2024 Climate Report

Commonwealth Bank of Australia

Important information

All figures and commentary relate to the full year ended 30 June 2024 and comparisons are to the full year ended 30 June 2023, except for *financed emissions* and sector-level progress which are for the full year ended 30 June 2023 and comparisons are to the full year ended 30 June 2022, unless otherwise indicated. *Financed emissions* are lagged due to customer emissions reporting cadences. For further information on reporting boundaries, methodology and definitions, see the Appendix on pages 76–120.

This report contains climate-related and other forward-looking statements and metrics which are not, and should not be considered to be guarantees, predictions or forecasts of future climate-related outcomes, financial performance or share prices. The statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Group's control. Readers are cautioned not to place undue reliance on such statements in light of the significant uncertainty in climate metrics and modelling that limit the extent to which they are useful for decision making, and the many underlying risks and assumptions may cause actual outcomes to differ materially. While the Group has prepared the information in this report based on its current knowledge, understanding and in good faith, it reserves the right to change its views in the future.

This report makes reference to and representations of the commitments outlined in the *Environmental & Social (E&S) Framework*. Refer to the *E&S Framework* for detailed information on our commitments. It is available at commbank.com.au/policies.

This important information should be read together with page 95 (Addressing uncertainty in climate modelling); page 96 (Key sources of uncertainty and limitations); and page 122 (Important notices).

Please read the important guidance, limitations and important notices throughout this report to aid your understanding.

Acknowledgement of Country

Commonwealth Bank of Australia respectfully acknowledges the Traditional Owners of the Lands across Australia as the continuing custodians of Country and Culture. We pay our respects to First Nations peoples and their Elders, past and present. Our registered office is located on the Lands of the Gadigal People.

The release of this announcement was authorised by the Board.

Commonwealth Bank of Australia

ACN 123 123 124 | Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney NSW 2000
14 August 2024 | 101/2024

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Making progress on our strategy and commitments to support Australia's transition to a net zero economy by 2050.

Learn more on page 4.

Lending to support the transition

Helping facilitate lending to our customers.

Learn more on pages 14–33.

Our approach to climate risk

Climate-related risks can have different impacts on our customers, people, communities and the Bank.

Learn more on page 49.

Focus for our 2024 Climate Report

This year's report provides a further update on our progress against our roadmap for progressively setting sector-level targets on *financed emissions,* and *operational emissions* targets. *Decarbonising* Australia's electricity grid remains a key factor needed for Australia, and the Bank, to achieve our emissions reduction targets.

How to read this report

Mandatory climate reporting

Our reporting will evolve in line with the introduction of mandatory climate reporting in Australia. Proposed changes to the *Corporations Act 2001* (Cth) would require climate-related financial disclosures to be contained within a Sustainability Report as part of our Annual Report. Our focus for the next 12 months will be on preparing for compliance with mandatory climate reporting obligations, which are expected to apply to our 2026 reporting onwards. Given these anticipated changes, this year's report is likely to be our final standalone Climate Report.

Italicised words

Italicised words and *phrases* are defined in our glossary. Click the word or phrase to view the definition.

Interactive PDF

This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click the links on the contents page, side navigation or use the home button ⌂ in the footer to browse the report.

External sources

See page 121 for a list of external sources and references used throughout this document.

Our reporting suite

Our corporate reporting suite brings together key reports outlining our strategic, financial and non-financial performance.

commbank.com.au/investors

Annual Report

An in-depth look at our performance for the 2024 financial year.

commbank.com.au/2024annualreport

Environmental and Social Framework

commbank.com.au/policies

Sustainability metrics data book

commbank.com.au/reporting

Key concepts used in our report

Understanding in-scope drawn lending

In this report we use the term *in-scope drawn lending* to refer to the on-balance sheet exposure to the sectors included within the scope of our *financed emissions* calculations. The use of on-balance sheet lending is set out in the *Partnership for Carbon Accounting Financials (PCAF)* Standard. Some sectors we lend to are currently excluded from the scope of our *financed emissions* calculations due to lack of available data and/or methodologies. To learn more see page 78.

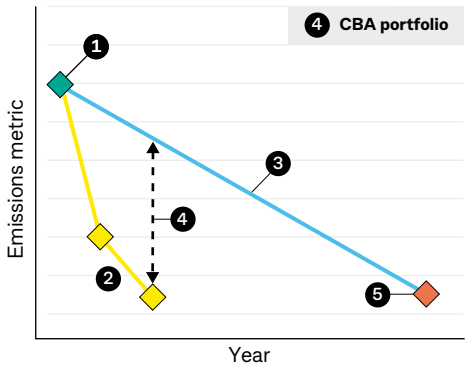
How to read our sector-level target charts

There are five key concepts to understand our sector-level *financed emissions* targets.

1. **Baseline:** reflects our portfolio's starting point in terms of *absolute emissions* or *emissions intensity*.
2. **Actual:** our portfolio's financed *absolute emissions* or *emissions intensity* for a given financial year.
3. **Reference scenario:** the science-based scenario we currently use to inform our target and what we compare our portfolio's financed *absolute emissions* or *emissions intensity* to. We expect to review these over time.
4. **CBA portfolio:** an assessment of how the portfolio's financed *absolute emissions* or *emissions intensity* estimate for the current reporting period compares to the *reference scenario* at the same point in time.
5. **Target:** our financed *absolute emissions* or *emissions intensity* target for the portfolio to be achieved by 2030.

For some sectors the charts do not include the baseline or actual to protect our customers' confidentiality. This is to support cases where, for example, only one customer has drawn lending in the reporting period. For some sectors, our baseline is not the same as the *reference scenario* base year.

Sector-level target chart concepts



Message from our Chair and CEO

We remain committed to supporting Australia's transition to a net zero economy by 2050, by continuing to manage the risks and opportunities of climate change, supporting our customers and calling for an inclusive transition.

We remain committed to supporting Australia's transition to a net zero economy by 2050 and we reiterate the importance, as a country, for policymakers to seek community perspectives on the costs and risks of the transition.

Inflationary pressure from housing, food and energy costs is top of mind for many Australians. Actions by governments or corporates which exacerbate inflation, risk losing public support. Australia needs a coordinated, reliable and affordable transition that maintains energy security.

Progressing our commitments

Climate change is a collective global challenge requiring coordinated action to limit global warming to 1.5°C. Two years ago, we outlined our transition roadmap for progressively setting sector-level *financed emissions* targets in line with pathways that aim to limit global warming to 1.5°C. Setting and tracking progress against sector-level *financed emissions* targets helps us to contribute to the global goals of the *Paris Agreement.*

This year we have approved six new sector-level targets covering our transport and Australian commercial property sectors and have now set targets on sectors that account for 67% of our *2020 financed emissions*. While we have engaged and worked with agriculture customers and industry this year, we have decided to defer setting targets for the Australian agricultural sector at this time, primarily due to data quality issues. As such, we will not achieve our 2022 aim, which was to set by 2025, sector-level *financed emissions* targets on sectors that account for more than 75% of the Bank's *2020 financed emissions*. We will continue to work through these challenges and explore setting further targets in the future.

We have continued to mature our environmental risk management approach in line with evolving industry practices. This year we undertook a detailed Group Climate Risk Materiality Assessment to assess the climate-related impacts on our material risk types. The results support a continued focus on ESG risks in our credit framework. We have also developed an ESG Credit Standard to set expectations for our bankers on how ESG risks are to be consistently considered in the credit risk assessment process when making lending decisions and through annual review processes. We continue to enhance our approach as a bank, and seek to identify, assess and manage our climate-related risks as they continue to evolve.

Understanding the impacts and dependencies of our business activities on *nature* is a developing area of focus. As a largely retail and business bank, we continue to reflect on what practical actions we can take and adopt a considered approach to making public commitments. We have continued to evaluate the availability of *nature*-related data and measurement approaches, emerging standards and policies, as well as the practicalities of implementing *nature*-related commitments. On this basis, we have not made new public *nature*-related commitments this year. We will continue to listen to our stakeholders, monitor developments, encourage data improvements and seek to minimise water and waste impacts in our operations.

Transitioning Australia's energy sector

Decarbonising Australia's energy grid remains a priority step to achieve Australia's and the Bank's emissions reduction targets. A key challenge remains in replacing retiring coal-fired power generation with renewable energy. A low cost, reliable energy system is critical to support the economy and household budgets.

Replacement capacity built well in advance of planned coal closures will be important for maintaining grid security and reliability. It is important that Australian policymakers and energy companies consider viable commercial technologies and make informed decisions based on feasibility, reliability, timeliness and community support.

In the *Australian Energy Market Operator (AEMO)* 2024 Gas Statement of Opportunities, *AEMO* indicated there is a risk of domestic gas shortfalls during winter peak periods over the coming years that may require measures including construction of import terminals, increased gas storage and enhancements to gas distribution infrastructure, amongst other measures.

Our exposure to *fossil fuel extraction* remains low at 0.2% of total committed exposure. While there will continue to be stakeholder interest in any fossil fuel-related activities, as Australia's largest bank, we remain focused on Australia having a secure energy platform and our lending portfolio continuing to evolve alongside Australia's energy transition.

Support for customers

The majority of our lending is to residential housing and small businesses. We are well positioned to support retail and business customers with a range of products and accessible solutions to help them take advantage of *energy efficiency* opportunities. Australian households are playing an important role, with many consumers taking direct responsibility for some of their energy needs by investing in solar systems and batteries for their homes. This is not only important for Australia's energy transition, but can also assist in easing cost of living pressures for our customers.

Given *harder-to-abate* sectors such as transport, agriculture and heavy industry play a critical role in Australia's economy, they need long-term support to transition. Our focus remains on supporting our customers in these sectors and exploring ways to help them reduce their emissions.

We continue to support and lend to customers in these sectors, subject to our credit policies, as we realise the importance they hold in the economy and the transition.

Positioning for the future

The global environment is changing rapidly, with the transition to net zero remaining a critical global challenge requiring clear market signals and consistent policy direction.

High energy prices place stress on households and businesses, especially energy intensive businesses. This makes it difficult for Australian businesses to compete globally, placing Australian jobs and economic growth at risk.

Transitioning Australia with a focus on affordable electricity remains a collective challenge. We find *AEMO's Integrated System Plan (ISP)* a helpful resource for outlining a path to *decarbonising* Australia's electricity grid. We reiterate our support for the Australian Government developing sectoral *decarbonisation* pathways for electricity and energy, industry, the built environment, agriculture and land, transport and resources.

We acknowledge some of our customers, communities and regions will face greater social transition impacts and climate risks than others. Managing the trade-offs and tensions between different stakeholder groups is crucial for Australia's net zero transition, and policymakers and businesses should work collaboratively with regional and rural communities to ensure the success of the energy transition. Community participation and stakeholder engagement is critical and it is important stakeholders are engaged early, consistently and respectfully. Projects should also support local economic development. We would welcome continued coordination and an agreed plan from Government to ensure Australia remains on track to achieve its targets.

Conclusion

The Board, together with management, continues to make progress on our strategy and commitments to support Australia's transition to a net zero economy. We remain committed to managing the risks and opportunities of climate change and playing our part to support an inclusive transition.

Paul O'Malley
Chair

Matt Comyn
Chief Executive Officer

Our transition roadmap[1]

Setting targets to achieve our goals

For more information see pages 14–33 and 64–75.

2021–2023

- Set a Sustainability Funding Target
- Set sector-level *financed emissions* targets for power generation, upstream oil extraction, upstream gas extraction, thermal coal mining, Australian housing and heavy industry (steel, alumina, aluminium and cement)
- Set reduction targets for *Scope 1 and 2,* and *Scope 3 operational emissions*

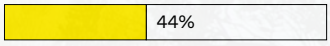
2024

- Set sector-level *financed emissions* targets for transport and Australian commercial property
- Revised 2025 and 2030 *Scope 3 operational emissions targets*

- Where possible, achieve the equivalent of using 100% renewable electricity in our global operations (ongoing)

2020 drawn lending exposure coverage[3]

2020 financed emissions coverage[4]



Supporting our customers with products, services and engagement

For more information see pages 14–37.

- Green Loan (home loan customers)
- Sustainability-Linked Loans
- Amber Electric
- Green Home Offer
- Property Sustainability Upgrade Loan
- Carbon Markets
- Agri Green Loan
- Green Vehicle and Equipment Finance
- Sustainability Action Tool
- Personal Loan Green Offers
- Investment in Nindethana and strategic partnership with Greening Australia

- Business Green Loan
- InstalPay with Upowr
- Green Buildings Tool
- EV Calculator
- Agriculture emissions measurement customer pilot

- Climate stress index tool for agriculture bankers
- Climate Insights Report for agriculture customers
- Sponsorship and funding for Farming for the Future
- Founding advisor member of SA Zero

- Host Momentum annual sustainability conference (ongoing)
- Engage with CBA's most carbon intensive institutional banking customers (ongoing)

Holding ourselves accountable and transparently reporting our progress

- 2021 and 2023 *E&S Framework*
- 2021 Annual Report: TCFD-aligned chapter
- 2022 and 2023 Climate Reports
- *Net-Zero Banking Alliance (NZBA)* commitment signed
- *Financed emissions* calculations covered 94% of our *in-scope drawn lending* in 2023
- Preliminary analysis on 74% of exposures in 2022 and 89% of exposures in 2023 for *transition risks*

- 2024 Climate Report
- *Financed emissions* calculations covered 95% of our *in-scope drawn lending*
- Analysed 89% of exposures[6] for *transition risks*
- Performed a Group Climate Risk Materiality Assessment to assess the climate-related impacts on our material risk types

- *CSIRO* published research on pathways to net zero emissions, funded by CBA
- Held meetings with 25 suppliers to discuss their approach to managing climate-related issues
- Developed an ESG Credit Standard to set expectations for how ESG risks should be consistently considered in credit risk processes

- Continue engaging with government and industry on climate change issues that impact the Bank or our value chain (ongoing)
- Enhance our environmental and social data strategy, including data collection, storage and governance (ongoing)
- Build our internal skills, competencies and training on climate change (ongoing)

1 Represents financial years ending 30 June.
2 For the purposes of setting sector-level *financed emissions* targets we use transition scenarios that see maximum global average temperature rises of 1.5˚C above pre-industrial levels by 2100.
3 Drawn lending exposure of sector-level *financed emissions* targets as a percentage of the Group's 30 June 2020 drawn lending exposure, excluding finance and insurance, and government administration and defence ANZSICs.

Our climate commitment is to support Australia's transition to net zero by 2050. We are progressively setting *operational* and sector-level *financed emissions* targets in line with pathways to net zero by 2050.[2] We now have *financed emissions* targets on sectors that account for 67% of the Bank's *2020 financed emissions*, and our roadmap outlines the steps we intend to take to meet our commitments.

Supporting Australia's transition to net zero by 2050

2025

- Consider setting additional sector-level targets
- Have sector-level strategies in place to support the achievement of *financed emissions* targets set in 2024
- Aim to have reduced emissions in line with 2025 interim *Scope 1 and 2*, and *Scope 3 operational emissions targets*

- Continue to enact Emergency Assistance program for our customers as and when needed
- Launch Ruminati emissions measurement tool for eligible agriculture customers on an opt-in basis

- Review our 2023 *E&S Framework* and Policy
- Evolve our disclosures in line with mandatory Australian climate reporting requirements
- Continue exploring data and analytics to better understand our *nature*-related impacts and dependencies
- Continue embedding the ESG Credit Standard in credit risk processes

2026–29

- Aim to review previously set sector-level *financed emissions* targets, including consideration of *facilitated emissions*
- Aim to commence setting sector-level *financed emissions* targets beyond 2030
- Aim to commence setting *Scope 1 and 2*, and *Scope 3 operational emission targets* beyond 2030

- Comply with mandatory Australian climate reporting requirements
- Review our *financed emissions* reporting to consider *facilitated emissions*

2030 *and beyond*

- Seek to achieve our 2030 sector-level *financed emissions* targets[5]
- Aim to have achieved our Sustainability Funding Target of $70 billion in cumulative funding
- Aim to have reduced emissions in line with 2030 *Scope 1 and 2*, and *Scope 3 operational emissions targets*
- Set *Scope 1 and 2*, and *Scope 3 operational emissions targets* beyond 2030

2050

4 In line with the *PCAF* Standard, our *2020 financed emissions* calculations consider our customers' Scope 3 emissions in upstream oil and gas extraction, and thermal coal mining. In 2020, we did not consider customers' Scope 3 emissions in other sectors. For more information on our *financed emissions* methodology see pages 78–85.

5 There are a number of dependencies in achieving these targets. If the outcomes described in the scenarios we use – such as rapid *decarbonisation* of Australia's electricity grid – do not eventuate, we may not achieve our *financed emissions* targets. See pages 86–91 for further information.

6 Scenario analysis methodologies vary by portfolio, please see pages 52–53 for further information.

Supporting Australia's energy transition

Decarbonising Australia's electricity grid remains the priority step needed for Australia's net zero future.

Decarbonising Australia's economy requires careful coordination

Decarbonising Australia's electricity grid remains the priority step needed for Australia to achieve net zero emissions by 2050 and is also a key factor in achieving the Bank's emissions targets.

To achieve Australia's 2030 emissions reduction targets, the Australian Government has set an ambitious renewable energy target of 82% by 2030. The past 12 months have highlighted challenges Australia is facing in replacing aging coal-fired power stations with renewables. Large scale renewable energy and transmission projects are taking longer to become operational. Despite coal-fired power generation becoming less commercially attractive, some planned coal-fired retirements are being delayed to maintain reliable power to Australia's electricity grid.

With high electricity costs, maintaining ongoing community support for the transition is essential. Without community support, Australia's energy transition could be further delayed, if project benefits are not well understood and shared by the communities and small businesses impacted by them. Equally, projects need to be transparently and fully costed.

We are supportive of careful planning that integrates renewable energy generation into Australia's electricity grid while maintaining grid reliability and affordability. We believe *AEMO* is well placed to develop a plan that effectively balances energy reliability and affordability with the nation's emissions reduction priorities. Currently, *AEMO's* position is, "*Renewable energy connected by transmission, firmed with storage and backed up by gas is the lowest cost way to supply electricity to homes and businesses throughout Australia's transition to a net zero economy.*" However we note *AEMO's ISP* continues to evolve.

Australia's energy transition also presents both opportunities and challenges for regional and rural communities. Australia needs supportive long-term government policy, meaningful community participation and effective community engagement to identify appropriate transmission, solar, battery and wind projects, built in suitable locations. We need a coordinated and agreed plan that balances an affordable energy transition with achieving our national emissions reduction targets.

Households are playing an important role in Australia's energy transition

Australia's transition to net zero by 2050 is underway with Australian consumers playing an important role. Australian consumers are investing in their own energy transitions by installing rooftop solar and batteries, undertaking electrification of appliances and purchasing electric vehicles (EVs). *AEMO* reports that one in three households had rooftop solar in 2023.

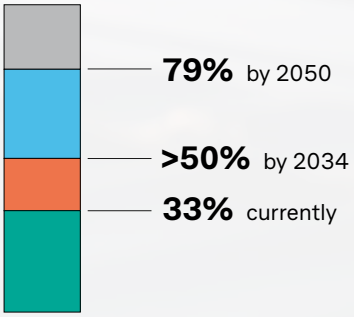
Rooftop solar and batteries connected to the grid can enable consumers to meet their own electricity needs, store it for when they need it and supply excess back to the grid. We are optimistic that in time cars with vehicle-to-grid batteries could become a viable technology, capable of contributing to energy system reliability. While such investments can help Australians lower their annual energy bills, today the upfront costs remain a barrier for many Australians.

