New Zealand reporting and target tracking.
Refrigerants for Australian operations	Scope 1	Under the Australian National Greenhouse and Energy (NGER) Reporting Scheme, the Bank and Bankwest were not required to report refrigerants as they did not meet the refrigerant reporting threshold provided under the NGER Act.

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	Assumptions Extrapolation Metering/ Measurement Constraints Data Management	The Bank incorporates robust data collection processes for all sources of emissions and therefore uncertainty is minimal for the sources identified. The Bank's energy data is acquired primarily from invoices with limited uncertainty (which is outside the Bank's control). A small proportion of energy data is obtained from meters for which uncertainty is minimised by the Bank's or third party meter maintenance practices and compliance with industry standards. Metering and measurement constraints	More than 2% but less than or equal to 5%	Assumptions Extrapolation Metering/ Measurement Constraints Data Management	The Bank has minimal uncertainty in its Scope 2 electricity data due to its robust data management processes. The Bank uses energy and greenhouse gas management software 'CarbonSystems', to house all invoice consumption data together with costs, tariff and consumption periods for additional verification. The system identifies any data gaps, these are then rectified using actual data or historical data and calculated estimates. For some minor retail branches and ATM sites for which data is not

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
		under the responsibility of third parties (e.g. suppliers who provide invoice based data) and published emission factors are outside the control of the Bank. These sources of uncertainty are minimal as they represent the best available information and are constantly being monitored and updated. Invoice based consumption data is uploaded into 'CarbonSystems', a Sustainability and Resource Management platform (the Bank's dedicated energy and greenhouse gas management software) together with costs, tariffs and consumption periods to facilitate regular data validation. Data quality is constantly being monitored using the platform's built-in facilities to identify any data abnormality and gaps. Data abnormality and gaps are identified and rectified, either with actual data or by extrapolating existing data based on historical and seasonal data and calculated estimations. The Bank captures data for all of its emission sources and therefore extrapolation is only ever conducted to fill data gaps, not to estimate complete emission sources. The Bank calculated its Scope 1 uncertainty for the purposes of National Greenhouse and Energy Reporting (NGER) using the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (the Determination). The methodology uses default uncertainty factors for published emissions factors and additional factors for activity data, the method by which the data was derived and			available, data is estimated based on Net Lettable Area (NLA), extrapolating seasonal data from similar sites. Outside the Bank's control there is inherent uncertainty in published emissions factors and in the electricity meter data upon which invoices from electricity retailers are based. Scope 2 uncertainty has been calculated using the methodology in the Australian National Greenhouse and Energy Reporting (NGER) Scheme even though it does not provide uncertainty factors for scope 2 emissions. The National Electricity Market (NEM) Rules relating to metering require meters to have an overall error of not more than ± 1.5% (NEM Rules, Version 34, Schedule 7.2.2) therefore, this figure was applied to the percentage of data sourced from invoices. The NGER Criterion BBB (simplified consumption measurement) uncertainty percentage was applied to the small amount of electricity data that was estimated or extrapolated. A weighted uncertainty average was then determined.

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
		energy content factors used.			

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

Third party verification or assurance complete

8.6a

Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Attach the document
Limited assurance	ASAE3000	https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/Investor-8.6b-C3-RelevantStatement/Investor-8.6b-VerificationDetails1/KPMGAssuranceReportCBA2012.pdf

8.6c

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Third party verification or assurance complete

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Attach the document
Limited assurance	ASAE3000	https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/Investor-8.7b-C3-RelevantStatement/Investor-8.7b-VerificationDetailsS21/KPMGAssuranceReportCBA2012.pdf

8.8

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

8.8a

Please provide the emissions in metric tonnes CO_2

Further Information

In reference to Q: 8.6 and 8.7. The Bank received independent Limited Assurance for the reporting period of 1 July 2011 to 30 June 2012, for its Scopes 1, 2 and 3 emissions sources.
Attachment 1: Assurance Report 2012, by KPMG,
Attachment 2: Data Table over which the Assurance Report relates to (covering the Bank's Scopes 1, 2 and 3 emissions sources. These two documents are required to be read in parallel, as the Assurance Report is assuring the data held within the Bank's 'Data Table' and is publicly available to all stakeholders.

Attachments

https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/8.EmissionsData(1Jul2011-30Jun2012)/KPMGAssuranceReportCBA2012.pdf
https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/8.EmissionsData(1Jul2011-30Jun2012)/Commonwealth_Bank_Sustainability_Performance_Data_Table_2012.pdf

Page: 9. Scope 1 Emissions Breakdown - (1 Jul 2011 - 30 Jun 2012)

9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

9.1a

Please complete the table below

Country/Region	Scope 1 metric tonnes CO2e
Australia	10800
New Zealand	360

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)

9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)

9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)

9.2e

Please break down your total gross global Scope 1 emissions by legal structure

Legal structure	Scope 1 emissions (metric tonnes CO2e)

Page: 10. Scope 2 Emissions Breakdown - (1 Jul 2011 - 30 Jun 2012)

10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

10.1a

Please complete the table below

Country/Region	Scope 2 metric tonnes CO2e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)
Australia	141487	156156	
New Zealand	4502	32482	

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 emissions (metric tonnes CO2e)

10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions (metric tonnes CO2e)

10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions (metric tonnes CO2e)

10.2d

Please break down your total gross global Scope 2 emissions by legal structure

Legal structure	Scope 2 emissions (metric tonnes CO2e)

Page: 11. Energy

11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

11.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	65889
Electricity	188638
Heat	0
Steam	0
Cooling	0

11.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	6288
Motor gasoline	54005
Diesel/Gas oil	4930
Liquefied petroleum gas (LPG)	0
Biodiesels	0
Biogasoline	666

11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comments
No purchases or generation of low carbon electricity, heat, steam or cooling		

Page: 12. Emissions Performance

12.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

12.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	6	Decrease	The Bank has set an emissions reduction target and has a dedicated emission reduction activity program. Emission reduction activities include energy efficiency improvements including lighting and HVAC for both commercial properties and retail branches both which have had significant implementation in the reporting period as outlined in e.g. question 3.3b. One of the largest emission reduction activities in the reporting period has been the strategic commercial office space consolidation, moving offices to sustainable buildings with 6 Star Green Star Rating and 5 Star NABERs ratings.
Divestment	0		There have been no divestments in the reporting period that have had any material impact on emissions.
Acquisitions	0		There have been no mergers in the reporting period that have had any material impact on emissions. However, the Bank has acquired Aussie Home Loans recently and the emissions associated with this acquisition will be reported in next year's Carbon Disclosure Project response.
Mergers	0		There have been no mergers in the reporting period that have had any material impact on emissions.
Change in output	0		Due to the nature of the finance industry, changes in output do not directly relate to emission profiles.
Change in methodology	0		There have been no material changes to methodologies used to calculate scope 1 and scope 2 emissions.
Change in boundary	16	Decrease	This year the Bank did not report on emissions associated with the Colonial First State Global Asset Management (CFSGAM) Funds which have been reported in previous Carbon Disclosure Responses under the Bank's submission. Instead, the Funds will be reporting on their emissions under their own Carbon Disclosure Report responses to avoid any double counting of emissions. This represents a significant change in boundary for Carbon Disclosure Reporting but is better aligned with National Greenhouse and Energy

Reason	Emissions value (percentage)	Direction of change	Comment
			Reporting (NGER) and Energy Efficiency Opportunity (EEO) Act reporting boundaries. (In accounting for this boundary change, it was assumed that CFSGAM emissions in the reporting period were the same as the previous year).
Change in physical operating conditions	0		Changes in physical operating conditions do not impact materially on the Bank's emission's profile.
Unidentified	11	Decrease	In April 2012 the Bank communicated its overarching Strategic Priorities, one of which is Productivity. This strategic priority is led by the Bank's CEO, and is a directive to all Group Executives and staff. General company-wide activities multiplied by approximately 32,000 full time domestic employees, has led to a reduction in the Bank's emissions. As an example, a legacy IT project implemented in 2008-09 as part of the Bank's carbon reduction Target program, (PC Hibernation/ automatic overnight PC shut down) although implemented in a previous year, continues to deliver Bank-wide emission reductions.
Other	0		n/a