As Australia's largest bank, we are well positioned to support retail and business customers with the purchase of commercially proven technology such as rooftop solar, batteries and EVs, where it is affordable for them. Our hope is to also see consumers benefit from lower energy costs as a result of *energy efficiency* upgrades to their homes. The costs of the transition need to be appropriately shared to enable all Australians to participate. Coordinated and targeted policy support is needed to deliver benefits to all consumers.

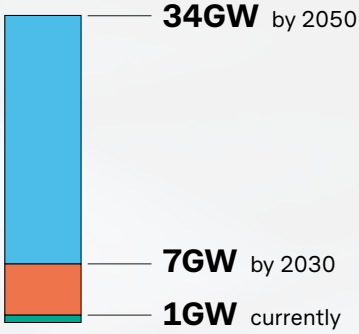
AEMO's ISP shows that with effective coordination and system settings, household energy assets can potentially reduce the need for some utility-scale investments. We would encourage and welcome a national approach that includes incentives to make solar and battery installation within reach for more Australians, as well as EV ownership through measures such as taxation settings and nationally consistent road user charges.

What AEMO estimates Australian buildings and houses need by 2050[1]

Rooftop solar
% of detached homes



Batteries
residential and commercial capacity



1 Refer to page 121 for source.

Reducing emissions in key sectors

We are looking forward to the Australian Government sectoral pathways covering electricity and energy, transport, industry (including waste), resources, the built environment, and agriculture and land. We understand these pathways will be available in August 2024, and are expected to help inform Australia's emissions reduction 2035 targets and updated Nationally Determined Contributions, as well as support businesses to set targets. Analysis[1] indicates a number of national milestones for Australia on the pathway to net zero by 2050, including:

Electricity

By 2030

- Electricity *emissions intensity* significantly lower
- Triple grid-scale variable renewable energy
- Storage (batteries, virtual power plants and pumped hydro) to increase by >7x
- Share of wind and solar generation >76%
- Share of fossil fuel generation <18%

Buildings & houses

By 2030

- Rooftop solar capacity to increase >71%
- Residential and commercial battery capacity to increase 7x
- *Energy efficiency* measures
- Reduced reliance on natural gas
- Increased electrification of homes

Transport

By 2030

- EVs make up at least 15% of road transport
- EVs reach cost parity
- EVs >50% of new car sales

Heavy industry

By 2030

- New technologies and *carbon capture*
- Increased electrification
- Fuel switching

Agriculture

2030+

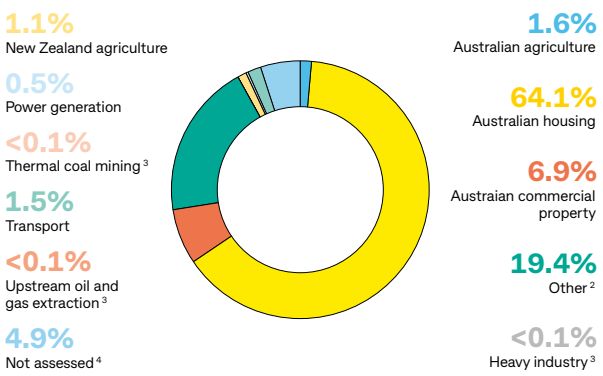
- Uptake of renewables
- Uptake of low emissions fertilisers
- Uptake of feed supplements
- Sequestering carbon in vegetation and soils

Financing Australia's transition to net zero

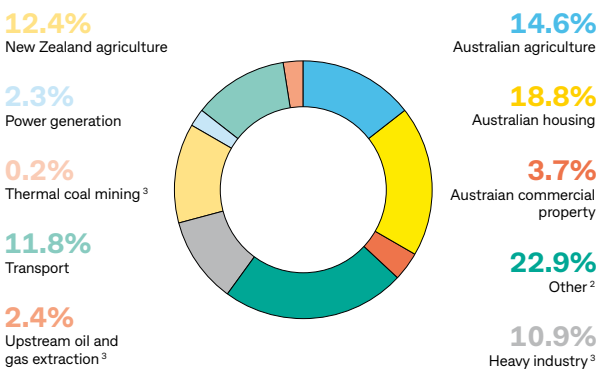
We can support the transition by lending to our customers. To measure and track the impact of our lending, we continue to report our *financed emissions* for our in-scope lending portfolio. Our *in-scope drawn lending* is concentrated to the Australian housing sector, which contributes 64.1% of total *in-scope drawn lending* and makes up 18.8% of our total *financed emissions*. The remaining portfolio consists mostly of business lending across a diverse range of sectors and customers, ranging from small businesses to institutional customers. Lending to upstream oil and gas extraction, and thermal coal mining accounts for <0.1% of our total *in-scope drawn lending* and is 2.6% of our *financed emissions*. Lending to the power generation sector represents 0.5% of our *in-scope drawn lending* and 2.3% of our *financed emissions*. We have now set sector-level *financed emissions* targets on sectors that account for 67% of the Bank's *2020 financed emissions*.

Financed emissions by sector as at 30 June 2023

In-scope drawn lending exposure by sector



Financed emissions by sector



1 Refer to page 121 for sources.

2 Other includes the following *financed emissions* categories: New Zealand housing, New Zealand commercial property, other agriculture, forestry and services, other mining oil and gas, other utilities and services, other manufacturing, other transport and storage and other business lending. Refer to the *financed emissions* table on pages 66–67 for more information.

3 In line with the *PCAF* Standard, our *financed emissions* calculations consider our customers' Scope 3 emissions in these sectors. We do not currently consider customers' Scope 3 emissions in other sectors. Further reporting of our *financed emissions* may include Scope 3 in additional sectors, see pages 78–85 for more information on our methodology.

4 In-scope portfolio excludes exposures in the finance and insurance, and government administration and defence ANZSICs. Portfolios not assessed include consumer finance (excluding Australian motor vehicle finance) and commercial property outside of Australia and New Zealand.

Building resilience and supporting an inclusive transition

Through our engagement with stakeholders, we have heard the concerns about the costs of the transition. We also understand the potential physical impacts of climate change and the transition to net zero by 2050 can disproportionately affect some stakeholders. We are supportive of an energy transition that is inclusive for all Australians.

With 25% of Australia's home loans held by CBA, the increasing severity and frequency of climate events, along with the transition to net zero, are likely to affect the customers and communities in which the Bank operates. Australia's first National Climate Risk Assessment noted climate change has *"wide-reaching implications for all Australians"* and that a changing climate could lead to trends such as longer fire seasons with more extreme fire danger days, reduced average rainfall, longer droughts and an increase in heavy rainfall.

The needs of vulnerable communities should be considered in shaping policies and actions, particularly where employment and the costs of essential goods and services could be impacted by the transition. We continue to see an important role for the Net Zero Economy Authority in promoting an orderly and positive net zero economic transformation for Australia. We engaged the Net Zero Economy Agency, which has been established to lead on the design of the Authority, multiple times over the course of the year. This year we also undertook qualitative analysis to gain a deeper understanding of the physical impacts of climate change on our customers and communities, and the potential role we can take to support them.

As we explore our role in supporting an inclusive transition, key considerations include:

- **Data-driven:** Use our data and insights to inform our approach.
- **Place-based:** To acknowledge the diversity of impacts that climate change and the transition to net zero can have on the communities we operate in and work with.
- **Pragmatic:** Take practical actions to support our customers and communities.
- **Collaborative:** Continue to engage with external experts and stakeholders.

For more information on how we are supporting our customers affected by natural disasters and helping them to build resilience, see page 37.

Understanding the complexity of insurance affordability

There is growing concern that the frequency and impact of extreme weather events is also adversely impacting the insurability of homes and the value of properties.

The cost of insurance premiums in Australia has significantly increased, and even more so for properties exposed to high flood risk. Data from the Actuaries Institute shows average insurance premiums increased 28% in the year to 31 March 2023, with 12% of households experiencing extreme home insurance affordability stress. Reasons include increased frequency of claims, higher building and labour costs, supply chain issues, and global reinsurance costs post-disaster events. With increased cost of living pressures, these additional costs are being passed on to homeowners creating a further affordability challenge for those seeking adequate insurance coverage for their property.

The Bank can be exposed to potential financial risks if our customers have an underinsured home and if a natural disaster occurs. Such a scenario could increase the risk of loan default, serviceability issues, or could result in land or property devaluations. While insurance affordability has not yet materialised as a financial risk to the Bank, we have identified it as an emerging risk, given the risk it presents to our customers and subsequently the Bank. An ongoing challenge for the Bank is how to effectively share new insights with our customers so we can meaningfully help them.

Given the potential financial risk and impact to our customers, we see a role in working with the Australian Banking Association (ABA), the Insurance Council of Australia, as well as engaging directly with government to share unique insights and build a case for insurance reforms, and the protection of our customers' greatest assets – their homes.

For more information on our emerging risks, see page 71 and 75 of the 2024 Annual Report.

Strategy

As Australia's largest bank, we recognise the role we can play in supporting Australia's transition to a net zero economy by 2050.

Our climate strategy

Building a brighter future for all means we aim to help Australia transition to a more prosperous, resilient and lower carbon future. Since 2009 we have been setting targets on our *operational emissions*, and since 2022 we have been progressively setting targets on our sector-level *financed emissions* in line with pathways to net zero by 2050.[1] Our climate strategy aims to support our purpose and aligns to the pillars of our Group strategy.

Our purpose

Building a brighter future for all

Our climate commitment

Supporting Australia's transition to net zero by 2050

Our business strategy

Helping build Australia's future economy

Reimagining banking

Simpler, better foundations

Our climate strategy

Lending to support the transition

For more information see pages 14–33

Working with our stakeholders

For more information see pages 34–35

Helping our customers transition and build resilience

For more information see pages 36–37

Managing our operational environmental impacts

For more information see pages 38–39

Underpinned and guided by

Our values, actions and decision making

Care

We care about our customers and each other – we serve with humility and transparency

Courage

We have the courage to step in, speak up and lead by example

Commitment

We are unwavering in our commitment – we do what is right and we work together to get things done

+

Code of Conduct and 'Should We?' test

Our Code of Conduct is the ultimate guide for how we do things. The 'Should We?' test helps us deliver the right outcomes for our stakeholders.

1 For the purposes of setting sector-level *financed emissions* targets we use transition scenarios that see maximum global average temperature rises of 1.5˚C above pre-industrial levels by 2100.

Lending to support the transition

Our focus is on providing banking services, predominantly lending, to retail and business banking customers in Australia and New Zealand. A smaller portion of our lending is for large institutional banking customers.

To help direct our lending and financing activities, we apply our *E&S Framework*, credit policies, set sector-level *financed emissions* targets, and track progress towards our Sustainability Funding Target. For the past three years, we have been working to progressively set interim 2030 sector-level *financed emissions* targets. The objective of setting and tracking against these 2030 targets is to help us support Australia's transition to net zero by 2050 and meet our *NZBA* commitment. In certain sectors this is proving challenging. While we explore ways to set new targets, we will continue to support our customers in reducing their emissions.

Summary of key activities to steer our portfolio

		2030 financed emissions targets	Portfolio versus reference scenario	In-scope drawn lending as at 30 June 2023	Financed emissions as at 30 June 2023
Australian housing		15.7 $kgCO_2$-e/m^2	—	64.1%	18.8%
Australian commercial property				6.9%	3.7%
• Office		31.1 $kgCO_2$-e/m^2	↓		
• Retail		40.6 $kgCO_2$-e/m^2	↓		
• Industrial		8.2 $kgCO_2$-e/m^2	—		
Australian agriculture		+ See sector pages 20–21		1.6%	14.6%
Power generation		105 $kgCO_2$/MWh	↓	0.5%	2.3%
Transport				1.5%	11.8%
• Australian road (passenger and light commercial vehicle finance)		174 gCO_2/vehicle km	↓		
• Aviation		76 gCO_2/revenue passenger km	—		
• Shipping		0.36 $MtCO_2$ 9% reduction vs 2023 baseline	—		
Heavy industry				<0.1%	10.9%
• Steel		1.35 tCO_2-e/t-steel	N/A		
• Alumina		0.63 tCO_2-e/t-aluminium	↓		
• Aluminium		5.26 tCO_2-e/t-aluminium	↑		
• Cement		0.55 tCO_2-e/t-cement	↓		
Upstream oil extraction		1.9 $MtCO_2$ 27% reduction vs 2020 baseline	↓	<0.1%	2.4%
Upstream gas extraction		2.8 $MtCO_2$ 17% reduction vs 2020 baseline	↓		
Thermal coal mining		0.0 $MtCO_2$ 100% reduction vs 2020 baseline	↓	<0.1%	0.2%

Key: Certain *clients* within this sector expected to publish a *Transition Plan* by 2025 · Refer to the relevant sectors on pages 16–33 for more information
— Between ≥0% and ≤10% above *reference scenario* · ↑ >10% above the *reference scenario* · ↓ Below the *reference scenario*
N/A No drawn lending

We do not expect customers to follow the specific sector-level pathways the Bank is working towards. However, we are engaging directly with our institutional banking customers, as well as offering products and services to our retail, business and institutional banking customers, that can help them take actions to reduce their emissions. Our approach to setting and achieving our targets may evolve in the future as new data and methodologies emerge. Many factors can influence our *financed emissions*, including the composition of our lending, customers' emissions, and other factors. As we work towards our 2030 targets, our reported figures may fluctuate up or down.

There are three ways we can work towards our sector-level *financed emissions* targets:

1. **Taking steps that can help our customers reduce their emissions**. Our approach varies by sector but can include engaging with them, providing insights, data and dedicated products, services and tools as well as advocating for government policies that can help them reduce their environmental impact.
2. **Re-balancing our portfolio towards less emissions-intensive customers**. Once targets have been set, through risk appetite, and in some instances, pricing incentives, we can actively steer our exposures within a sector towards less emissions-intensive customers.
3. **Reducing our exposures to the sector.** In some sectors, we may choose to reduce our overall exposures.

Taking steps that can help our customers reduce their emissions			Re-balancing our exposures	Reducing our exposures	Methodology
Dedicated products and services	Engagement	Advocacy			
●	●	●			See pages 78–91
●	●				See pages 78–91
●	●	●			See pages 78–85
	●	●	●		See pages 78–91
●	●	●			See pages 78–91
	●		●		
	●			●	
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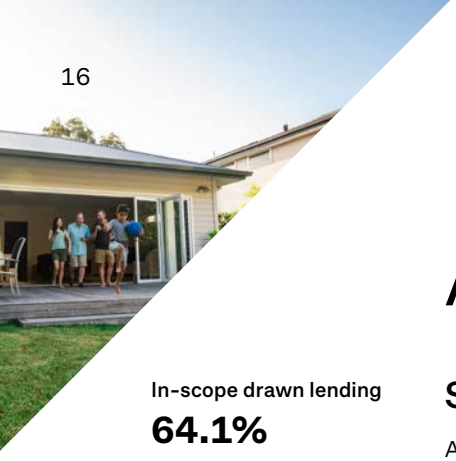
	●		●	●	See pages 78–91
	●			●	See pages 78–91



Australian housing

In-scope drawn lending
64.1%
As at 30 June 2023

Financed emissions
18.8%
As at 30 June 2023

Scope 1 2
Emissions

2030 target
15.7
$kgCO_2$-e/m^2

60%
from 2021 baseline

2021 baseline
38.8
$kgCO_2$-e/m^2

Scenario
SBTi/CRREM

For methodology refer to pages 78–91.

Sector overview and outlook

As at 30 June 2023, Australian housing accounted for 64.1% of our *in-scope drawn lending*. We expect housing supply to increase to meet population growth in Australia and we remain committed to supporting our customers on their path to home ownership or property investment. The emissions associated with operating a home are largely driven by electricity consumption along with gas used for heating, cooking and hot water. In Australia residential buildings account for around 24% of overall electricity use and more than 10% of total carbon emissions.[1]

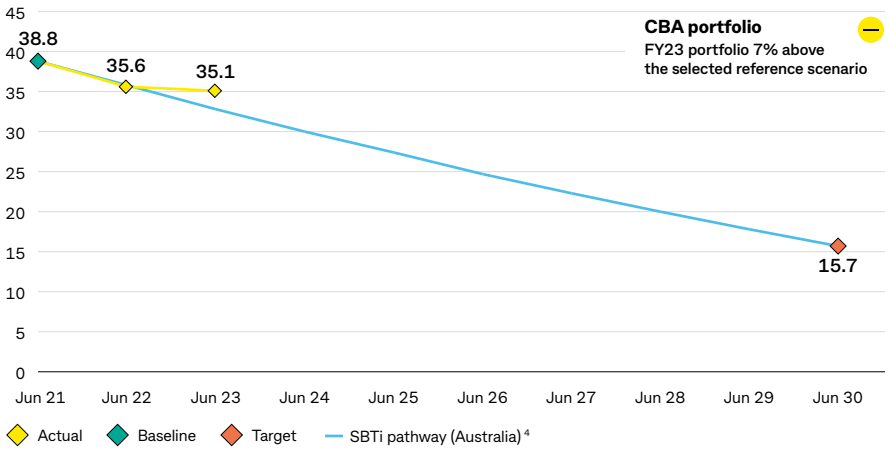
Decarbonising Australia's electricity grid is expected to have the greatest impact on reducing emissions for Australia's housing sector, with residential rooftop solar and batteries playing a significant role in this transition. Electrification of gas appliances, improving *thermal efficiency* and leveraging *energy efficient* devices can also help to reduce household emissions. While solar uptake remains strong, adoption of batteries continues to be slow given high upfront costs. Further work remains to support homeowners in apartments or townhouses, and renters, who are often restricted in their ability to implement home upgrades.

Our sector targets and portfolio

Last year, we set an interim 2030 target of 15.7 $kgCO_2$-e/m^2, a 60% reduction compared to our 2021 baseline. As at 30 June 2023, the *emissions intensity* of our portfolio was 35.1 $kgCO_2$-e/m^2, a reduction of 3.7 $kgCO_2$-e/m^2 compared to our 2021 baseline, 0.5 $kgCO_2$-e/m^2 compared to June 2022 and 7% above the *reference scenario*. The reduction compared to 2022 was largely driven by grid *emissions factor* reductions in New South Wales, Victoria and Tasmania. We are currently above the *reference scenario*, as *emissions factors* have not reduced at the rate required due to both grid and consumer influences. While rooftop solar increasingly contributes to power generation, further demand-side investment in battery storage and home electrification by 2030 will be needed to meet net zero goals.[2]

Our 2030 target has been determined using the draft *Science Based Targets initiative (SBTi)* Buildings tool. The *SBTi* tool uses a downscaled model of the *International Energy Agency's (IEA) Global Net Zero Emissions (NZE)* scenario developed by the *Carbon Risk Real Estate Monitor (CRREM)* initiative, to produce an Australia-specific 1.5°C-aligned pathway for housing.

Australian housing emissions intensity[3] $kgCO_2$-e/m^2



1 Refer to page 121 for source.
2 Refer to page 121 for source.
3 June 2023 Australian housing *emissions intensity* of 35.1 $kgCO_2$-e/m^2 has been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by attributed living area.
4 Refer to page 121 for source.

Sector dependencies to achieve our target

Achieving our target relies heavily on *decarbonisation* of Australia's electricity grid, and a coordinated transition to replace coal-fired power with lower emissions energy at low cost. It also assumes more existing Australian homeowners invest in home energy upgrades such as installing solar, adding a home battery and/or electrifying home appliances for hot water, cooking and heating. Greater integration of full electrification and *thermal efficiency* measures in the construction of new homes or renovations is also assumed.

Many of the opportunities to reduce home emissions can be expensive. We need innovation to help these technologies become cheaper, sooner. We want more of our customers to have access to available home energy solutions, which can help them reduce their emissions and ease cost of living pressures. Supportive policy settings and/or subsidies from government and industry will be important for creating the right incentives for consumers and the housing sector's energy transition. We are supportive of the National Construction Code so that homes are built, and in some cases, renovated to higher energy performance standards, as well as introducing incentives to encourage new builds to be fully electrified. Should the electricity grid not *decarbonise* quickly enough, or if State or Federal Government policy settings are not supportive, then it is unlikely we will achieve our target.

Actions to help meet our target

We are well positioned to support, inform and incentivise our customers to purchase products designed to improve the *energy efficiency* of their homes. We offer our customers a number of products and incentives, including our Green Loan, InstalPay, Green Home Offer and Personal Loan Offer to support them in building or renovating their homes to a more *energy efficient* standard, or with purchases including solar panels, batteries and solar or heat pump water systems.

We aim to inform our customers on the benefits of reducing home emissions. We share these insights via our Brighter magazine and TV series on how customers can make more *energy efficient* decisions and save money on everyday bills. We also see a role in advocating on behalf of our customers and do this through working groups like the ABA's residential *energy efficiency* program and are a member of the Green Building Council of Australia (GBCA).

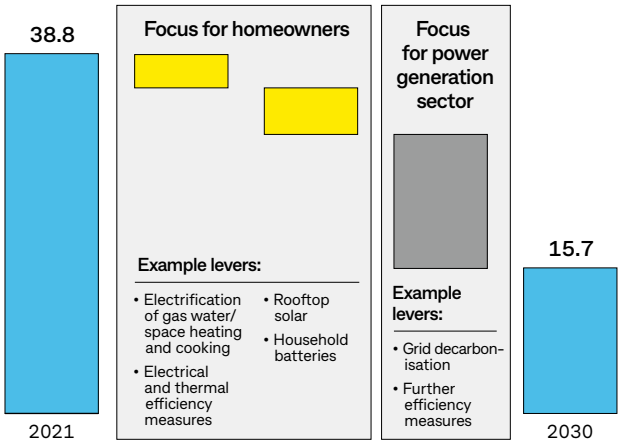
While achieving our 2030 target will be challenging, the Bank has no intention of simply reducing our lending to Australian housing customers to achieve our target. We will continue to offer products and services that can help our customers in reducing their emissions and energy bills.

For an overview of how we govern our sector-level *financed emissions* targets, see page 46.

Indicative pathway to achieving 2030 target

In 2023, we used scenario modelling to explore a pathway to achieving our 2030 target. We have drawn on insights from *AEMO* and the *IEA* to chart an indicative scenario, highlighting dependency on grid *decarbonisation*, along with actions homeowners can take to reduce emissions.[1]

Emissions intensity $kgCO_2$-e/m^2



Supporting our customers to reduce upfront costs

This year we introduced InstalPay to help our customers install solar panels and batteries in their homes. InstalPay offers an interest-free loan to help our customers buy renewable energy products without incurring any interest or account fees. We have initially partnered with UPowr to offer InstalPay to our customers. UPowr aims to make buying solar and battery products easier for our customers, by managing the end-to-end process, including applying for rebates, and connecting them to suitable products and accredited installers.

1 The analysis presented remains as originally released in our 2023 Climate Report, with no subsequent updates. While *SBTi* and *CRREM* do not provide an analytical breakdown of drivers in changes in *emissions intensity* between 2021 and 2030, in 2023, we modelled an indicative pathway exploring:
- Direct, or Scope 1 emissions. We modelled a potential reduction through reduced demand for natural gas, liquefied petroleum gas (LPG) and wood, based on *AEMO* and *IEA* projections.
- Indirect, or Scope 2 emissions. We modelled the relative impact of rooftop solar, batteries and behind the meter activities; and *decarbonisation* of the electricity grid, and other factors. This split was estimated based on data from *AEMO* and the Australian Energy Market Commission.

Australian commercial property

In-scope drawn lending

6.9%

As at 30 June 2023

Financed emissions

3.7%

As at 30 June 2023

Scope 1 2

Emissions

2030 targets
($kgCO_2$-e/m^2)

Office: 31.1
Retail: 40.6
Industrial: 8.2

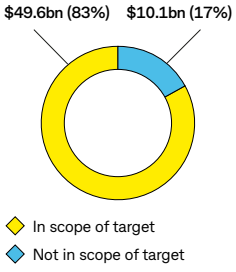
2023 baselines
($kgCO_2$-e/m^2)

Office: 63.8
Retail: 76.0
Industrial: 19.8

Scenario

SBTi/CRREM

Coverage of CBA Australian commercial property targets[2]



For methodology refer to pages 78–91.

Sector overview and outlook

As at 30 June 2023, lending to the Australian commercial property sector accounted for 6.9% of our *in-scope drawn lending* and 3.7% of our *financed emissions*.

In Australia, commercial buildings use approximately 25% of overall electricity and contribute 10% of total carbon emissions.[1] Around 95% of emissions in commercial property come from electricity consumption. *Decarbonising* Australia's electricity grid is expected to have the biggest emissions reduction impact for this sector.

Newer commercial properties are expected to be better positioned for the transition, as they tend to be more *energy efficient*. Conversely, older buildings often require significant capital expenditure and upgrades in order to improve building *energy efficiency*.

Our sector targets and portfolio

This year we set interim 2030 targets for our office, retail and industrial portfolios.

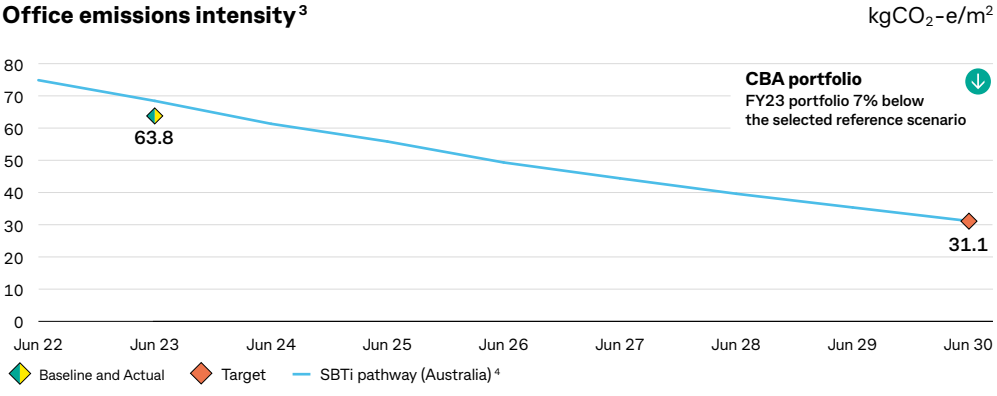
- Our **office** target is 31.1 $kgCO_2$-e/m^2, a reduction of 51% compared to our 2023 baseline of 63.8 $kgCO_2$-e/m^2.
- Our **retail** target is 40.6 $kgCO_2$-e/m^2, a reduction of 47% compared to our 2023 baseline of 76.0 $kgCO_2$-e/m^2.
- Our **industrial** target is 8.2 $kgCO_2$-e/m^2, a reduction of 59% compared to our 2023 baseline of 19.8 $kgCO_2$-e/m^2.

As at 30 June 2023, our 2030 targets cover 83% of our *in-scope drawn lending* to the Australian commercial property sector, within the office, retail and industrial sub-sectors. We have set separate targets for these portfolios to recognise the different baseline emissions intensities for different types of buildings.

Our 2030 targets have been determined using the draft *SBTi* Buildings tool. The tool uses a downscaled model of the *IEA's Global NZE* scenario developed by the *CRREM* initiative to produce an Australia-specific 1.5°C-aligned pathway. We have used the 2022 Commercial Buildings Baseline Study for the base-year input to the *SBTi* target-setting tool.

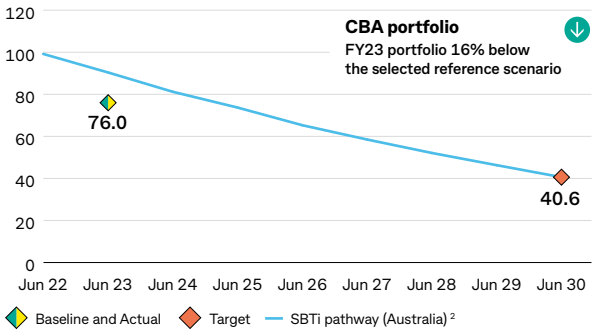
As at 30 June 2023, the emissions intensities of our office, retail and industrial portfolios were 63.8 $kgCO_2$-e/m^2, 76.0 $kgCO_2$-e/m^2 and 19.8 $kgCO_2$-e/m^2, respectively. This is below the *reference scenario* for the office and retail portfolios, and less than 10% above the *reference scenario* for the industrial portfolio, reflecting differences in the composition of our portfolio as compared to the national average.

Office emissions intensity[3]

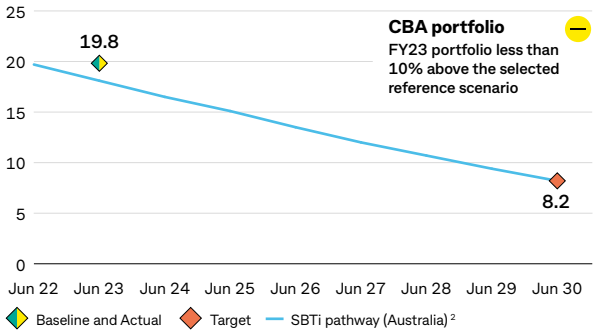


1 Refer to page 121 for source.
2 Proportion of drawn lending exposures as at 30 June 2023. Coverage of targets has been estimated based on available data. Due to data limitations we have applied assumptions to apportion drawn lending exposure and *financed emissions* into in- and out-of-scope of the target, where granular building type data is unavailable.
3 June 2023 Australian commercial property (office) baseline *emissions intensity* of 63.8$kgCO_2$-e/m^2 has been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by attributed office area.
4 Refer to page 121 for source.

Retail emissions intensity[1] $kgCO_2$-e/m^2



Industrial emissions intensity[3] $kgCO_2$-e/m^2



Supporting our customers to identify sustainability opportunities

Our Green Buildings Tool helps business banking customers identify actions they could undertake to improve *energy efficiency* and reduce the emissions of the commercial buildings they own and operate. The tool also identifies the potential costs incurred from implementing these actions, the potential reduction in electricity costs that may be realised upon their implementation as well as the potential impact of identified actions on a building's *National Australian Built Environment Rating System (NABERS)* energy rating.

We have commenced rolling out the tool to our customers over the past 12 months. One of our customers, the Cohen Group, used the tool to help identify the benefits and costs associated with extending their rollout of LED lights in their Burnside Village shopping centre in South Australia. They found that completing the rollout was likely to save them approximately $100,000 per year in electricity costs and reduce the centre's Scope 2 emissions by around 90 tCO_2-e per year.

Sector dependencies to achieve our target

Achieving our targets relies on the *decarbonisation* of Australia's electricity grid, the uptake of distributed energy resources, building more *energy efficient* buildings, and building owners making operational improvements and/or retrofitting their buildings. Activities to *decarbonise* commercial buildings include adding rooftop solar or battery storage and improvements to the design, insulation and materials used in construction. Older buildings could benefit from retrofits such as installing LED lights, upgrading heating, ventilation, and air conditioning systems or double-glazing windows.

Should the electricity grid not *decarbonise* quickly enough, then achieving our targets will be unlikely. Rising construction costs and low construction labour availability may also impede the pace of transition. Policies such as construction codes and subsidies that support greater *energy efficiency* in new builds, and incentivise retrofits to upgrade *energy efficiency* in existing builds, would also support achievement of our targets.

Actions to help meet our target

We have a range of Australian commercial property customers, some with public commitments or plans to reach net zero by 2050, while others are just starting their emissions reduction journey. We offer a suite of products and services that can support our customers, including our Business Green Loan and Green Vehicle and Equipment Finance. These products can help our customers in financing the purchase of *energy efficient* buildings or retrofitting existing buildings to improve *energy efficiency*.

The Bank can also help build awareness of the available solutions to lower customers' emissions, such as through our Green Buildings Tool and by connecting customers with each other through events like our Momentum sustainability conference.

At this time, we aim to continue supporting our customers with products and services that can help them reduce their emissions.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

1 June 2023 Australian commercial property (retail) baseline *emissions intensity* of 76.0 $kgCO_2$-e/m^2 has been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by attributed floor area.

2 Refer to page 121 for source.

3 June 2023 Australian commercial property (industrial) baseline *emissions intensity* of 19.8 $kgCO_2$-e/m^2 has been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by attributed floor area.

Australian agriculture

In-scope drawn lending

1.6%

As at 30 June 2023

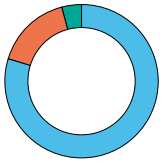
Financed emissions

14.6%

As at 30 June 2023

For methodology refer to pages 78–91.

Australian agriculture sector
National Greenhouse Gas Accounts 2022 [1]



Methane (CH_4)	**79.9%**
Nitrous oxide (N_2O)	**16.0%**
Carbon dioxide (CO_2)	**4.1%**

Sector overview and outlook

The Australian agriculture sector is essential for our economy and food security, and is central to regional communities and the financial health of their economies. The sector produces food and fibre for Australian and global consumers, and provides 2.2% of national employment. Lending to the Australian agriculture sector represented 1.6% of our *in-scope drawn lending* and 14.6% of our *financed emissions* as at 30 June 2023. Supporting Australian farmers with dedicated products and services remains a priority for the Bank. Our ambition is to support the sector which is uniquely at the intersection of three global challenges: to produce more food and fibre for a growing population; to reduce emissions and sequester more carbon; and to contribute to the restoration and protection of *nature* and *biodiversity*.

In 2022, Scope 1 emissions from the agriculture sector accounted for approximately 18% of Australia's total emissions. [1,2] As other sectors *decarbonise*, agriculture's share is forecast to increase, given emissions in the sector are *harder-to-abate* and are not expected to reach zero without carbon removals. Methane produced from the digestive processes of *ruminant livestock* is the largest source of greenhouse gas in agriculture, followed by nitrous oxide from fertilisers and manure.

Gross emissions in the sector can be reduced to a degree through production efficiencies, such as livestock feed quality and improved fertiliser use. Further reductions will depend on commercialisation of emerging technologies such as methane-inhibiting feed supplements. Carbon dioxide can be sequestered and stored in trees and soils, and we understand there may be some customers who choose to supply carbon offsets for other industries. Such decisions will be farm-specific, and we remain committed to working with our customers.

Challenges in setting a target

The agriculture sector faces specific challenges in target setting, including the measurement of emissions; multiple gas sources, such as methane, nitrous oxide and carbon dioxide; a variety of different agricultural activities; and a unique relationship between the generation and storage of emissions through natural systems.

In our 2022 and 2023 Climate Reports, consistent with our *NZBA* commitment, we indicated an intent to set *financed emissions* targets for the Australian agriculture sector in 2024. Through 2024, we explored a range of approaches to setting such targets and measuring our performance against them. This work identified data challenges, particularly related to key inputs to *financed emissions* calculations. We also encountered methodological challenges including limited availability of Australia-specific, 1.5°C-aligned pathways, as well as uncertainty in some government datasets that could impact the stability of targets and performance estimation for sub-sectors where such pathways are available. More broadly, we have observed ongoing industry and government efforts that highlight the importance of farm-level emissions measurement and the development of pathways for the agriculture sector in the context of economy-wide net zero goals. In view of this context, including the ongoing focus on farm-led emissions measurement and the data and methodology challenges, we have decided to defer setting a target for this sector in 2024. Through the process of exploring data and methodologies we have deepened our understanding of agriculture emissions data and at this stage, see greater value in taking action to help our customers measure their baseline emissions rather than setting *financed emissions* targets.

We have partnered with emissions measurement platform Ruminati to provide eligible customers access and guided support to estimate their emissions baseline, and explore potential abatement options. This complements other steps we are taking which are designed to support customers' plans to transition to lower carbon operations. Other industry-developed emissions calculators and the Australian Agriculture Sustainability Framework could offer tools and guidance, respectively, for our agribusiness customers to measure and manage their emissions. These initiatives could also help customers prepare for reporting under future climate-related disclosure standards, and may help the Bank to improve its estimates of agriculture *financed emissions*.

We look forward to the release of the Australian Government's agriculture and land sector plan. While we acknowledge this plan will not include emissions reduction targets for the sector, we expect it will provide further guidance and data points to inform our efforts to support the sector's *decarbonisation*. We will consider setting *financed emissions* targets for this sector as our data quality and coverage improves, and further consideration is given to the government and industry context, including the significance of farm-led emissions measurement. We expect to provide an update on our approach in our 2025 climate-related disclosures.

1 Refer to page 121 for source.
2 Gross emissions not including land use, *land use change* and forestry.

Supporting our customers

The Bank has been supporting the Australian agriculture sector for over 100 years, with many of our customers farming the same land for generations. We recognise the critical importance of Australia's food and fibre production, with its long track record of innovation to efficiently produce sustainable and high-quality products at scale. The Bank intends to continue supporting our farmers through our lending, and we recognise that our customers are at different stages of adopting *decarbonisation* activities and responding to the transition.

We aim to offer our customers dedicated products and services like our Agri Green Loan and Green Asset Finance solutions that can help and incentivise them to adopt emissions-reducing technologies and practices that can also support *nature* restoration.

CBA aims to continue expanding awareness and resources for our customers, such as sponsorship of events and presentations on environmental issues at industry forums, as well as providing customers with our new Climate Insights Report.

We continue to engage and advocate through industry bodies, like the ABA, on climate-related issues that may impact our farmers. We are also members of other industry-led groups working to advance and assist the agriculture sector, such as the Australian Sustainable Finance Institute (ASFI) natural capital advisory group and *CSIRO's* external advisory board for agriculture and food.

For information on the tools used in our lending process see pages 54–55.

Farming for the Future sponsorship

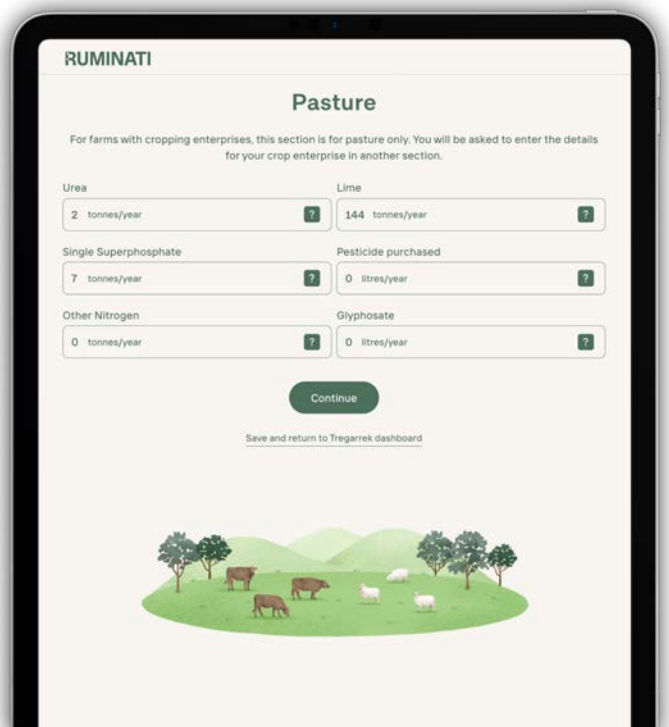
This year we committed to sponsor and fund a research project with Farming for the Future. The research will aim to quantify the specific contribution of trees on farms to the productivity, profitability, resilience, *biodiversity* and carbon benefit of livestock enterprises. Research, evidence and tools are critical for primary producers to respond to climate-related challenges and adopt solutions to improve farming resilience, natural capital stocks and net emissions outcomes.