12.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
7.38	metric tonnes CO2e	unit total revenue	19	Decrease	The primary reason for the decrease is emission reduction activities. Emissions intensity per $m of revenue decreased by 19%, despite an increase of 6% to the Bank's total revenue. This decrease can be attributed to the Bank's Target Program with a number of significant emissions reduction activities being implemented in the reporting period that have significantly improved the Bank's energy efficiency, these include the Green Refresh Program which has seen energy efficiency measures implemented in both commercial and retail portfolios and the relocating of over 6,000 employees into Commonwealth Bank Place (CBP), the Bank's 6 Star Green Star / 5 Star NABERs rating

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
					building.

12.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
4.03	metric tonnes CO2e	FTE employee	10.27	Decrease	The primary reason for the decrease is emission reduction activities. Compared to last reporting period, this intensity metric has decreased by 10.27%. Of this, over 6% (greater than half) can be attributed to emission reduction activities under the Bank's emissions reduction Targets Program including the Commercial and Retail portfolio Refresh program and Commercial Office Consolidation as part of the Bank's carbon reduction Target Program. A smaller proportion can be attributed to a reduction in FTEs which decreased by 4% since the last reporting period.

12.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.15	metric tonnes CO2e	square meter	14.59	Decrease	The primary reason for the reduction in emissions intensity is emission reduction activities. This has been achieved by the Bank's Commercial Office Consolidation activities under the Bank's carbon reduction Target Program in Australia. This has seen a move to a 6 Star Green Star (signifying world leadership) and 5 Star NABERS (National Australian Built Environment Rating System) commercial office space, and relinquishing previously occupied premises which at times were both in occupation in the previous reporting period. As part of the consolidation the Bank has created the world's largest Activity Based Working (ABW) environment with no fixed desks and a range of different spaces for employees to collaborate and work. This consolidation and new working approach has allowed the Bank to have 20 per cent more employees occupy Commonwealth Bank Place compared to regular office building configurations. This is coupled with an overall reduction in emissions which has reduced this metric.

Page: 13. Emissions Trading

13.1

Do you participate in any emissions trading schemes?

Yes

13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
New Zealand ETS	Fri 01 Jul 2011 -	3000	3000	3000	Facilities we own and operate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
	Mon 30 Jun 2014				
Other: Jobs and Competitiveness program (JCP)					Other: The Bank currently allows its clients to trade in Free Permits, AUD denominated CERs and EUA

13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

New Zealand ETS: Sovereign voluntarily takes part in the NZ ETS – (this is not a legislated requirement). Sovereign's Operational Environmental Policy states that it will reduce its emissions until there is no further reduction possible and the remaining emissions will be offset (including this reporting period).

Sovereign also made the decision to purchase local Landcare Research's EBEX21 program certified credits so that they are not only reducing their domestic impact but also helping to preserve NZ's native flora and fauna in line with their commitment as signatories to the Natural Capital Declaration.

Australia's Jobs and Competitiveness program (JCP) and buy-back of free carbon units: The Bank does not have a compliance requirement under the government's carbon pricing mechanism. However, as the carbon pricing mechanism transitions to a market based cap-and-trade emissions trading scheme, the Bank will participate by providing a range of carbon hedging and carbon financing solutions for our clients. Carbon compliance obligations may affect a client's ability to service loans, or impact on the client's asset valuations and loan covenants.

A major component of the Bank's strategy to mitigate its exposure to this risk is where we are working closely with our clients (top 40 companies with carbon liabilities under the scheme with a combined emittence of over 200 million tonnes Co2-e p.a.) to assist them with the management of their exposure and carbon risk. The Bank is also in the process of reviewing how our clients' credit positions will be impacted across both the Bank's existing portfolio and new business underwritten.
To note: The Bank currently allows its clients to trade in Free Permits, AUD denominated CERs and EUA.
While the Bank's Commodity's team actively trades a range of environmental products including CERS.
As there is a trading window over the next 3 months (May – July 2013) the Bank is unable to disclose the number of allowances allocated or purchase at this time due to commercial in confidence.

13.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

Yes

13.2a

Please complete the table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose, e.g. compliance
Credit Origination	Energy efficiency: industry	Retail Branch and commercial Office energy efficiency works program.	Other: NSW Energy Saving Scheme (ESS)	2449	2449	No	Voluntary Offsetting

Page: 14. Scope 3 Emissions

14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services	Relevant, calculated	43804	These emissions relate to the Banks material purchases of goods and services, excluding		Data Centres: Data Centre services and office paper purchasing have been identified as the

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			capital good purchases which are under the Capital Goods section of this question (below), covered in a separate section. Data Centres: The Bank uses third party data centres which fall outside its operational control. Its two major data centres are located in Norwest and Burwood NSW and represent approximately 70% of the Bank's data centre energy profile. Emissions are calculated based on actual data from Norwest and Burwood data centres. This data has been extrapolated based on the calculated assumption that Norwest and Burwood represent 70% of the Bank's outsourced data centres. The full-fuel cycle emissions factor for electricity in NSW was applied to this extrapolated figure to account for the suppliers direct and indirect emissions (1.06 kg CO2-e/kWh) to determine total scope 3 emissions for outsourced data centres. Paper Related Emissions: These emissions relate to the embodied emissions in office paper purchased by the Bank. Purchasing records for the reporting period were provided by the Bank's paper suppliers outlining number of pages/ reams and boxes of paper purchased and by paper type (i.e. recycled, non-recycled and carbon neural. This year, actual tonnage was provided by the supplier so calculations were not required to determine tonnage. As the Bank bought a mixture of recycled and non-recycled paper, a conservative emissions factor for recycled paper of 1.91 tonnes of CO2-e/tonne of paper was applied. (The Bank purchases paper that is carbon neutral, this paper content was not included in this		two largest products and services procured by the Bank and therefore emissions are material and have been reported. Since the last reporting period, the Bank has worked with its paper supplier to obtain increased accuracy in tonnage figures to determine reportable emissions. Paper Related Emissions: Additionally the Bank is working to reduce its paper consumption both by employees and customers. Employees working within Commonwealth Bank Place use Activity Based Working which supports 'Follow-You Printing' (technology which only allows you to print when a dedicated security code is entered into the actual printer), resulting in a reduction in printing by approximately 50% (against a target of 30%) saving over $1 million per annum. For customers, the Bank promotes paperless billing and information which as increased by 29% from last year.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			calculation, due to the potential double counting of emissions).		
Capital goods	Relevant, calculated	629	The Bank reviewed its General Leger for major capital purchases in the reporting period. The most material capital purchase was the rollout of new multi-function devises (MFD)/ photocopiers. An embodied emissions factor for the photocopiers was not available, therefore it was assumed that each multi-function devise (MFD)/ photocopier was made from 60% plastic and 40% aluminium. This is considered to be a conservative estimate as aluminium was selected for the highest carbon intensity and it is unlikely that photocopiers contain 40% aluminium. Emissions were then calculated by applying emission factors for plastic products (0.02 kgCO2-e/$) and aluminium (1.4 kgCO2-e/$), adjusted for inflation, provided in the Balancing Act study (CSIRO) to the total spend for the new photocopiers.		This is the first year the Bank has reported on emissions for capital purchases. For this year, the Bank identified rollouts of IT Hardware in order to calculate emissions, being multi-function devises (MFD)/ photocopiers for this reporting period. For future reporting periods, the Procurement team intends to review Tier 1 Suppliers and seek to obtain an increased level of detailed data in order to calculate emissions. This is likely to increase the amount of capital purchases for which the Bank calculates emissions.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	24505	For each fuel type, emissions have been calculated by multiplying the total quantity of fuel consumed, by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors, July 2011 (Australian data) and the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2008 calendar year (New Zealand Data) current and in force. Emissions are then added together to provide total scope 3 emissions for this category for Australia and New Zealand.		These emissions relate to indirect emissions of the Bank's Australian and New Zealand scope 1 and 2 emissions, attributable to the extraction, production and transportation of fuels and the electricity lost in the transmission and distribution network. As the Bank actively decreases its scope 1 and 2 emissions as part of its Targets Program by implementing energy efficiency measures e.g. Green Refresh, these scope 3 emissions will also be reduced.