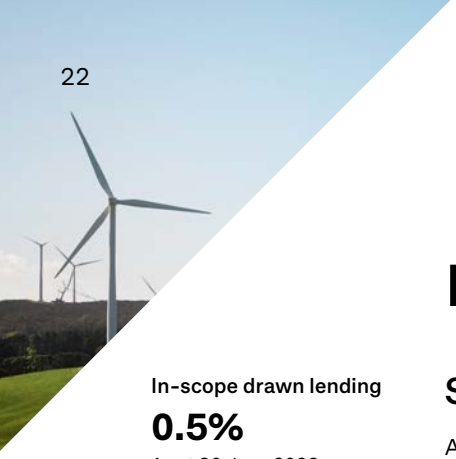
Farming for the Future is a philanthropic research and change program, working to provide evidence and practical support that primary producers need, to help with management of natural capital in farming businesses.

Providing farmers with tools to calculate their emissions

We partnered with 50 of our farming customers and Ruminati, an agriculture technology company, to pilot an online emissions calculator and reduction planner. The tool was developed in response to the challenges farmers face in agricultural emissions measurement, and seeks to help farmers better understand the options available to reduce emissions on farm.

During the pilot, Ruminati and CBA hosted group workshops for customers to work and learn together. The objective of the pilot was to help our farming customers calculate their baseline emissions, and give participants an opportunity to develop tailored action plans to reduce their on-farm emissions. We have now commenced a strategic partnership with Ruminati to make the calculator available to more of our farming customers. From 2025, eligible customers will be able to opt-in to the calculator.





Power generation

In-scope drawn lending
0.5%
As at 30 June 2023

Financed emissions
2.3%
As at 30 June 2023

Scope 1
Emissions

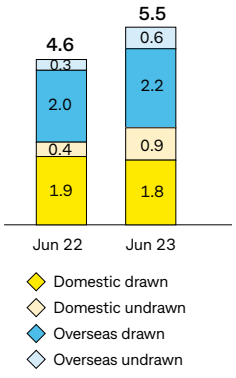
2030 target
105
$kgCO_2/MWh$

2020 baseline
222
$kgCO_2/MWh$

Scenario
Global IEA NZE (2021)

$3.7bn
TCE of lending to wind and solar power generation customers[2] as at 30 June 2023

Drawn and undrawn lending exposure[3] $bn



For methodology, including scope updates to our sector-level *financed emissions* targets, refer to pages 78–91.

For further information on our restatement policy see page 80.

Sector overview and outlook

As at 30 June 2023, lending to the power generation sector represented only 0.5% of our *in-scope drawn lending* and 2.3% of our *financed emissions*. In 2022, Scope 1 emissions from the power generation sector accounted for approximately 36% of Australia's total emissions.[1] Retiring coal-fired power stations and shifting to renewable sources of energy is critical to reducing the *emissions intensity* of Australia's electricity grid. Renewable electricity can provide a cost-effective way of reducing emissions and is not only essential for the nation to meet its *decarbonisation* ambitions, but also to support Australian households and other sectors in reducing their emissions.

In the 2024 *ISP*, *AEMO* is projecting that up to 90% of the National Energy Market's coal-fired power stations will retire by 2035 with the remainder of the fleet set to retire by 2040. Renewable energy connected with transmission and distribution, firmed with storage and backed up by gas-powered generation, is the lowest-cost way to supply electricity to homes and businesses as Australia transitions to a net zero economy.

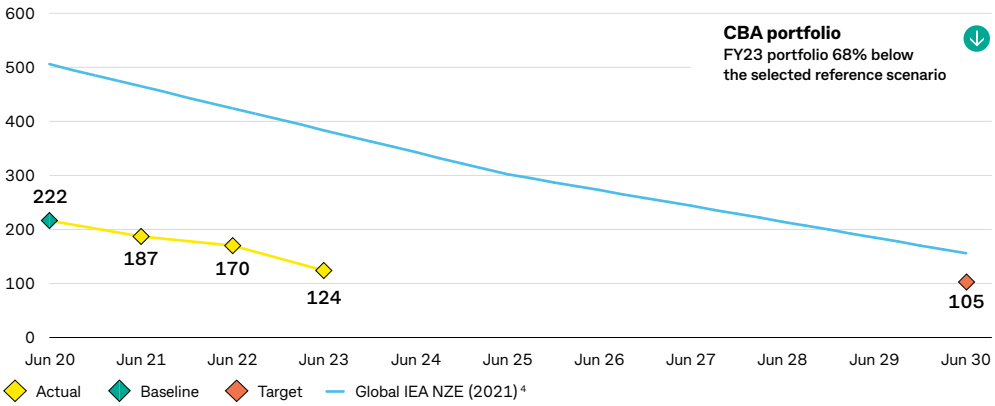
Our sector targets and portfolio

In 2022 we set an interim 2030 target of 105 $kgCO_2/MWh$, a 53% reduction compared to our 2020 baseline. This year we have updated the scope of our target to exclude ASB exposures. Prior periods have not been restated as the impact of this change was assessed as immaterial.

As at 30 June 2023, the *emissions intensity* of our portfolio was 124 $kgCO_2/MWh$, a reduction of 98 $kgCO_2/MWh$ compared to our 2020 baseline and 46 $kgCO_2/MWh$ compared to 30 June 2022. Our portfolio was also 68% below the selected *reference scenario*. The reduction in our portfolio *emissions intensity* was primarily driven by new drawn lending to the renewables sector, decreased drawn lending to gas-fired power generation customers and changes in customer generation in the renewable portfolio. While the *emissions intensity* of our portfolio has continued to decrease since June 2020, drawdowns of unused lending limits could change our share of customers' emissions and generation, resulting in potential fluctuations in the emissions intensity.

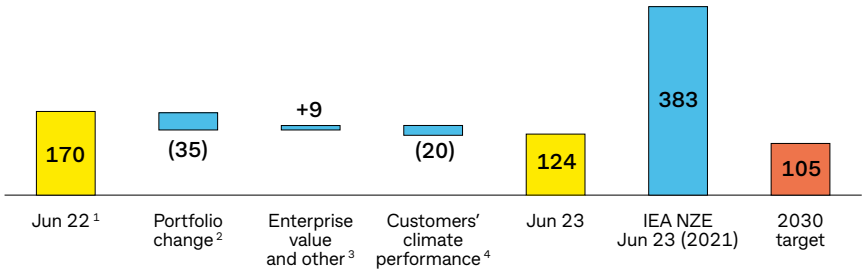
Our power generation portfolio is diversified by technology and geography with over 50% of our lending exposures outside Australia, of which 14% is in New Zealand. Our power generation portfolio is also 67% weighted to lending to solar and wind generation assets, 15% to other renewable generation assets, along with smaller drawn exposures to electricity generators and *gentailers* that are more emissions-intensive. Our 2030 target is compared against the global 1.5°C-aligned *IEA NZE* (2021) scenario.

Power generation emissions intensity[3] $kgCO_2/MWh$

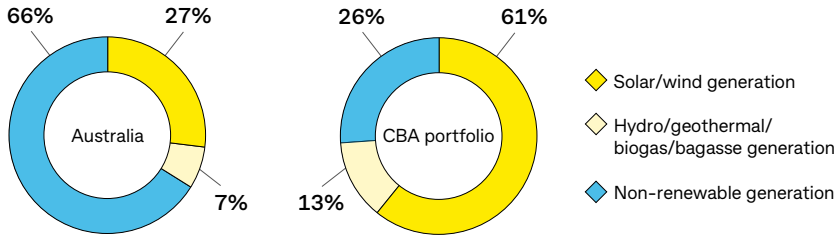


1 Refer to page 121 for source.
2 Power generation customers where 90% or more of generation is from wind/solar assets and wind/solar assets under construction. We assess changes to customer classification using a rolling three-year generation average.
3 Prior periods have not been restated. June 2023 power generation *emissions intensity* of 124 $kgCO_2/MWh$ has been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by annual attributed generation.
4 Refer to page 121 for source.

Power generation emissions intensity portfolio movements kgCO_2/MWh



Electricity generation split by type [5] MWh by type (%)



Sector dependencies to achieve our target

The *reference scenario* that informs our target makes a number of key assumptions to reduce the *emissions intensity* of the sector. Assumptions include a significant increase in renewable power generation from solar and wind, and a significant decrease in unabated fossil fuel generation by 2030.

While significant investment is underway to create a grid that is fit for distributed renewable electricity generation, there are concerns that Australia may not achieve its 82% national renewable electricity target by 2030. For example, a lack of investment in *transmission infrastructure* may slow investment in renewable energy projects. To maintain grid security and reduce the sector's emissions, investment in firming in the form of batteries, pumped hydro and some gas-fired electricity generation is crucial. There is a role for government policy and public funding to de-risk renewable energy and transmission projects. Recent Federal Government policies have focused on expanding the Capacity Investment Scheme to support up to 23 gigawatts of renewable generation and 9 gigawatts of storage, to complement existing state-based policies. Tenders for awarding contracts under the Capacity Investment Scheme will run from 2024 to 2027, with success of the scheme crucial to Australia meeting its emissions reduction targets. Should policy settings change or not be implemented as currently stated, it may impact our ability to achieve our target.

Actions to help meet our target

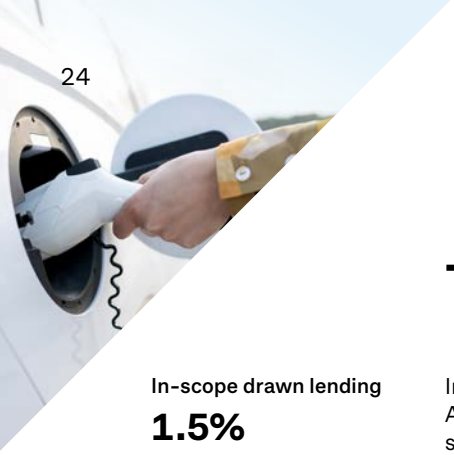
Our power generation portfolio includes customers ranging from lower emissions renewable energy generators to more emissions-intensive customers, such as electricity *gentailers*. In Australia and New Zealand, we are supporting our *gentailer* customers as they transition to lower emissions technologies. We are also a sponsoring member of the Clean Energy Council, a key advocacy group representing the renewable energy industry. Through various channels, our energy bankers engage with government agencies on energy policy, particularly on how policies may impact the bankability of energy projects and companies.

We continue to focus on growing our lending to renewable energy and electricity storage to firm renewables.

For an overview of how we govern our sector-level *financed emissions* targets, see page 46.

For more information on our *client Transition Plan* assessment framework and criteria, see pages 58–59.

1 Prior periods have not been restated.
2 Movements in drawn lending exposure can affect the factor used to attribute a proportion of the customers' emissions and generation to CBA.
3 Impact of foreign exchange (FX) movements and changes in customers' enterprise value.
4 Includes the attribution of changes in individual company's emissions and generation to CBA.
5 Refer to page 121 for source. CBA pie chart calculated as CBA's attributed generation from solar, wind, hydro, geothermal, biogas, bagasse and non-renewable customers as a percentage of total CBA attributed generation for FY23.



Transport

In-scope drawn lending

1.5%

As at 30 June 2023

Financed emissions

11.8%

As at 30 June 2023

Scope 1

Emissions[3]

2030 targets

Aus. road (passenger & light commercial vehicle finance):
174 gCO_2/vehicle km

Aviation:
76 gCO_2/revenue passenger km

Shipping:
0.36 $MtCO_2$
9% reduction from 2023 baseline

2023 baselines

Aus. road (passenger & light commercial vehicle finance):
245 gCO_2/vehicle km

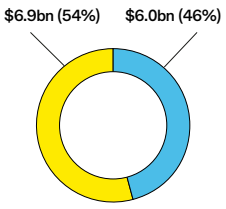
Aviation:
103 gCO_2/revenue passenger km

Shipping:
0.39 $MtCO_2$

Scenarios

IEA NZE (2021) & IPR RPS

Coverage of CBA transport targets[5]



In scope of target

Not in scope of target

For methodology refer to pages 78–91.

In 2022, Scope 1 emissions from the transport sector accounted for approximately 21% of Australia's total emissions.[1] This does not include emissions related to international aviation and shipping, which are also significant to global emissions.[2]

We define the transport sector as aviation, shipping, rail and road transport. As at 30 June 2023, lending to the transport sector represented 1.5% of our *in-scope drawn lending* and 11.8% of our *financed emissions*, which included international aviation and shipping customers. This year we set three sub-sector *financed emissions* targets, covering 54% of our *in-scope drawn lending* to the transport sector. Due to a diverse customer base, ranging from retail to large institutional customers, and sub-sectors within our transport exposures, we have separated our disclosures into two parts to aid understanding. At present, heavy vehicles (trucks), buses and rail are excluded from our target setting due to data and methodology limitations.

Australian road (passenger and light commercial vehicle finance)

Sector overview and outlook

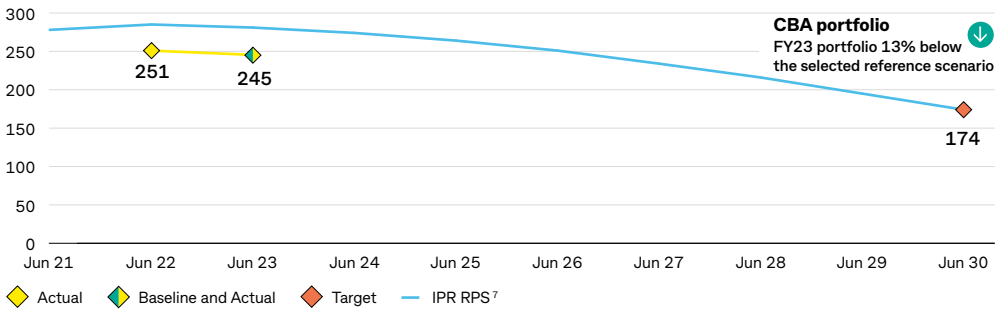
As at 30 June 2023, the Australian road (passenger and light commercial vehicle finance) target covers 33% of our *in-scope drawn lending* to the transport sector. Australia relies on road transport for passenger travel and domestic freight, with approximately 60%[4] of Australia's transport emissions attributable to passenger and light commercial vehicles. Tailpipe emissions from petrol and diesel vehicles are generally greater than emissions associated with the consumption of electricity to charge EVs. This margin is expected to increase as electricity sources *decarbonise*. Cars typically remain operational for 15 to 20 years, meaning internal combustion engine vehicles purchased today will likely still be on the roads as 2040 approaches. Therefore, accelerating the uptake of EVs and investment in charging infrastructure is critical given the time taken for the vehicle fleet to turn over.

Our sector targets and portfolio

This year, we set a new combined **Australian road (passenger and light commercial vehicle finance)** target of 174 gCO_2/vehicle km, a 29% reduction to our 2023 baseline of 245 gCO_2/vehicle km.

Our 2030 target has been determined using the United Nations Principles of Responsible Investment-commissioned *Inevitable Policy Response (IPR) Required Policy Scenario (RPS)*. The *reference scenario* builds on the global 1.5°C-aligned *IEA NZE* (2021) scenario and provides Australia-specific results. We have used 2023 as the baseline year due to improved data quality, resulting in a higher quality baseline value compared to 2022. As at 30 June 2023, the *emissions intensity* was 245 gCO_2/vehicle km, 13% below the selected *reference scenario*.

Australian road (passenger and light commercial vehicle finance)[6] gCO_2/vehicle km



1 Refer to page 121 for source.
2 Refer to page 121 for source.
3 Our aviation and shipping sector-level *financed emissions* targets include lessor customers' Scope 3 Category 13 (Downstream Leased Assets) emissions. See page 88–89 for further information.
4 Refer to page 121 for source.
5 Proportion of drawn lending exposures as at 30 June 2023.
6 June 2022 and June 2023 Australian road (passenger and light commercial vehicle finance) *emissions intensity* of 251 and 245 gCO_2/vehicle km have been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by annual attributed vehicle km.
7 Refer to page 121 for source.

Sector dependencies to achieve our target

Achievement of our target relies on increasing the rate of adoption of EVs and replacing older, less efficient internal combustion engine vehicles with newer vehicles.

While availability of EVs in Australia is growing, there continues to be barriers to retail and business customers switching to EVs, such as the price of EVs, availability of charging infrastructure and limitations on range. Additional measures may be necessary to increase the supply of affordable EVs and encourage further demand. Appropriate industry and government investment in community charging infrastructure could help to address customer concerns and support EV uptake. Should the uptake of EVs not accelerate, or if State or Federal Government policy settings are not supportive, then achieving our target may be unlikely.

Actions to help meet our target

This year, CBA built an online EV cost comparison calculator with data sourced from Glass's Information Services and the Australian Competition and Consumer Commission. The calculator aims to help our customers understand and compare the estimated cost of ownership and emissions between different vehicle models. Our Personal Loan discount is available to help our retail customers with the purchase of an eligible EV or hybrid vehicle, and can also include a home EV charger.

Business customers can access discounted finance to purchase EVs or hybrid vehicles and supporting infrastructure with the Green Vehicle and Equipment Finance, and *energy efficient* finance offerings. CBA is also one of the preferred finance providers for Tesla Australia to provide direct financing for retail and business customers to purchase EVs.

Advocating through industry or government engagement about EVs is an emerging area for us. We have recently become a member of the Electric Vehicle Council, a national body representing the EV industry in Australia. Our aim is to continue growing our share of lending for EVs and its associated charging infrastructure.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

Aviation and shipping

Sector overview and outlook

As at 30 June 2023, the aviation and shipping targets cover 21% of our *in-scope drawn lending* to the transport sector, and largely included lending to international customers. In 2022, aviation and shipping each accounted for over 2% of global energy-related emissions. Australia is a relatively open economy and highly dependent on the global shipping and aviation sectors to connect Australia to the world. All physical exports from Australia, totalling $590 billion in 2022, were transported internationally via shipping vessels or aircraft. Globally, air passenger growth is expected to increase, but at a slower pace than before the COVID-19 pandemic. Australia is also expected to continue relying on international shipping, given we have no significant domestic shipping network. *Decarbonising* the aviation and shipping sectors is challenging, given the reliance on fossil fuels and the lack of available low-carbon fuel alternatives.

Transport (continued)

Our sector targets and portfolio

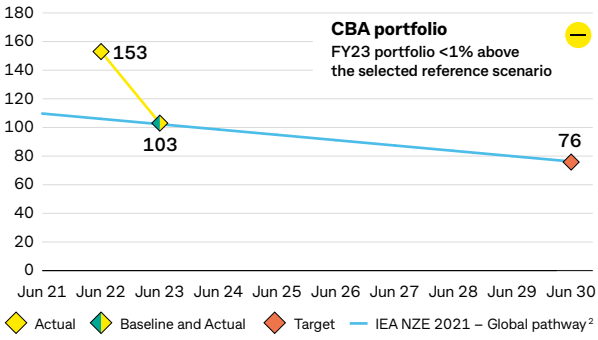
This year we set interim 2030 targets for aviation and shipping.