Upstream	Not relevant,				Upstream transport and distribution emissions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
transportation and distribution	explanation provided				are not considered to be a relevant scope 3 emission source for the Bank. Unlike other industries, banking does not procure large quantities of goods requiring freight. Despite this, the Bank acknowledges the importance of its influence on its supply chain. One of the Bank's 2013 initiatives is to review the emissions of its Tier 1 suppliers and determine whether they meet materiality criteria. If they do, the Bank intends to report on them in the next reporting period.
Waste generated in operations	Relevant, calculated	6244	The emissions reported are waste emissions associated with New Zealand ASB bank and Commonwealth Bank but exclude BankWest operations. Emissions were calculated on actual waste data (weight sent to landfill and weight sent to recycling) for 6 of the Bank's major commercial properties (based on FTEs occupying these buildings, this is 56% of the Bank's portfolio). To determine the percentages attributable to each landfill stream, the findings of the 2010 Waste Audit Report conducted by Waste Audit on the Bank's operations was used. The findings indicated percentage splits for waste to landfill streams for both commercial and retail properties. The commercial percentages were then applied to the actual waste to landfill data and appropriate emission factors from Australia's National Greenhouse Accounts were applied. For remaining commercial properties and the Bank's retail portfolio, emissions were calculated based on FTEs. For each FTE a kgCO2-e per FTE figure for each		The Bank has been dedicated to improving its waste management. In 2010 a comprehensive waste audit was conducted by independent auditors to determine the proportion of waste diverted to different waste streams for both the commercial and retail portfolios. From these, the Bank's waste emissions were determined per FTE for both commercial and retail. Since then the Bank has been improving its waste management including better recording of waste data in its commercial premises. This year, 6 major commercial buildings provided actual waste data. This is likely to increase next year.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			waste stream was applied with separate emissions factors being applied for commercial and retail. These factors were derived from the 2010 Waste Audit conducted on the Bank. The appropriate emission factors from Australia's National Greenhouse Accounts were applied. For New Zealand data the Guide for Voluntary Greenhouse Gas Reporting factors were used.		
Business travel	Relevant, calculated	34302	These emissions relate to the Bank's Australian and New Zealand air travel, Taxi use and New Zealand hire car use. Flight emissions were calculated based on data supplied from the Bank's travel suppliers AMEX which provided the Bank with data from their Cliqbook System, for the reporting period, on the number of flights, type of class and flight mileage. For New Zealand, data is obtained from its General Ledger. Flight emissions are calculated by multiplying distance travelled x 1.09 (9% uplift) x 1.9 (RFI) x factor (dependent on distance band) = total emissions. The distance is multiplied by 1.09 to allow for take-off, circling and non-direct routes (uplift factor). The radiative forcing factor of 1.9 – 2.0 (IPCC) is then applied, (to account for the multiplier effect of emitting emissions at high altitude, compared to sea level). This is then multiplied by pre-determined weighted factors and ratios (this accounts for different distance bands and travel classes) to confirm and report on total emissions. For New Zealand, flight data is categorised as domestic, international short-haul and international long-haul and flight miles for each are multiplied by the relevant factor		Flight distance calculation, the methodology is based on the recommendation from UK Department for Environment (DEFRA) 2010 and 2011.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			from the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2008 calendar year (Domestic 0.1728 kgCO2-e/km, International Short-Haul 0.0946 kgCO2-e/km and International Long-Haul 0.0827 kgCO2-e/km). Total emissions include the sum of Australia and New Zealand emissions. For Australian taxi data, total taxi spend is obtained from the Bank's General Ledger. A cost per km factor was applied to determine total km travelled and then a factor was applied to determine total LPG used. NGER LPG factors were applied for Australia and for New Zealand, emission factors for taxis were applied from the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting. For all New Zealand hired, leased and third party vehicle car use, the emissions factor for medium car was applied from the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting based on distance travelled data provided by log books and hire car suppliers.		
Employee commuting	Relevant, calculated	39371	The emissions associated with employee commuting were calculated based on FTEs for both the commercial and retail Australian employees. A calculated assumption was used to determine that the average employee travels 30km per working day to get to and from work. It was assumed that 90% of all commercial FTEs use public transport to work and that 100% of all retail FTEs and 10% of commercial FTEs drive their car. This was considered to be conservative assumptions.		This is the first year the Bank has considered emissions from its employees commuting. As Australia's largest commercial bank, we employ a large amount of people, including approximately 32,000 at the Bank alone (domestic). The Bank intends to survey its employees during the next reporting period to better understand how people travel to work and the distance they travel. While commercial employees mainly travel by public transport, there will be scope for improvement particularly