- Our **aviation** target is 76 gCO_2/revenue passenger km, a reduction of 26% compared to our 2023 baseline of 103 gCO_2/revenue passenger km.
- Our **shipping** target is 0.36 $MtCO_2$, a reduction of 9% compared to our 2023 baseline of 0.39 $MtCO_2$. Due to data limitations we have set an *absolute emissions* target.

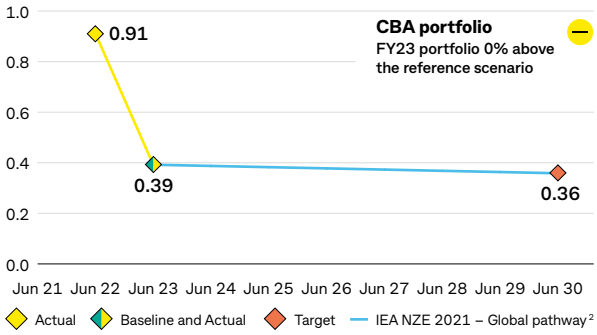
Our 2030 targets include lending to operators of aircraft and ocean-going vessels, as well as lending to customers that own and lease these assets to operators. Given the global nature of aviation and shipping, and the customers within our portfolio, our targets use the global 1.5°C-aligned *IEA NZE* (2021) scenarios. We have used 2023 as the baseline year due to the impact of COVID-19 on travel volumes in 2022, and to be more representative of our current portfolio.

As at 30 June 2023, the *emissions intensity* from the aviation sector was 103 gCO_2/revenue passenger km and was less than 1% above the selected *reference scenario*. The *emissions intensity* has decreased from 2022, reflecting a recovery in passenger air travel following COVID-19 restrictions. As at 30 June 2023, the absolute *financed emissions* for the shipping portfolio was 0.39 $MtCO_2$, a decrease from 2022, reflecting a reduction in drawn lending.

Aviation emissions intensity[1]
gCO_2/revenue passenger km



Shipping absolute emissions[3] $MtCO_2$ per annum



Sector dependencies to achieve our target

Our targets assume that low-carbon fuels begin to account for a portion of energy consumed by the aviation and shipping sectors by 2030. The *reference scenario* also assumes incremental improvements in efficiency of aircraft and maritime vessels. Currently there are no zero emissions alternatives to aviation fuels that can be deployed at scale. To meet necessary economies of scale for *sustainable aviation fuel (SAF)*, industry and government-led incentives, research and development, and significant investment in *SAF* refinery infrastructure is required. As a recent example, the New South Wales Government has released a proposal of opportunities and locations to scale the production of *SAF*. The aviation industry is also focusing on more fuel-efficient aircraft to reduce emissions, and in the longer term higher *SAF* usage and electric powered aircraft for shorter distance applications. *Decarbonising* the shipping sector is also largely dependent on efficiency and switching to low-carbon fuels. Should the scaling of low-carbon fuels not happen, or if policy settings are not supportive, then achieving our targets may be unlikely.

Actions to help meet our target

We provide Structured Asset Finance solutions for aviation sector customers, primarily to support the financing of newer aircrafts and more fuel-efficient aircraft types. We are exploring external data providers to help us better measure and monitor the greenhouse gas emissions associated with our financed aircraft portfolio.

For our shipping portfolio, the Bank currently expects to achieve our 2030 target through a managed exit of its international institutional banking exposures. We expect to exit our international shipping exposures, through natural amortisation over the remaining tenor of individual financings and by not participating in any new or refinancing of international exposures. We intend that any new origination in the shipping sector will be highly selective and focused on Australian transport, trade and infrastructure.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

1 June 2022 and June 2023 aviation *emissions intensity* of 153 and 103 gCO_2/revenue passenger km have been included in the scope of PwC's limited assurance engagement. Annual attributed emissions divided by annual attributed revenue passenger km.

2 Refer to page 121 for source.

3 June 2022 and June 2023 shipping *absolute emissions* of 0.91 and 0.39 $MtCO_2$ have been included in the scope of PwC's limited assurance engagement.

Heavy industry

In-scope drawn lending

<0.1%

As at 30 June 2023

Financed emissions

10.9%

As at 30 June 2023[2]

Scope 1 2

Emissions[2]

2030 targets

Steel: 1.35
tCO_2-e/t-steel

Alumina: 0.63
tCO_2-e/t-aluminium

Aluminium: 5.26
tCO_2-e/t-aluminium

Cement: 0.55
tCO_2-e/t-cement

2023 traffic light status

Steel: N/A
Alumina: ↓
Aluminium: ↑
Cement: ↓

Scenarios

SBTi & MPP

For methodology, including scope updates to our sector-level *financed emissions* targets, refer to pages 78–91.

For further information on our restatement policy see page 80.

Sector overview and outlook

We define the heavy industry sector as the production of steel, alumina, aluminium and cement. As at 30 June 2023, lending to the heavy industry sector represented <0.1% of CBA's *in-scope drawn lending* and 10.9% of our *financed emissions*. In 2022, Scope 1 emissions from the production of alumina and aluminium; iron and steel; lime and cement; and other metals accounted for approximately 7% of Australia's total emissions.[1] The majority of greenhouse gas emissions from heavy industry production generally occurs from the high heat and chemical reactions required in manufacturing processes. These industries are also significant consumers of electricity generated by the power generation sector.

Steel is an essential input into many other sectors such as construction and machinery. Steel is expected to continue playing an important role in Australia's energy transition, such as in the construction of wind turbines and solar farms. Cement is required for the construction of housing, commercial buildings and infrastructure. Alumina is an intermediate product in the production of aluminium, which is used in a number of technologies that are also critical to helping Australia reduce its emissions. Heavy industry is generally *harder-to-abate* and is reliant on grid *decarbonisation*, process efficiencies and low-emissions technologies that, in many instances, are not yet commercially viable at scale in Australia.

Our sector targets and portfolio

Last year, we set four separate interim 2030 targets for steel, alumina, aluminium and cement production. This year we have updated the scope of our targets to exclude ASB exposures. Prior periods have not been restated as the impact of this change was assessed as immaterial.

Our heavy industry portfolio is concentrated to a small number of large Australian companies. To protect our customers' confidentiality, we have adopted a 'traffic light' disclosure of our portfolio against targets.

- ↓ indicates portfolio is lower than the *reference scenario*.
- – indicates portfolio is between ≥0% and ≤10% above the *reference scenario*.
- ↑ indicates portfolio is >10% above the *reference scenario*.

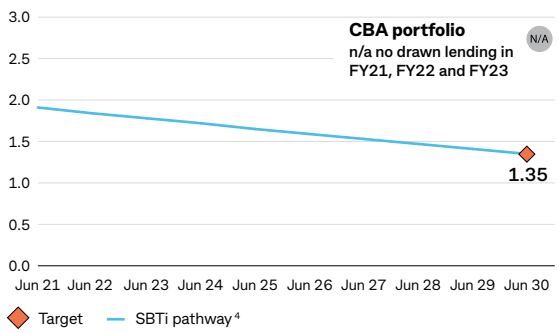
This is to support cases where, for example, only one customer has drawn lending in the reporting period.

For our steel and cement sector targets, we have used the target-setting tools developed by the *SBTi*. These tools are based on the *IEA's NZE* 2050 scenario, which informed the sector-level targets we announced in 2022. For the alumina and aluminium sector, we have leveraged the *Mission Possible Partnership (MPP)* aluminium transition strategy, which provides regionally-specific 1.5°C-aligned *decarbonisation* pathways for both commodities.

Steel

Our **steel** target is 1.35 tCO_2-e/t-steel, which is a reduction of 30% compared to the 2021 global average *emissions intensity* published by the World Steel Association. As at 30 June 2023, there were no customers with drawn lending in this sector. This target assumes increased material and *energy efficiency* measures, an increase in scrap-based production, and adoption of new technologies from the mid-2020s.

Steel emissions intensity[3] tCO_2-e/t-steel



1 Refer to page 121 for source. Emissions related to fuel combustion in iron and steel, non-ferrous metals, cement, lime, plaster and concrete manufacturing, and industrial process-related emissions in cement production, lime production and the metal industry.

2 In line with the *PCAF* Standard, we have included Scope 3 emissions for customers in this portfolio in our *financed emissions* calculations. We do not include Scope 3 emissions in our sector-level *financed emissions* target for this portfolio.

3 Prior periods have not been restated. Refer to page 123 for the assertions included in the scope of PwC's limited assurance engagement.

4 Refer to page 121 for source.

Heavy industry (continued)

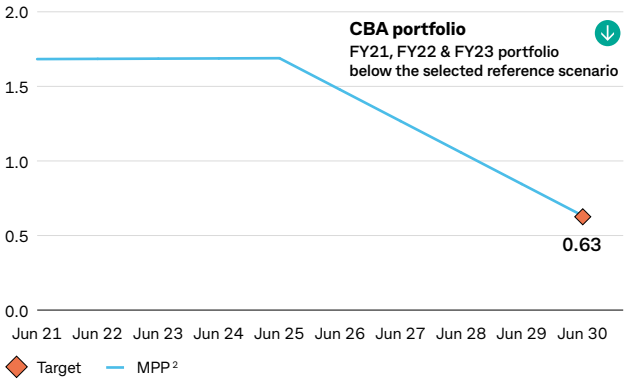
Alumina

Our **alumina** target is 0.63 tCO_2-e/t-aluminium, which is a 62% reduction compared to the *MPP* modelled 2020 *emissions intensity*.

As at 30 June 2023, our financed *emissions intensity* was below the selected *reference scenario.*

This target assumes refiners switch to using renewable electricity and the adoption of new technologies, such as electric boilers. We have set a separate target for alumina to recognise the different *decarbonisation* pathways for alumina refining and aluminium smelting, as well as the importance of alumina as a key export industry for Australia.

Alumina emissions intensity[1] tCO_2-e/t-aluminium



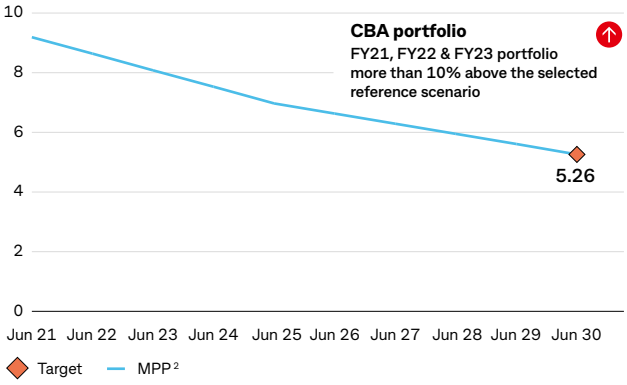
Aluminium

Our **aluminium** target is 5.26 tCO_2-e/t-aluminium, which is a 46% reduction compared to the *MPP* modelled 2020 *emissions intensity*.

As at 30 June 2023, our financed *emissions intensity* was more than 10% above the selected *reference scenario*. It may remain at this level for a number of years, due to higher electricity-related emissions than those modelled in *MPP's* scenario.

This target assumes that by 2030, smelters will switch to using renewable electricity for most of their energy needs. This switch is highly dependent on the availability of reliable electricity from firmed renewable sources or large-scale *carbon capture*.

Aluminium emissions intensity[1] tCO_2-e/t-aluminium



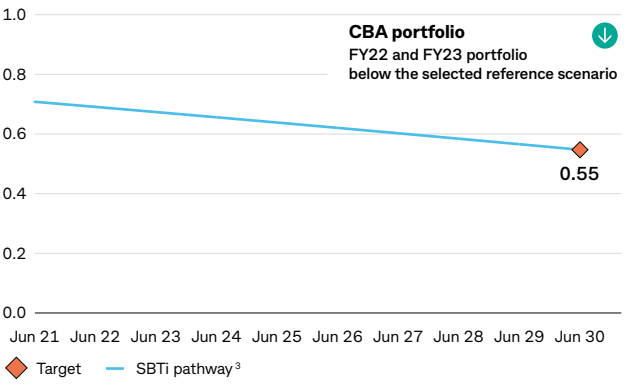
Cement

Our **cement** target is 0.55 tCO_2-e/t-cement, which is a 23% reduction compared to the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Safeguard Mechanism 2021 default *emissions intensity* for cement produced from clinker facilities (which we have used as a base year for the *SBTi* target-setting tool).

As at 30 June 2023, our financed *emissions intensity* was below the selected *reference scenario*.

The target assumes increased clinker substitution and efficiency measures, in addition to kilns adopting bio energy or hydrogen, and *carbon capture*.

Cement emissions intensity[1] tCO_2-e/t-cement



>10% above the *reference scenario* — Between ≥0% and ≤10% above the *reference scenario* — Below the *reference scenario*

1 Prior periods have not been restated. Refer to page 123 for the assertions included in the scope of PwC's limited assurance engagement.
2 Refer to page 121 for source.
3 Refer to page 121 for source.

Sector dependencies to achieve our target

Achievement of our targets and *decarbonisation* of the heavy industry sector is reliant on: Australia's grid *decarbonising*; availability of inputs, such as scrap metal for secondary steel making or *supplementary cementitious materials* for cement manufacturing; the development and distribution of new technologies; and supportive public policy.

The Australian Government's Safeguard Mechanism is intended to assist in accelerating *decarbonisation* solutions for the heavy industry sector. Additionally, funding from the Industrial Transformation Stream Program is intended to help organisations invest in new technologies. If imported products are not subject to a similar emissions reduction pathway as that imposed by the Safeguard Mechanism, it may put Australian manufactured products at a structural disadvantage. The Federal Government is considering this dynamic through its Carbon Leakage review. We are unlikely to achieve our targets if the electricity grid does not *decarbonise* quickly enough, new technology is not developed in line with the *reference scenario*, or if State and Federal Government policy settings are not supportive.

Actions to help meet our target

We provide trading support of *Australian Carbon Credit Units (ACCUs)* and Large-Scale Generation Certificates (LGCs) through our carbon markets business, including for companies who are unable to abate their emissions. We can also play a role in building awareness of available solutions and government-supported pilots that may lower emissions from steel and cement production, such as alternative steel-making technologies, *hydrogen electrolysers*, *supplementary cementitious materials*, renewable energy sourcing, and *carbon capture and storage* projects.

In *harder-to-abate* sectors, our engagement with our customers is focused on understanding their approach to achieving their climate strategies and *decarbonisation* goals, and providing financing where it may assist these strategies.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

Upstream oil and gas extraction

In-scope drawn lending

<0.1%

As at 30 June 2023

Financed emissions

2.4%

As at 30 June 2023

Scope

1 2 3

Emissions

2030 targets

Oil: 1.9 $MtCO_2$

↓ 27%

2020 baseline

Gas: 2.8 $MtCO_2$

↓ 17%

2020 baseline

2020 baselines

($MtCO_2$)

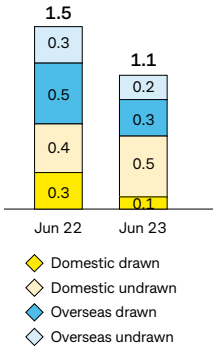
Oil: 2.6

Gas: 3.3

Scenarios

IEA NZE (2021)

Drawn and undrawn lending exposure[6] $bn



For methodology, including scope updates to our sector-level *financed emissions* targets, refer to pages 78–91.

For further information on our restatement policy see page 80.

Sector overview and outlook

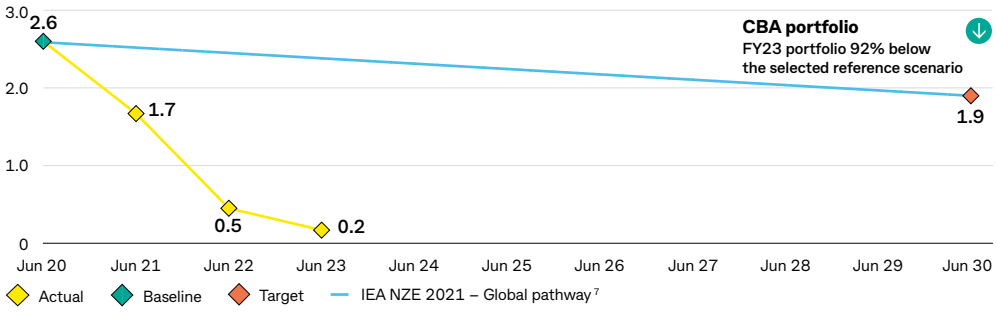
As at 30 June 2023, lending to the upstream oil and gas extraction sectors represented <0.1% of our *in-scope drawn lending* and 2.4% of our *financed emissions*. In 2022, Scope 1 emissions from upstream oil and gas extraction accounted for approximately 10% of Australia's total emissions.[1] These industries also have significant downstream emissions due to the combustion of the products they produce.[2] The main levers to reduce the emissions of oil and gas companies can include adoption of technologies that result in reduced emissions from combustion, and reducing production. We understand that many companies in the sector have committed to offsetting part of their emissions with *carbon credits*.

During 2022 to 2023, Australia was the world's second largest liquefied natural gas (LNG) exporter, accounting for a fifth of global LNG trade. This market share is projected to fall due to significant near-term supply growth, largely from the US and Qatar. In *AEMO's* 2024 *ISP*, gas is expected to continue playing a role in supporting Australia's economic activity through the transition. Gas-powered electricity generation can be used to provide firming support to variable renewable energy when other dispatchable sources are unavailable. Gas is also used in a range of industrial applications where lower carbon alternatives are not yet commercially available, particularly those requiring heat over 1,000°C, and some requiring heat over 600°C. In *AEMO's* 2024 Gas Statement of Opportunities, *AEMO* indicated there is a risk of domestic gas shortfalls during winter peak periods over the coming years, that may necessitate measures such as construction of import terminals, increased gas storage and enhancements to gas distribution infrastructure, amongst other measures.

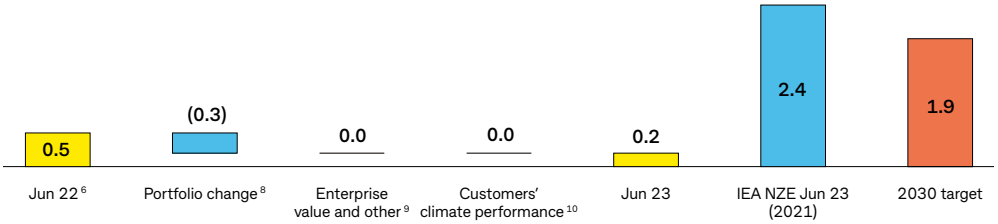
Of Australia's 2021 oil consumption, 70% was for domestic transport and 11% for industry.[3] Given 45% of the nation's total energy use is from liquid fuels,[4] the shift to EVs and renewable liquid fuels, including *SAF* and renewable diesel, is essential for Australia's economy to *decarbonise*.

Our sector targets and portfolio

Upstream oil extraction absolute emissions[5,6] $MtCO_2$ per annum



Upstream oil extraction emissions portfolio movements $MtCO_2$ per annum



1 Refer to page 121 for source. Emissions related to oil and gas extraction and fugitive emissions from oil and natural gas.
2 Refer to page 121 for source.
3 Refer to page 121 for source.
4 Refer to page 121 for source.
5 June 2023 upstream oil extraction *absolute emissions* of 0.2 $MtCO_2$ have been included in the scope of PwC's limited assurance engagement.
6 Prior periods have not been restated.
7 Refer to page 121 for source.
8 Movements in drawn lending exposure can affect the factor used to attribute a proportion of the customers' emissions to CBA.
9 Impact of FX movements and changes in customers' enterprise value.
10 Includes the attribution of changes in individual company's emissions and production to CBA.

In 2022, we set interim 2030 targets for our upstream oil and gas extraction portfolios. This year we have updated the scope of our target to exclude ASB exposures. Prior periods have not been restated as the impact of this change was assessed as immaterial.

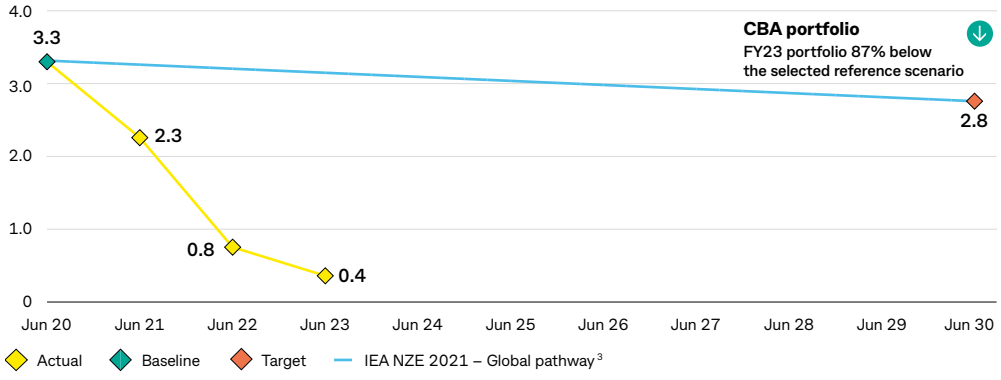
Our *in-scope drawn lending* exposures to customers in these sectors have decreased by 50%, or $0.4 billion, since 2022.

- Our **upstream oil extraction** target is 1.9 $MtCO_2$, a 27% reduction compared to our 2020 baseline. As at 30 June 2023, the *absolute emissions* from the upstream oil extraction sector were 0.2 $MtCO_2$, 92% below the selected *reference scenario*. Since 2020, we have reduced our *financed emissions* in this sector by 92%, and by 60% since 2022.
- Our **upstream gas extraction** target is 2.8 $MtCO_2$, a 17% reduction compared to our 2020 baseline. As at 30 June 2023, the *absolute emissions* from the upstream gas extraction sector were 0.4 $MtCO_2$, 87% below the selected *reference scenario*. Since 2020, we have reduced our *financed emissions* in this sector by 88%, and by 50% since 2022.

While our *financed emissions* for upstream oil and gas extraction are currently 0.2 $MtCO_2$ and 0.4 $MtCO_2$ respectively, we continue to provide committed lending facilities to these sectors which were undrawn or not fully drawn at 30 June 2023. Customers drawing down on or repaying their lending facilities may lead to volatility in these sectors' *financed emissions*. Our 2030 targets have been determined using the *Global IEA NZE* (2021) scenario which is a 1.5°C-aligned pathway.

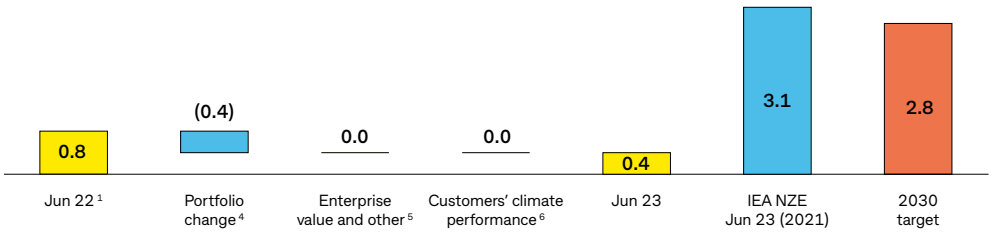
Upstream gas extraction absolute emissions [1,2]

$MtCO_2$ per annum



Upstream gas extraction emissions portfolio movements

$MtCO_2$ per annum



1 Prior periods have not been restated.
2 June 2023 upstream gas extraction *absolute emissions* of 0.4 $MtCO_2$ have been included in the scope of PwC's limited assurance engagement.
3 Refer to page 121 for source.
4 Movements in drawn lending exposure can affect the factor used to attribute a proportion of the customers' emissions to CBA.
5 Impact of FX movements and changes in customers' enterprise value.
6 Includes the attribution of changes in individual company's emissions and production to CBA.

Upstream oil and gas extraction (continued)

Sector dependencies to achieve our targets

The targets assume a decline in demand for oil and gas, complemented by a small share of emissions being captured through *carbon capture*, use and storage. In Australia, reductions in emissions in the oil and gas sector are assumed to be supported by the Federal Government's Safeguard Mechanism, which incentivises solutions to minimise Scope 1 emissions, including through *carbon capture* use and storage.

There are a range of other Federal and State Government initiatives to help drive fuel switching, including the Federal Government's Future Made in Australia Innovation Fund, whose aims include supporting the commercialisation of low-carbon liquid fuels and a variety of schemes to stimulate the development of low-emission gases, including green hydrogen.

Actions to help meet our targets

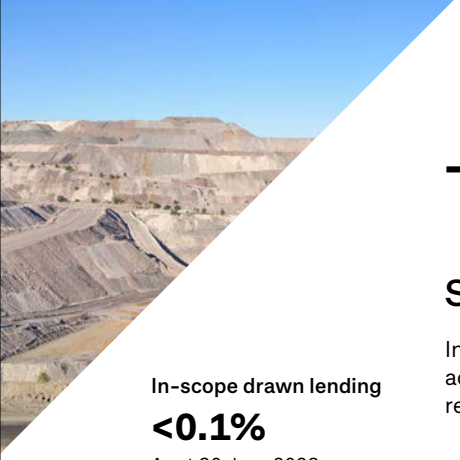
We intend to continue to support customers in this sector, by providing lending in line with our *E&S Framework*, providing *ACCU* and derivatives trading services to help manage price risks, and working with our customers to understand their long-term transition plans and funding needs.

We use our *ESG risk assessment tool*, our *glidepath* and the commitments in our *E&S Framework* to help us meet our 2030 interim targets for these sectors. All corporate lending decisions within the institutional bank are subject to an ESG risk assessment, which is refreshed on an annual basis.

As outlined in our *E&S Framework*, from 2025, existing oil and/or gas producing *client*s who derive 15% or more of their *revenue* from the sale of oil and/or gas that we offer *corporate or trade finance*, or *bond facilitation* to will be expected to have published *Transition Plans*.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

For more information on our *client Transition Plan* assessment framework and criteria see pages 58–59.



Thermal coal mining

In-scope drawn lending

<0.1%

As at 30 June 2023

Financed emissions

0.2%

As at 30 June 2023

Scope

1 2 3

Emissions

2030 target

0

$MtCO_2$

100%

reduction from 2020 baseline

2020 baseline

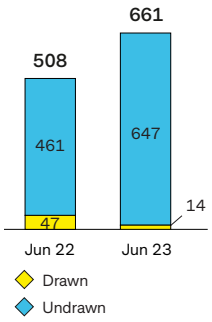
1.2

$MtCO_2$

Scenario

IEA NZE (2021)

Drawn and undrawn lending exposure[2] $m



For methodology, including scope updates to our sector-level *financed emissions* targets, refer to pages 78–91.

For further information on our restatement policy see page 80.

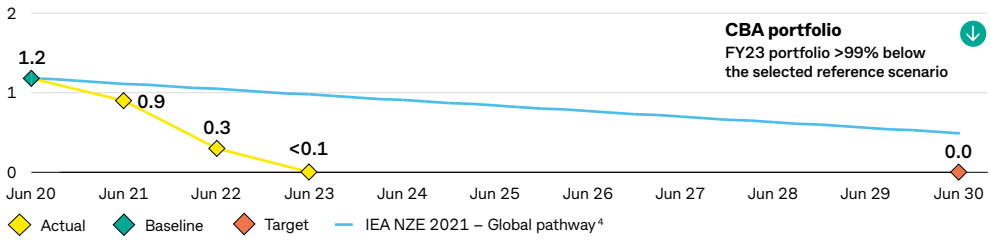
Sector overview and outlook

In 2022, Scope 1 emissions from coal mining, including both thermal and metallurgical coal, accounted for approximately 8% of Australia's total emissions.[1] Some global mining companies retain thermal coal interests as part of their diversified operations.

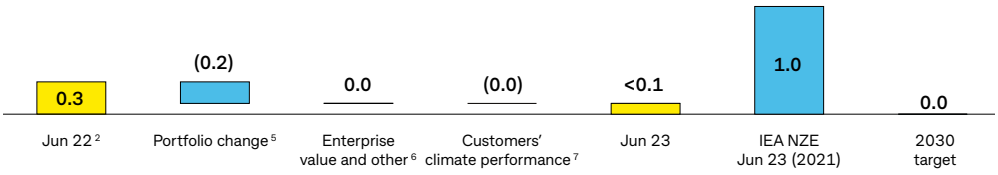
Our sector targets and portfolio

Our 2030 target for thermal coal mining is to reduce our *financed emissions* to zero, which represents a faster reduction than the 1.5°C-aligned *IEA NZE* (2021) scenario. In line with our *NZBA* commitment, we include all coal mining customers with more than 5% of their revenue coming directly from the sale of thermal coal in our 2030 target. This year we have updated the scope of our target to exclude ASB exposures. Prior periods have not been restated as the impact of this change was assessed as immaterial. As at 30 June 2023, our thermal coal mining *in-scope drawn lending* exposure was $14 million, a decrease of 70% or $33 million since 30 June 2022. Undrawn committed lending exposure was $461 million for June 2022 and $647 million for June 2023. As at 30 June 2023, our *absolute emissions* were <0.1 $MtCO_2$, a reduction of >99% compared to our 2020 baseline, >99% since 30 June 2022 and >99% below the selected *reference scenario*. This decrease was driven by the exit of a thermal coal mining sector customer and lower utilisation of limits within the portfolio during the year. While our *financed emissions* are currently <0.1 $MtCO_2$ for the sector, we continue to provide committed lending facilities to this sector which were undrawn or not fully drawn at 30 June 2023. Customers drawing down on or repaying their lending facilities may lead to volatility in the sector's *financed emissions*.

Thermal coal mining absolute emissions[2,3] $MtCO_2$ per annum



Thermal coal mining emissions portfolio movements $MtCO_2$ per annum



Actions to help meet our target

In line with our sector-level target, the Bank plans to reduce *financed emissions* to thermal coal mining customers, with more than 5% revenue coming from the sale of thermal coal, to zero by 2030. Subject to this target, we continue to provide lending to support existing diversified mining customers in line with our *E&S Framework*.

For an overview of how we govern our sector-level *financed emissions* targets see page 46.

1 Refer to page 121 for source. Emissions related to coal mining and fugitive emissions from coal mining.
2 Prior periods have not been restated.
3 June 2023 thermal coal mining *absolute emissions* of <0.1 $MtCO_2$ have been included in the scope of PwC's limited assurance engagement.
4 Refer to page 121 for source.
5 Movements in drawn lending exposure can affect the factor used to attribute a proportion of the customers' emissions to CBA.
6 Impact of FX movements and changes in customers' enterprise value.
7 Includes the attribution of changes in individual company's emissions and production to CBA.

Working with our stakeholders

Climate change is a collective challenge and we seek to engage with stakeholders to hear and understand their diverse views on this important issue. We aim to work closely with our stakeholders to find ways we can collectively support Australia's transition to a more prosperous, resilient and lower carbon future.

Sharing ideas and solutions

Our annual Momentum sustainability conference is a platform to share ideas and potential solutions on Australia's net zero transition. This year, over 1,200 industry leaders, customers and innovators attended to hear from adventurer Tim Jarvis AM, scientist Saul Griffith, Senator the Hon. Jenny McAllister and environmental activist Erin Brockovich. Our panel discussions explored strategies such as the creation of net zero cities, Australia's potential in global carbon markets, and supporting the agricultural sector's *decarbonisation* and restoration of *nature*.

Facilitating a liquid and transparent marketplace for carbon trading

Carbon and other environmental markets are expected to play an important role in helping our customers contribute to their *decarbonisation* goals, particularly where emissions cannot be avoided or further reduced. CBA has been supporting the development of a more liquid and transparent marketplace in Australia for participants to purchase *carbon credits*. In Australia and internationally, we help customers to manage price risk exposure and *carbon credit* inventories as part of their *decarbonisation* plans. We can provide carbon project financing to assist with mobilising high integrity *carbon credits*. We also work with Safeguard Mechanism entities and corporates to help them achieve their compliance or voluntary *decarbonisation* targets.

Supporting our value chain

Our customers

Engaging with and seeking to help our customers transition and build climate resilience.

Our people

Investing in our people's understanding of climate-related risks and opportunities.

Our suppliers

Working with and assessing our diverse supply chain, as we seek to monitor and reduce our supply chain emissions.

Our investors and shareholders

Engaging with our investors to understand their climate-related priorities to inform our strategy and reporting, and deliver long-term sustainable returns for our shareholders.

Our external partners

Strategically partnering with organisations to help deliver our climate commitment and support climate initiatives.

Supporting systemic change

Government and regulators

Supporting public policy that we consider addresses climate issues, through direct engagement and advocacy with the public sector.

Industry forums

Participating in major industry membership working groups, to collectively advocate for public policies that support a coordinated, purposeful and inclusive transition.

Community and society

Working to better understand the expectations of, and impact on, communities from climate change.

Research partners

Collaborating with research organisations to develop and share insights on climate change and nature.

Contributing to public policy and industry working groups

To help contribute to a purposeful, affordable and coordinated transition, we support public policy development through direct engagement with government and industry group advocacy.

Over the past year, CBA has directly engaged with the Federal Government's development of a Sustainable Finance Strategy, including the ongoing development of a sustainable finance taxonomy by ASFI. We also contributed to the development of Australian Sustainability Reporting Standards in relation to the disclosure of climate-related financial information. We supported a sectoral and structured approach to net zero planning, and welcomed the Government's commitment to the development of six sectoral *decarbonisation* plans. We also engaged the Net Zero Economy Agency multiple times over the course of the year.

CBA undertakes climate advocacy through industry associations, including the ABA, the Business Council of Australia and ASFI. We have reviewed our major industry memberships' policy positions against our key positions on climate change and are broadly aligned.

Through the ABA, we contributed to the Government's consultations on its Sustainable Finance Strategy, climate disclosures regime, disclosure of residential *energy efficiency* information, changes to the *Climate Active* program and are supporting the development of a taxonomy for green finance. CBA is a member of ASFI, which is leading the development of a sustainable finance taxonomy in Australia. We also participate in the ABA's insurability working group, examining climate-related insurance risk and how the industry can support customers impacted by climate events.

Collaborating through research partnerships

In collaboration with Harvard's Sustainability Transparency Accountability Research (STAR) Lab and UNSW's Institute for Climate Risk and Response, we conducted studies to understand how we can leverage behavioural science to help customers reduce their greenhouse gas emissions and increase climate resilience. Insights from these studies are expected to help inform our customer engagement strategies for sectors such as transport and Australian housing.

Helping our customers transition and build their resilience

As Australia's largest bank, we acknowledge the role we can play in helping our customers better understand their climate impact and make more informed choices as part of the transition to a net zero economy.

Supporting our customers to navigate the transition

We offer a range of tools that can help our customers navigate the transition and support them with cost of living pressures.

Amber Electric

Our investment in, and referral relationship with, Amber Electric helps us connect customers with access to wholesale energy prices through the app. This supports their ability to shift electricity usage to times of the day when it is cheaper and renewable energy is abundant.

Key features

- Informs customers on how they could save money, by shifting their usage to times of the day when wholesale electricity prices are lower.
- SmartShift technology enables battery customers to export excess energy to the grid.

EV Calculator

Our online EV cost-comparison calculator can help our customers compare estimated cost of ownership and emissions between different vehicle models.

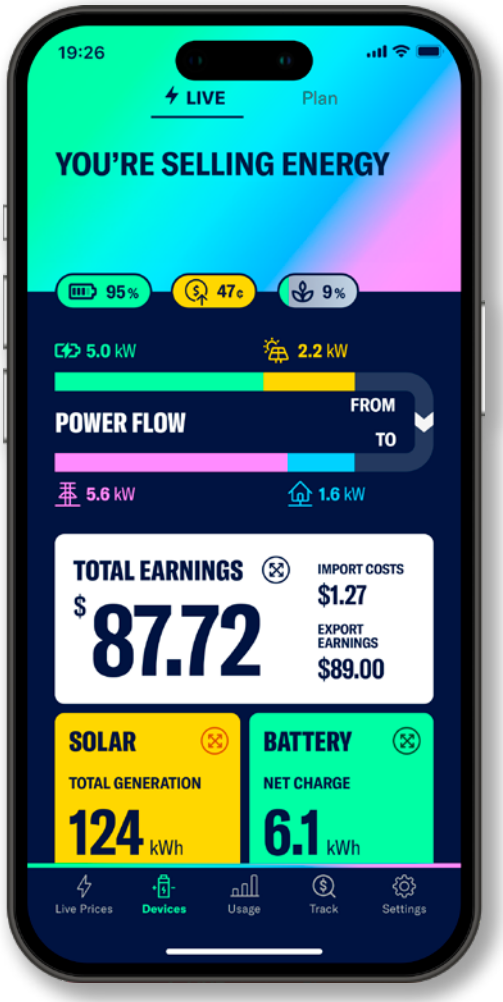
Key features

- Allows customers to see the estimated differences in vehicle price, fuel or charging costs, running cost and CO_2 emissions.[1]
- Ability to calculate estimated loan repayments based on CBA's representative rate, loan amount and term.

Sustainability Action Tool

Our Sustainability Action Tool provides small business customers with insights, actions and resources on how to reduce their environmental impacts and business costs. The tool focuses on areas such as energy consumption, transport usage and waste management. The tool also includes offers with third parties which can help our customers better understand their energy usage and get discounts on compostable packaging.

For more information on our products, services and tools, see page 108.



Learn more about Amber Electric at commbank.com.au/amber

1 Vehicle and emissions data is provided by Glass's Information Services. Estimated costs of electricity and fuel are sourced from the Australian Competition and Consumer Commission.

Understanding how we can support our customers to build their climate resilience

We aim to support our customers, communities and our people when they need us most, particularly when they experience climate events. We recognise banks may be able to help customers understand how they can address and manage the physical impacts of climate change. We continue to explore ways we can assist our customers and communities through the life cycle of a climate event.

To assess the potential impacts of a climate event on our customers and the Bank, we conducted a qualitative analysis of a potential flooding scenario. Our approach was informed by the life cycle of a climate event, coupled with the life cycle of the home ownership or rental journey. The aim was to assess the role banks can play in helping customers understand and prevent loss and damage to their homes, businesses and personal safety. The analysis brought together a range of internal and external stakeholders, including our hardship team, branch managers, climate analytics and product managers, as well as charities and community groups that support customers through climate events. Insights from this analysis are expected to help inform our approach to working with customers and communities to prepare for and recover from a climate event.