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			Based on these assumptions, factors for emissions per passenger kilometre were applied from the National Greenhouse Gas Inventory Analysis of Trends and Greenhouse Indicators for car, passenger buses, light rail, rail and passenger water craft.		with retail branch employees.
Upstream leased assets	Not relevant, explanation provided				This is not an applicable scope 3 emissions source as all property leased by the Bank is also under the Bank's operational control and therefore associated emissions are reported as part of scope 1 and scope 2 emissions.
Investments	Relevant, calculated	39469868	These emissions relate to the total lifetime project emissions (25 years) attributable to the Bank. This project is the refinancing of a power station. Emissions attributable to the Bank were then adjusted based on Bank's financing as a percentage of total financing.		As Australia's largest bank, the Bank plays a major role in financing a number of regionally significant projects, including those which have high emission profiles such as power stations and coal mines. As such, this year, the Bank has begun to determine thresholds for reporting of emissions associated with projects. This includes all projects that meet the Australian Government definition of 'emissions intensive' (used for determining emissions intensive trade exposed industries) but limited reporting to deals closed within the reporting year. This year only one refinancing project met this criteria however in future the Bank will limit reporting to financing of new projects closed within the reporting year. The Bank undertakes responsible lending assessments for all project financing. Before deciding whether to fund a project, the Institutional Banking and Markets team undertakes due diligence on all projects and uses a dedicated Risk Appetite Statement that includes environment, social and governance (ESG) risk mitigation and the