Insights on how we could align our products and services with the life cycle of a climate event

Event life cycle	Proactive efforts to prevent loss and damage, and prepare for impacts from natural disasters		Climate event strikes	Climate event recovery
Customer's journey	Building, buying or renting a home	Owning or renting a home		
	• Building standards define minimum level of resilience • Customers buying or renting may not be informed of the risk	• Home and contents insurance premiums may be expensive, unaffordable, or have options to reduce cover (e.g. flood exclusions) • Perception of risk and insurance prices may impact property values • Possible retrofits to improve resilience are not well understood, and can be expensive	• Safety and wellbeing at risk • Physical damage to homes and possessions • Customers displaced and alternative short and long term accommodation may often be limited	• Customer distress, particularly for vulnerable groups; incomes may be impacted, including rental incomes • Property values may be impacted, with uninsured customers financially exposed • Insurance claims lodged, potential to rebuild for greater resilience
Bank's actions and support	Loan origination	Customer support		
	• New loans are required to have adequate insurance • Construction loans fund new home builds	• CBA monitors portfolio exposure to high-risk locations • Loan terms and conditions state customers must have adequate insurance. CommBank Insurance is an option for some customers • Preparation communications sent to customers ahead of predicted high risk periods (e.g. bushfire season)	• Business resilience plans enacted to ensure the safety of our people and continue to operate branches if safe • Initiate Emergency Assistance program to support customers	• Support customers through financial assistance program and hardship claims if needed • Support customers with insurance claims

Helping our customers understand the actions they can take

Understanding a property's *acute physical risk* is increasingly important for our customers and the Bank. We aim to help our customers build their climate resilience so they can make more informed decisions and better adapt to impacts from a climate event.

This year CBA piloted a multi-channel next best conversation that was delivered to select home loan and insurance customers. As part of the pilot, we shared insights with a group of customers on how they can build climate resilience and better prepare for climate events. Customers were identified using research on locations most likely to be exposed to potential loss and damage from bushfire events. We provided our customers with information on how they could prepare for and prevent the impacts of bushfire events, such as gutter clearing and developing an evacuation plan.

Supporting our customers during natural disasters

CBA's Emergency Assistance program was activated 10 times this year to provide financial support to customers and communities affected by natural disaster events. Our program is designed to support those affected directly by events and provides access to banking products and services such as customised payment arrangements, loan deferrals, waived fees and charges, and temporary overdrafts and grants.

Managing our operational environmental impacts

We continue to improve our understanding and leverage insights from our own operations to help us reduce our direct impact on the environment.

Our approach to reducing our operational emissions

We have reported on our *operational emissions* for the last two decades and published our first *operational emissions* reduction targets in 2009. We were also the first Australian corporate to join RE100 in 2018. Our focus on monitoring and reducing our *operational emissions* remains a priority and we continue to undertake a range of initiatives, such as electrifying the Group's fleet by 2030. As a last step, we have offset residual emissions based on our currently reported boundary, which may evolve over time.

This year, we updated our *Scope 3 operational emissions target* to a 32.7% reduction in *absolute emissions* by 2030, against our 2020 baseline. This target is aligned with limiting global warming to 1.5°C for all Scope 3 *operational emissions* categories included within our target, with the exception of air travel. This category remains at a well below 2°C trajectory due to limited availability of *SAF* and zero emissions technologies. Progress against this target is challenging given Australia's position as a large island continent. There are limited efficient lower emissions transport alternatives for business travel between major cities in Australia, and there are no feasible alternatives for international travel, including to our operations in India.

As at 30 June 2024, our Scope 3 *operational emissions* are tracking marginally under the updated target trajectory, with reductions supported primarily through freight- and waste-related initiatives. Emissions within a number of Scope 3 *operational emissions* categories within our target have reduced, however we continue to see *operational emissions* normalising following COVID-19. Our air travel emissions have increased, primarily due to greater demand for air travel, lack of alternative and reasonably fast transport, and *emissions factor* changes that came into effect in 2023. Acknowledging aviation is a *harder-to-abate* sector, we joined the Qantas *SAF* coalition this year, with *SAF* expected to be the primary *decarbonisation* option for most Australian air travel prior to 2030. We have continued to reduce our Scope 1 and 2 *operational emissions*, with a 96% reduction compared to 2014. This year we have reported improved data quality for our operations in India.

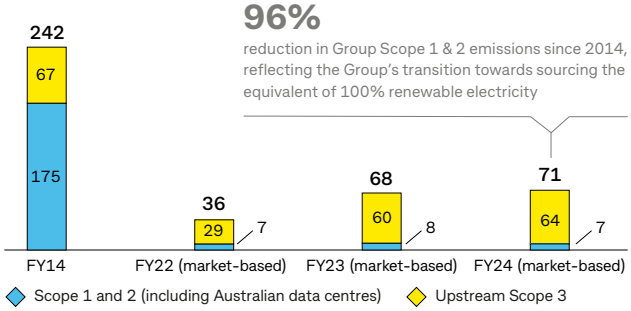
Our focus now is to expand our assessment of Scope 3 *operational emissions*, in line with the GHG Protocol Scope 3 categories, and engage with key suppliers to inform the assessment of our supply chain emissions.

For more information on reporting boundaries, see page 77.

For more information on our Scope 1, 2 and 3 emissions reporting, see pages 48–49 in the 2024 Annual Report.

Our operational emissions before carbon offsets [1]

'000s tCO_2-e

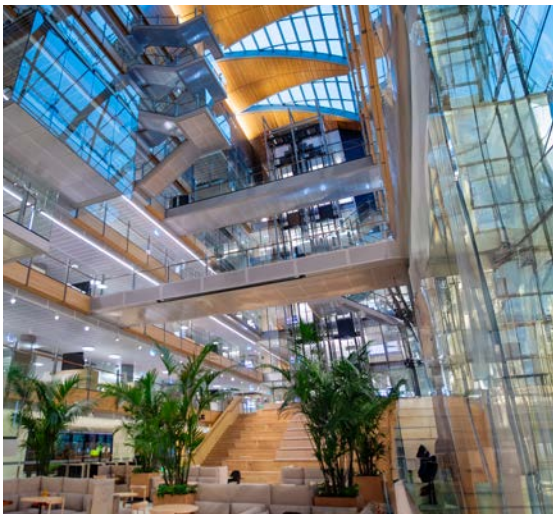


Redesigning our workplaces

CBA aims to identify options to redesign our branches and workplaces to be more resource efficient. This includes enhancing property design to minimise construction waste and achieve lower *embodied carbon*, compared to previous comparable buildings in our portfolio. Workplace design is an area where the Bank can either exercise control to reduce Scope 3 *operational emissions* or seek to influence its supply chain to reduce those emissions.

This year, we worked with an environmental consultant to undertake a review of the *embodied carbon* in our standard retail branch design to understand where and how we can further reduce emissions. The review identified the design phase as the greatest opportunity for reductions, and products with the largest impact on *embodied carbon*. Leveraging these insights can help us to redesign elements of our future branches, find lower carbon alternative materials and minimise the impact of emissions-intensive products. We are also developing a tool which aims to inform branch design and help our designers target emissions reductions through the application of circular economy principles.

1 Comparison of FY14 location-based reporting to FY24 market-based reporting reflects the benefit of the equivalent of using 100% renewable electricity for our operations where possible. Includes emissions from Australian data centres. For detailed definitions, including how the *operational emissions* targets differ from the emissions reported in the sustainability performance metrics on pages 48–49 of the 2024 Annual Report, see the reconciliation on page 113 and the Group *operational emissions* methodology on pages 109–113.



Refurbishments of Commonwealth Bank Place

After nearly two years of renovations, the refurbishment of Commonwealth Bank Place (CBP) was completed in November 2023. The refurbishment incorporated sustainable design principles related to energy, water, air quality and waste management.

As part of our focus to reduce *operational emissions*, we incorporated a target to reduce the buildings' *embodied carbon* by 30%, measured as $kgCO_2$-e per square metre, compared to our Commonwealth Bank Square building which is rated as a 6 Star Greenstar, A-Grade fit-out. We achieved a 31% reduction in *embodied carbon* at CBP South and extended that to 41% at CBP North, compared to our Commonwealth Bank Square building. We continue to refine our methodology, incorporating both our experience and industry progress on *embodied carbon* measurement.

To help meet our targets we reused and repurposed existing building materials and furniture, wherever possible. The building's existing 'chilled-beam' air-conditioning systems were refurbished to increase efficiency. Where furniture could not be reused, it was donated to charity.

In our refurbishment of CBP, we achieved:

80%
of access floors and ceilings reused

55%
of workstations refurbished and reused

10km
of mechanical pipework and ductwork reused

90%
construction waste diverted from landfill

Managing our supply chain emissions

We are focused on reducing our Scope 3 supply chain emissions. Given supplier data limitations, we are developing a spend-based methodology to assess supply chain emissions. As part of our assessment, we are working towards engaging our top 100 suppliers by spend, either through face-to-face meetings, or by requesting selected suppliers to respond to our environmental risk assessment questionnaire.

This year, we held meetings with 25 of these suppliers to discuss their environmental commitments, approach to managing climate-related issues, how they engage with their supply chain to help them reduce their operational emissions, and how they align with CBA's approach and Supplier Code of Conduct. Although our suppliers are at various stages of maturity, our discussions showed they were focused on improving environmental outcomes. Several key challenges were identified by suppliers in relation to their measurement, management and setting of targets for Scope 3 emissions, including obtaining consistent, high-quality data from supply chain partners; and inconsistency in emission boundaries, targets and methodologies applied by suppliers. These factors make analysing data across organisations challenging.

Insights from suppliers engaged during 2024:

67%
net zero commitments

47%
SBTi validated targets

34%
committed to using or sourcing the equivalent of 100% renewable electricity

18%
RE100 members

We are leveraging these insights to support the development of our approach to reducing our supply chain emissions, and exploring best practice tools for emissions measurement.

For more information on our supplier engagement and supplier risk governance tool see page 55.

Governance

Effective governance enables the Board to oversee the Bank's management of climate-related risks and opportunities.

Our approach to climate governance

The Board continues to oversee the assessment of risks and opportunities arising from climate change. Each of the Board's four standing Committees assist the Board to carry out its responsibilities. The Board holds the CEO and Executive Leadership Team (ELT) accountable for their delivery of E&S responsibilities, including those related to climate.

Governance of our environmental and social impacts

Board

Considers the environmental and social impact of the Group's activities and oversees the management of climate risk within the Group's overall business strategy and risk appetite.

Audit Committee
Review and oversight of the financial reporting and audit process, and internal controls and compliance.

Nominations Committee
Review and oversight of Board and Committee composition, Non-Executive Director appointment and renewal and CEO succession planning.

Risk & Compliance Committee
Review and oversight of risks impacting the Group and the Risk Management Framework.

People & Remuneration Committee
Review and oversight of people- and remuneration-related policies, frameworks and practices.

Independent assurance and advice including internal and external audit

Oversee

Report to

Chief Executive Officer

Responsible for the day-to-day management of CBA and execution of the Group's strategic priorities, including climate-related risks and opportunities.

Executive Leadership Team
Responsible for making specific recommendations to the CEO and agreeing common actions addressing strategy, business performance, people leadership and culture, and risk and compliance management and control. May establish committees to assist it in carrying out its functions.
Chair: Chief Executive Officer

Financial Risk Committee
Assists and advises the CEO on the Group's financial risks in accordance with the *Risk Appetite Statement (RAS)* and Risk Management Approach (RMA).
Chair: Chief Risk Officer

Non-Financial Risk Committee
Assists and advises the CEO on the governance, optimisation and effective management of the Group's non-financial risks in accordance with the *RAS* and RMA.
Chair: Chief Executive Officer

Asset and Liability Committee
Optimises actual and strategic balance sheet settings and effective management of the Group's non-traded market risk, structural foreign exchange risk, liquidity, funding and capital.
Chair: Chief Financial Officer

Risk & Remuneration Review Committee
Supports the Group Chief Risk Officer to advise the CEO and the Board on the inclusion of risk considerations in determining remuneration outcomes across the Group.
Chair: Chief Risk Officer

Environmental & Social Committee
Monitors implementation of our E&S work program and provides governance of related risks and opportunities.
Chair: Chief Executive Officer

See page 44 for more information.

Business and support unit leadership teams and governance forums

Board oversight and key activities

Board responsibilities

The Board's responsibilities include considering the material E&S impacts of the Bank's activities. The Board monitors the E&S work program, which includes the development and delivery of CBA's climate-related targets. The Board also approves the Group strategy, *E&S Framework* and Policy, and oversees the management of climate-related risk within the Bank's overall business strategy and risk appetite. Each of the Board's standing Committees assist the Board to carry out its responsibilities.

Climate agenda items at our Board and Board Committee meetings

The Board and its Committees discuss a range of topics where they are responsible for oversight. The table below captures formal climate agenda items discussed at Board and Committee meetings in the 2024 financial year, but is not exhaustive.

		Meetings with climate agenda items in 2024					
	Agenda items	Aug 23	Oct 23	Dec 23	Feb 24	Apr 24	Jun 24
Board	Group Environmental & Social Policy	●					
	Climate Targets Update	●					
	Climate Report	●					
	ASB Environmental & Social Policy Update		●				
	Environmental Strategy Update			●		●	
	Environmental & Social Update		●			●	
	Environmental Risk Update						●
	FY24 Sustainability Reporting and ISSB Implementation						●
	Climate Education Session						●
Risk & Compliance Committee	Risk Management Declaration Challenge Session	●					
	Risk Appetite – Approval		●				
	Chief Risk Officer's Report			●	●	●	●
	Emerging Risks			●			
	Risk Management Approach			●			
	Risk Management Qualification Update				●		
	Group Residential Mortgage Lending Review					●	
Audit Committee	Group Environmental & Social Policy	●					
	Climate Targets Update	●					
	Climate Report	●					
	Group Audit & Assurance Report				●	●	
	Implementation of ISSB Sustainability Reporting					●	
Nominations Committee	Board Induction					●	●
People & Remuneration Committee	Senior Executive Remuneration Review (including Environmental & Social)				●		●

Strategic consideration of climate-related risks and opportunities

The Board discussed and approved new 2030 sector-level *financed emissions* targets for Australian commercial property (office, retail and industrial), Australian road transport (passenger and light commercial vehicle finance), aviation and shipping. The Board has also received updates on, and considered, the Bank's work to prepare for setting *financed emissions* targets for the Australian agriculture sector, and the challenges associated with setting such targets. The Committees have specific areas of responsibility, which are set out in each Committee Charter. For example in April 2024, the Audit Committee considered and discussed proposed reporting requirements under the International Sustainability Standards Board (ISSB), how this impacts the Bank and the required assurance approach. The Chair of the Audit Committee reported to the Board on these developments.

Developing Board-level skills and continuing education programs

The Board assesses the appropriate mix of skills, experience, knowledge, independence, expertise and diversity required for effective governance, and the extent to which they are represented on the Board or relevant Committee. E&S is one of the skills included in the Board Skills Matrix. On the E&S skill, of our nine board members, four directors have been assessed as 'high competency, knowledge and experience' and five have been assessed as 'practised or direct experience', as relevant to CBA.

The Nominations Committee oversees the induction program offered to each new Non-Executive Director which is customised for their skill set. In 2024, the Nominations Committee approved an expanded ESG briefing session for new Non-Executive Directors. At least annually, the Nominations Committee reviews the continuing education program provided to all Directors. This helps to ensure there are appropriate continuing education opportunities for directors to develop and maintain the skills and knowledge required to effectively perform their role on the Bank's Board. This year the Board continued to invest in environment-related training with a session held on *nature* resilience and risk. This was led by an external expert covering the global context, *nature* as a strategic risk and opportunity, and implications for financial institutions.

For more information on the Board Skills Matrix, see page 89 of the 2024 Annual Report.

Executive remuneration

For our Executives, our performance and remuneration frameworks consider ESG matters, including climate. The risk scorecard and performance scorecard reflect our Executives' accountabilities, and support the determination of their annual performance and remuneration outcomes. In their performance scorecard, Executives' key performance indicators (KPIs) are set to ensure appropriate line of sight relative to an individual Executive's ability to impact the KPI. Executives' outcomes are determined through the assessment of collective and individual KPIs and measures, which include climate-related objectives where relevant. As an example, for certain Executives, measures such as developing sector-level *financed emissions* targets and delivery against business units' ESG roadmaps, form part of the Strategy Execution KPI.

As part of determining performance and remuneration outcomes, the four Board Committees meet concurrently in February and June each year to review each Executive's individual and collective accountability. The Board considers relevant risk and audit matters, and positive and negative risk behaviours, which may result in the upward or downward adjustment, including a reduction to zero, of Executive remuneration outcomes. For 2024, continued adherence to the *E&S Framework* has been incorporated into our risk and reputation modifier to bring a stronger link to remuneration.

For more information on executive remuneration, see pages 104–132 of the 2024 Annual Report.

Management accountability

Once the Board has endorsed the Group strategy, the CEO is accountable for executing, prioritising and allocating resources to deliver the strategy. Oversight of climate-related opportunities is primarily a management responsibility with individual opportunities identified at the business unit level. Where appropriate, climate-related opportunities may be escalated to the appropriate management committee or the Board. Governance committees within the Bank, such as product governance forums and transaction-level committees, support the Board's oversight and ELT's management of climate-related risks and opportunities. These processes are supported by the application of a range of internal policies, standards and procedures that govern the way we deliver our products and services. This year, we introduced a new Group ESG Credit Standard to mature our approach for how ESG risks are considered in credit risk assessments and the management of credit portfolios. Our RMF incorporates a number of material risk and sub-risk types, including E&S risk, each with their own specific frameworks to identify, assess, govern and manage their unique risks.

For more information on the Group ESG Credit Standard, see page 56.

Key areas of Executive Leadership Team discussion during 2024

Environmental & Social Committee

Chaired by: Chief Executive Officer
Meets: Monthly[1]

Key actions include:

- Endorsed new sector-level *financed emissions* targets and methodology for:
  - Australian commercial property (office, retail and industrial).
  - Transport: shipping, aviation and Australian road transport (passenger and light commercial vehicle finance).
- Reviewed the Sustainability Funding Target and eligibility criteria.
- Monitored existing climate-related targets, including E&S transactions escalated to the Institutional Banking & Markets (IB&M) Commitments Committee and Business Banking (BB) Commitments Committee.
- Monitored the Bank's work to prepare for setting *financed emissions* targets for the Australian agriculture sector, and the challenges associated with setting such targets.

Endorsing new sector-level targets and methodology

Ahead of approval by the Board, the Committee endorsed the new sector-level targets and methodology. This occurred after our customer-facing business units discussed the targets.

Financial Risk Committee

Chaired by: Group Chief Risk Officer
Meets: Monthly[1]

Key responsibilities include:

- Reviewing and monitoring the effectiveness of the financial risk elements of the Group *RAS*, frameworks and policies.
- Assessing new and emerging financial risks and industry trends, including regulatory, E&S risks and stakeholder expectations. For example, in January 2024 the Chief Credit Officer noted the new ESG Credit Standard to the committee.
- Overseeing credit and market risk stress testing outcomes, and reviewing the operations and outcomes of the Loan Loss Provisioning Committee.
- Reporting and escalating material financial risk matters to the Board or Board committees.

Reviewing climate change impacts on our risk profile

Ahead of review by the Board, the Committee reviewed the Group Climate Risk Materiality Assessment which assessed the current and anticipated climate-related effects on the Bank's material risk types under two severe, but plausible, climate scenarios.

Non-Financial Risk Committee

Chaired by: Chief Executive Officer
Meets: Six times per year

Key responsibilities include:

- Reviewing and monitoring the effectiveness of the non-financial risk elements of the Group *RAS*, frameworks and policies.
- Assessing new and emerging non-financial risks and industry trends.
- Overseeing the effectiveness of the internal control environment for non-financial risks and managing regulatory relationships.
- Reporting and escalating non-financial risk matters to the Board or Board committees.