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
					impact of carbon on the project. In 2012 the Bank also developed sector specific policies guiding the assessment of environmental and social risk, for use when financing in the natural resources (mining and oil & gas extraction) and utilities (including renewables) sectors. The Bank is also a senior lender in renewable energy projects. As at 30 June 2012, our loan facilities to single asset clean and renewable energy generation companies had increased to around 71% of total exposures in this sector, compared to 59% as at June 2011. By the end of the reporting period our portfolio included the following capacity: Biomass 60MW; Wind 4,884 MW; Hydroelectric 7,700MW and Clean Energy 45MW. In the reporting year, the Bank also financed the Sydney Water Desalination Plant which is subject to Australia's largest renewable energy contract.
Downstream transportation and distribution	Relevant, calculated	1238	These emissions relate to the Bank's postage emissions and Zealand ASB Bank Ltd's postage, courier and Datamail emissions. Australian postage emissions were calculated using actual spend and assuming an average value of $1 per postage item. Using publicly available data from Australia Post, the percentage of total deliveries (by spend) was calculated and then this percentage was applied to Australia Post's total emissions. New Zealand postage emissions were calculated based on the number of packages posted multiplied by the New Zealand postage emissions factor 0.01 grams of CO2-e/letter. Where data was not complete for all New		For the next reporting period, the Bank will include data from its major courier company. If the results of the Procurement Review of Tier 1 Supplier Emissions indicates this is a material source of emissions, the Bank intends to work with the suppliers to obtain more accurate data, including freight travel kilometres associated with each form of freight transportation.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			Zealand operations, it was extrapolated. Courier emissions have been calculated by data provided by courier companies on distance travelled by car and by air travel. The emissions factors from the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2008 calendar year were applied for a medium car (0.231 kg CO2-e/km) was applied to courier car travel and 0.601 kg CO2-e/km for long distance travel. Datamail provides electronic mailing services to ABS Ltd. Energy consumption data was provided by Datamail and emissions were calculated using the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2008 calendar year scope 2 emissions factor of 0.2 kg CO2 -e/kWh.		
Processing of sold products	Not relevant, explanation provided				This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible and do not have any processing requirements.
Use of sold products	Not relevant, explanation provided				This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible and do not have any material use emissions.
End of life treatment of sold products	Not relevant, explanation provided				This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible and do not have any end-of-life treatment requirements.
Downstream leased assets	Relevant, calculated	14400	The Bank has a portfolio of commercial and retail properties (approximately 80,000m2) which are leased to other parties. To determine emissions associated with these properties and		This is the first year the Bank has reported on properties leased out by the Bank. Over the next year, the Bank will obtain more detailed data for the leased portfolio e.g. m2 for each

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			their use, emissions were calculated using an emissions intensity of 180kgCO2/m2.		property, postcode of each property etc, in order to calculate emissions more accurately.
Franchises	Not relevant, explanation provided				This is not a relevant emission source for the Bank as the Bank does not have franchises.
Other (upstream)	Not relevant, explanation provided				The Bank has no other relevant emissions sources.
Other (downstream)	Not relevant, explanation provided				The Bank has no other relevant emissions sources.

14.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Third party verification or assurance complete

14.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

More than 90% but less than or equal to 100%

14.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Attach the document
Limited assurance	ASAE3000	https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/Investor-14.2b-C3-RelevantStatementAttached/Investor-14.2b-VerificationDetails1/KPMGAssuranceReportCBA2012.pdf

14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

14.3a

Please complete the table

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Emissions reduction activities	7	Decrease	The Bank continues to reduce its procurement of paper by promoting online, paperless billing and product information. In the reporting period, paperless billing increased by 29%. Additionally the Bank set a paper reduction target at Commonwealth Bank Place which uses activity based working to reduce paper consumption by 30%. This target was exceeded with a 50% reduction in printing saving approximately $1 million. The

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				Bank has also set a 20% reduction target (by 2014) in the amount of paper based cheques being issued to clients via ours Institutional Banking and Markets business unit.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	31	Decrease	Scope 3 emissions related to scope 1 and 2 emissions have reduced as a result of emissions reduction projects driven by the Target Reduction Program. Namely the Green Refresh Program and commercial office consolidation involving the move to sustainable buildings with a 6 Star Green Star Rating and 5 Star NABERs rating.
Waste generated in operations	Change in methodology	23	Increase	Due to the Bank improving its data management and tracking of waste, more accurate waste data has been available this year. As a result of using an increased number of actual rather than extrapolated data points, there has been an increase in emissions associated with waste. As actual data is now being captured, this will be used as an emissions baseline where targets can now be established.
Business travel	Emissions reduction activities	32	Decrease	The Bank has implemented a number of emission reduction initiatives to reduce the amount of business travel, particularly flight travel. Dedicated sustainability communications are sent to all staff, as well as instructions from Group Executives to limit the use of air and ground travel use. Emission reduction activities also include the increased use of video conferencing facilities as opposed to travel arrangements for staff. The Bank had also introduced the use of video conferencing facilities for clients in more remote areas, this reduces not only Bank’s emissions but also the emissions of the Bank’s clients.
Downstream transportation and distribution	Change in boundary	181	Increase	In previous years, the Bank has only reported on emissions associated with postage and couriers for its New Zealand operations which represents only a small proportion. This year is the first time the Bank has reported on its emissions associated with Australian postage (but not courier) operations. Reporting these Australian emissions increases the Bank’s transparency and overall reportable emissions.

14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers

14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

i) Methods: The Bank introduced a Group Procurement Sustainability Committee, Sustainability Supply-chain Management Policy, Code of Conduct and more recently, in May 2012, the Bank looked to leverage its centralised procurement system to obtain its suppliers sustainability information during the tender process.
The Sustainability Supply Chain Management Policy, as documented during this reporting period consisted of embedded strategies to further understand a potential client's risks and avoid unnecessary consumption and to manage demand, while supporting suppliers who are socially and environmentally responsible.
Initiatives included:
a. Altering the competitive tendering process to include sustainability criteria covering questions around the businesses employees, its customers, how it operates in the community, its governance structure and its impact on the environment.
b. All suppliers are to complete the sustainability assessment as part of the tendering process, which delivers a sustainability risk score used in the assessment process.
c. These standardised tender documents cover OH&S, risk management, human rights, corporate governance, community investment and environmental performance.

The Bank's NZ business Sovereign, have a sustainability evaluation process that is sent to suppliers at various touch points: e.g.
a. New supplier (including RFP scenario);
b. Existing supplier, renewal of contract;
c. Existing supplier with no contract;
d. new business.
Suppliers are required to fill out an annual evaluation which covers all aspects of sustainability including emissions and targets. The sustainability team reviews each submission and request updates or progress where required.

ii) Engagement strategy and how success is measured:
One key activity is the expertise sought after via NetBalance (independent expert sustainability consultant) to facilitate a strategic project surrounding the Bank's supply chain management and engagement process.

A brief description of the objectives of this project were to:
a. Capture feedback on existing Sustainability Supply Chain Management (SSCM) materials and processes, and clarify the extent sustainability has been implemented into the procurement process to date, to further enhance current processes.
b. Benchmark the Bank's efforts to date against peers and relevant industry standards.
c. Identify the material sustainability risks associated with existing procurement spend.
d. Identify further work required to make the SSCM framework comprehensive, practical, relevant and meaningful across each of the Bank's Procurement functions.
The Bank's NZ business Sovereign, started reviewing the top 15% of suppliers by spend during the reporting period, as this will have the greatest impact in assessing the entire supply chain as a whole. Once completed the remaining supply chain will be further engaged and assessed/ evaluated to understand progress.

Success is further measured by identifying gaps within the Bank's supply chain and working with those suppliers to fill the gaps so as to become more sustainable, not only within their own business but in assisting the Bank in becoming more sustainable in the process.

14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend	Comment

14.4c

If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details

14.4d

Please explain why not and any plans you have to develop an engagement strategy in the future

Further Information

In reference to Q: 8.6 and 8.7. The Bank received independent Limited Assurance for the reporting period of 1 July 2011 to 30 June 2012, for its Scopes 1, 2 and 3 emissions sources.
Attachment 1: Assurance Report 2012, by KPMG
Attachment 2: Data Table over which the Assurance Report relates to (covering the Bank's Scope 1, 2 and 3 emissions sources.

Attachments

https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/14.Scope3Emissions/Commonwealth_Bank_Sustainability_Performance_Data_Table_2012.pdf
https://www.cdproject.net/sites/2013/49/3649/Investor CDP 2013/Shared

Documents/Attachments/InvestorCDP2013/14.Scope3Emissions/KPMGAssuranceReportCBA2012.pdf

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

James Peacock, Executive Manager, Environmental Sustainability