Preparing for mandatory reporting

In March, the Committee noted an update on the implementation of ISSB sustainability reporting, which included key actions required to comply with proposed Australian mandatory reporting requirements. Following this discussion, an update was provided to the Audit Committee for oversight.

1 With the exception of December.

Embedding climate governance within our business

The Bank has systems in place to oversee compliance and track progress towards our *E&S Framework* commitments. We continue to enhance our climate governance approach in different business areas, evolving the processes used in E&S focused committees and other existing governance forums. The Group's Product Development and Distribution Standard embeds consideration of E&S product features into the product governance process, which includes governance of changes to product features and periodic reviews. We also have controls and risk mitigation strategies in place, including sector-level *financed emissions* targets for lending to certain sectors and an *ESG risk assessment tool*; scenario analysis to assess the *physical* and *transition risks* of climate change; customer and supplier E&S due diligence processes; and the Supplier Code of Conduct to support adherence to CBA's *E&S Framework*.

We have established an E&S data strategy steering committee to oversee a program of work to enhance the way we collect, store and govern E&S data across the Bank. Data can play a key role in supporting the delivery of E&S commitments. Data governance will continue to be a key consideration in our E&S program of work.

For more information on the E&S data strategy program, see page 57.

For information on our risk management tools and processes, see pages 48–59.

Uplifting our people's capability

Ongoing investment in our people's understanding of sustainability-related risks and opportunities, including those related to our environment, is an important enabler of sound governance and our ability to deliver our strategy.

Improving understanding across the Bank

This year, we reviewed the current state of our climate-related capability requirements across the Bank. We continued to develop our foundational training, made available to all staff through online learning modules. Building on these existing resources, additional modules were released focusing on climate change, *operational emissions*, *nature* and greenwashing. We continue to provide learning materials for our people to support their understanding and application of ESG in their roles. We also developed an internal glossary to provide high-level guidance to risk and marketing professionals on the use of common sustainability-related terms in public documents and marketing materials. This glossary aims to promote the consistent application of common sustainability-related terms across the Bank including examples of how to use and verify these terms.

Enhancing banker capabilities to better support our customers

A range of learning modules and training resources are available to support climate capabilities in our frontline teams. In 2024 training for business bankers focused on building their knowledge of sustainable finance concepts, embedding understanding of the ESG risk assessment process, and the ESG risks and opportunities relevant to business banking customers. Business bank team members also had the opportunity to attend seminars and practical sessions on the features of our customer offerings and to build their understanding of ESG concepts. For example, a number of team members supporting the Bank's sustainable finance activities, agribusiness lending and climate change mitigation participated in Melbourne University's 'Carbon neutral agriculture' course. The launch of new tools to support customer resilience, were also backed by targeted training activities. This included a sustainable property masterclass focused on the Green Buildings Tool, and a climate change workshop with *CSIRO* to help launch the new climate stress index for agriculture. In the institutional bank, ESG fundamentals e-learning is mandatory. Additional training on the *ESG risk assessment tool* is required for frontline bankers and credit risk teams who are assessing institutional lending transactions.

Climate governance in our business units

Our customer facing business units have processes in place to govern and monitor their actions.

Managing environmental and social governance in Retail Banking Services

Decisions on managing climate-related risks can impact the Bank and our customers in different ways. We recognise the need to take time to understand and assess E&S considerations in our processes and decisions. In the retail bank, we take a portfolio-managed approach to E&S governance, implementing this on a product-by-product basis rather than through individual customer ESG risk assessments. This means robust product governance continues to be a focus, with existing product approval processes that have evolved over time to include consideration of E&S issues. As an example, for our new product InstalPay, this has included consideration around how it could support reducing Australian housing *emissions intensity* by partnering with merchants in the renewable energy industry and offering solar and battery packages.

For more information on ways we are supporting customers experiencing climate-related *physical risks*, see page 37.

Our approach to ESG transaction governance in Business Banking

In the business bank, our approach is determined by the size of a customer's current or proposed commercial or corporate lending. Customers with greater than or equal to $1.5 million in lending require an ESG risk assessment. These customers are relationship managed by our bankers. ESG risk assessments may be escalated to senior management or the BB Commitments Committee, based on a customer's ESG risk profile. The BB Commitments Committee membership includes the BB Group Executive, designated business lead Executive General Managers and the General Manager Environment, Social and Governance. Matters escalated to the BB Commitments Committee are noted at the E&S Committee and could include those subject to *E&S Framework* commitments, including transactions relating to *fossil fuel financing-related commitments* in the *E&S Framework*, as well as transactions which engage other matters considered relevant for escalation to the BB Commitments Committee.

For more information on the *ESG risk assessment tool*, see page 54.

Monitoring our sector-level financed emissions targets

Processes to support the governance and monitoring of our sector-level *financed emissions* targets.

Sectors	Transaction-level oversight	Monitoring and reporting
Power generation [1] (excluding renewables) **Upstream oil extraction [1]** **Upstream gas extraction [1]** **Thermal coal mining [1]** **Heavy industry [1]**	In IB&M where we identify a transaction that is likely to impact a sector-level *financed emissions* target, we individually assess the likely impact and table this assessment for consideration at the E&S Deal Review forum. Individual assessments are not completed on corporate credit cards and overdrafts.	Quarterly reporting is noted at the E&S Committee and is based predominantly on updates of our lending exposures to customers. Movement analysis is completed to assess the portfolio's progress versus the prior period and the *reference scenario*. Half-yearly updates are provided to the Board. Annual data refresh is completed to update customer emissions data.
Aviation [2] **Shipping [2]**	In IB&M and BB [3] where transaction escalation processes identify a potential material impact to a sector-level target, we assess the likely impact on the relevant sector-level *financed emissions*.	
Australian housing **Australian commercial property [2]** **Australian road (passenger and light commercial vehicle finance) [2]**	The nature of exposures and transactions in these sectors mean individual transactions are unlikely to materially impact progress towards the target. As such, we do not assess the impact of individual transactions on sector-level targets in these sectors.	

1 In BB, during the year, we did not identify any customers with ≥$1.5 million in commercial and corporate lending that completed transactions that would have impacted these sector-level *financed emissions* targets.

2 In a sector where a target was set in 2024, we expect to embed these governance requirements over the next year.

3 For BB, transaction-level oversight is applied to commercial and corporate lending transactions of ≥$1.5 million through application of the *ESG risk assessment tool*.

Enhancing transaction governance in Institutional Banking & Markets

In our institutional bank, lending customers are relationship managed and supported directly by our bankers. As part of the corporate lending process, ESG risk assessments are completed for institutional customers, and are reviewed and refreshed annually. The institutional bank operates two key forums that support consideration of E&S risks and other reputational risks in the institutional bank's portfolio. These review forums, which involve senior stakeholders from within and outside the institutional bank, include an E&S Deal Review (EDR) and the IB&M Commitments Committee.

For more information on the *ESG risk assessment tool,* see page 54.

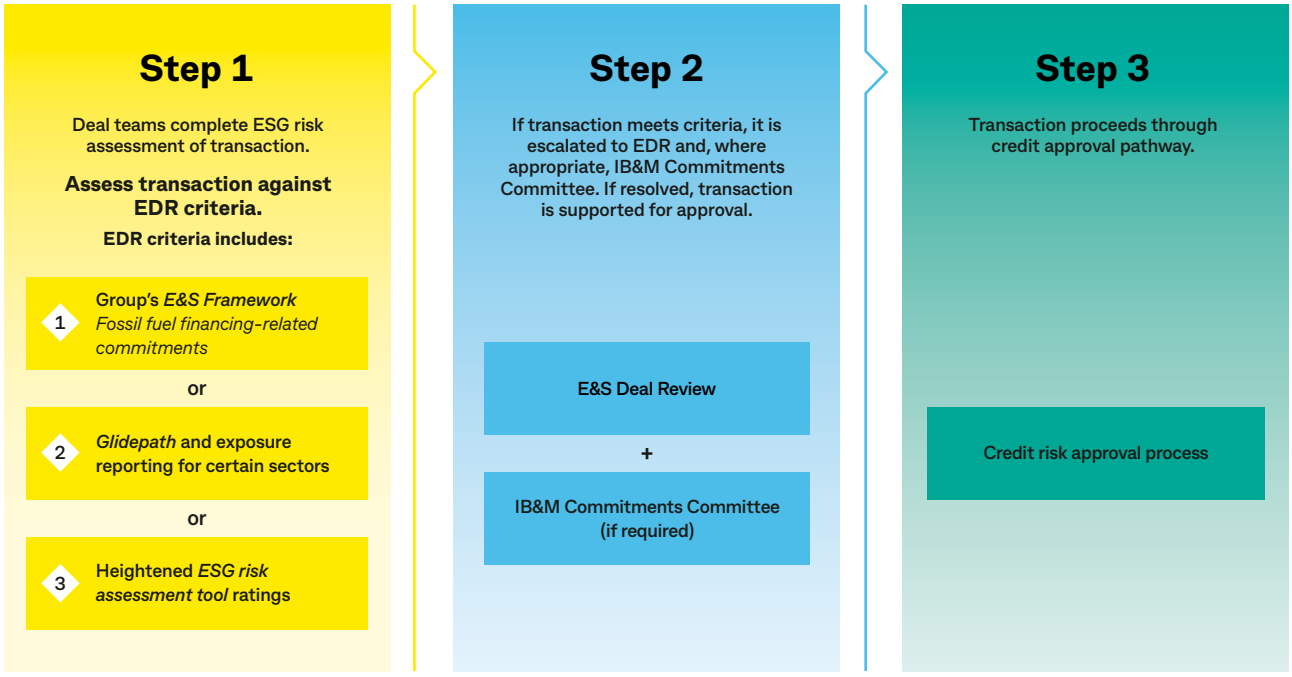
Institutional Banking & Markets E&S Deal Review

Following the publication of the updated *E&S Framework* in August 2023, existing processes were enhanced to require escalation of certain proposed transactions. A proposed transaction is escalated to EDR if it meets certain conditions, including if the customer's activities are captured in the relevant *fossil fuel financing-related commitments* in our *E&S Framework*; the transaction may impact the *glidepath* and/or exposure reporting for certain sectors; or the ESG risk assessment results in a heightened ESG risk rating. Prior to proceeding to credit approval, the EDR reviews the proposed transaction's compliance with the *fossil fuel financing-related commitments* in our *E&S Framework,* impact on *glidepath* and/or exposure reporting for certain sectors, and/or E&S reputational considerations. If a proposed transaction is considered compliant with our *fossil fuel financing-related commitments*, but requires further review, it is escalated to the IB&M Commitments Committee.

Escalations to the IB&M Commitments Committee

The IB&M Commitments Committee considers non-financial risks, reputational risks and alignment of proposed transactions or business decisions with the Bank's strategy and values. The Committee considers the expectations of broader stakeholder groups and incorporates our 'Should We?' test. E&S-related matters escalated to the Committee are also noted at the E&S Committee.

Institutional Banking & Markets ESG risk governance process[1]



Reporting against our fossil fuel financing-related commitments

We are required to report annually on our compliance with the *fossil fuel financing-related commitments* outlined in our *E&S Framework*. This applies in respect of a range of *clients*, including certain oil and/or gas producing or metallurgical coal mining *clients* and power generation *clients*. For the purpose of these commitments, a power generation *client* is identified as an entity with an ANZSIC code for Electricity Generation or Electricity Supply which also has power generation activities. Since August 2023, IB&M and BB have used governance processes similar to or the same as those described above to support compliance with these commitments. Based on those processes and other checks we have completed, the Bank has complied with each of the commitments.

CBA's existing exposures to fossil fuel financing is outlined on pages 22–23 and 30–33.

1 Effective in this form as of mid-October 2023, prior to which there was a similar process in place.

Risk

Climate-related risks can have different impacts on our customers, people, communities and the Bank. Our risk approach helps us to better understand and manage these impacts.

Our approach to climate risk

Delivering on our climate strategy requires an understanding of the different ways climate-related risks could impact our business, and how our business activities could impact the climate, our customers and the community.

This year we have continued to mature our environmental risk management framework in line with evolving industry practices. Our focus is on investing in a range of climate risk management tools and processes to help us better identify, assess and manage our evolving climate-related risks.

Our Group Risk Management Framework (RMF) outlines how we identify, assess and manage risk, including E&S risk. E&S risk includes climate change and *nature*-related impacts and represents drivers of material strategic, financial and non-financial risks to the Bank. Our approach includes using tools and techniques to help us identify and assess the potential *physical* and *transition risks* from climate change. This is done broadly at the Group level as well as within each of the business units at the customer or portfolio level.

For further information on our approach to risk management, see pages 70–79 in the 2024 Annual Report.

Identifying and assessing

We use a range of techniques to help us identify and assess climate-related risks, holistically at the Group level and on an individual customer or portfolio basis. Our Group Climate Risk Materiality Assessment and various scenario analyses help us consider the potential climate-related risks and impacts to the Bank and to our customers, people and communities.

Group Climate Risk Materiality Assessment approach

This year we completed a Group Climate Risk Materiality Assessment (CRMA) to enhance our understanding of how climate-related risks could impact each of the Bank's material risk types over the current, short, medium and long term. The CRMA used two severe, but plausible, climate scenarios – a *severe physical risk* and a *severe transition risk scenario*. These scenarios are intended to help us explore the anticipated effects of climate change on the Bank under two possible futures envisaged by these scenarios. We used this approach because the future impacts of climate change are uncertain, and consequently, risks to the Bank may vary substantially depending on unknown future factors such as the frequency and severity of weather events, or the nature and speed of action from government and industries to address climate change impacts. Therefore, this exercise should not be interpreted as a forecast of the future.

We acknowledge that available data and techniques to perform this type of assessment are still maturing across the industry. As a result, our assessment of the impacts of climate-related risks on our material risk types includes greater reliance on assumptions than would typically be required for more mature risk types, where historical data is a better predictor of future events. As data and assessment techniques improve over time, future CRMAs are expected to incorporate more advanced assessment techniques, with less reliance placed on assumptions. The anticipated effects on the Bank under these specific scenarios were considered for three time horizons:

- Short term (~3 years) to align with the Bank's strategic planning cycle.
- Medium term (~10 years) to align with the 2030 time frame for the Bank's interim emissions targets.
- Long term (~30 years) to align with the Bank's home loan portfolio where home loans can be contractually agreed to for up to 30 years.

To arrive at a risk rating for applicable risk types under each scenario, we used the Group's 5x5 risk assessment matrix. This matrix considers a combination of the impact and likelihood of the risk eventuating, resulting in risks being rated as either: insignificant, low, medium, high or very high risk. The assessment of:

- **Likelihood** ranges from 'rare' (<5% chance of occurring) through to 'almost certain' (>80% chance of occurring).
- **Impacts** uses a combination of qualitative factors and financial measures. Qualitative factors consider impacts on customers, people and the environment; customer service and operations; reputation and brand; and legal and regulatory compliance. The financial impacts range from negligible ≤$10 million; minor >$10 million; moderate >$30 million; major >$120 million or severe >$500 million.

For example, a medium risk could arise from a >5% likelihood of an impact between $30 million to $120 million; or a <5% likelihood of an impact between $120 million to $500 million. The assessment of each risk reflects the impact on the Bank for the year in which the scenario occurs, rather than reflecting the cumulative impacts over all time horizons. Additionally, when considering impacts for future time horizons under these scenarios, the assessment did not assume any additional controls or actions are taken (other than those already in place) in response to the future risk drivers envisaged in these scenarios. Our intention is for the CRMA to be updated annually.

Results of our Group Climate Risk Materiality Assessment process

The CRMA [1] indicates that under both a *severe physical risk scenario* and a *severe transition risk scenario*, the Bank's strategy and business model could be most impacted by climate risks in the medium to long term. The risk of medium-level credit losses under these two scenarios also reinforces the importance of continuing to evolve our approach to the integration of ESG into our credit risk framework as industry practices mature.

We acknowledge that either scenario could result in a broader macroeconomic downturn. For our first CRMA, we have limited our focus to assessing the resilience of the Bank to climate risks under these scenarios from industries and/or regions only directly exposed to *physical* or *transition risk*. Our analysis did not extend to assessing the impact to the Bank from a macroeconomic downturn stemming from climate change which could have broader impacts than those considered under the two scenarios used in the CRMA. The table below shows the results of the CRMA under the two scenarios.

	Material risk types	Current effects	Anticipated effects under these scenarios [2]					
			Severe physical scenario			Severe transition scenario		
		<12 months	Short	Medium	Long	Short	Medium	Long
Strategic risks	E&S risk [3]	●	●	●	●	●	●	●
	Reputation risk	●	●	●	●	●	●	●
	Capital adequacy risk	●	●	●	●	●	●	●
	Capability and culture risk	●	●	●	●	●	●	●
Financial risks	Liquidity risk	●	●	●	●	●	●	●
	Market risk (traded and non-traded)	●	●	●	●	●	●	●
	Non-retail credit risk [4]	●		–		●	●	●
	Retail credit risk [4]	●	●	●	●	●	●	●
Compliance risks	Conduct risk	●	●	●	●	●	●	●
	Financial crime compliance risk	●	●	●	●	●	●	●
	Privacy risk [5]			–				
	Regulatory and licencing obligations risk	●	●	●	●	●	●	●
Operational risks	Accounting and taxation risk	●	●	●	●	●	●	●
	Artificial intelligence risk [5]			–				
	Business disruption risk	●	●	●	●	●	●	●
	Cybersecurity risk [5]			–				
	Data management risk	●	●	●	●	●	●	●
	Fraud and scams risk	●	●	●	●	●	●	●
	Legal risk	●	●	●	●	●	●	●
	Model risk	●	●	●	●	●	●	●
	People risk [5]			–				
	Technology risk	●	●	●	●	●	●	●
	Third parties risk	●	●	●	●	●	●	●
	Transaction processing risk	●	●	●	●	●	●	●

● Insignificant risk ● Low risk ● Medium risk ● High risk ● Very high risk — Expected onset of risk

To read about the climate scenarios we used, and the inputs, uncertainty and limitations of climate scenario analysis, see pages 92–96.

1 This assessment is informed by scenario analysis, which considers hypothetical future events with highly uncertain outcomes. It does not represent a forecast of future events. Scenario analysis has inherent limitations due to the number of judgements, assumptions and estimations used. While best efforts have been made to use reasonable estimates and provide readers with the assumptions in our calculations, a high degree of uncertainty remains in the results of our analysis.

2 This assessment considered the controls and mitigants currently in place, without assuming any further actions in response to the future risk drivers envisaged in these scenarios.

3 The environmental strategic risk type (sub-risk of E&S risk) is defined as the risk that CBA's strategy does not adequately seek to consider and address the impacts that our operations (excluding third parties), and lending, financing and trading activities may have on the climate and natural environment, and which may result in detrimental impacts to our long-term business model and profitability.

4 For information on the approach to arriving at risk ratings for credit risk losses under these scenarios, refer to pages 93–94.

5 Preliminary assessment indicated negligible or no anticipated climate-related effects on these risk types under these scenarios, so no detailed assessment was performed.

Understanding our results

Severe physical risk scenario

The *severe physical risk scenario* assumes no new climate regulation or policies are introduced. The world warms to more than 3°C above pre-industrial levels by 2100. Severe weather events increase in frequency and intensity.

Under this scenario, the current and short-term effects of climate change on our risk profile are largely consistent with each other. Medium rated reputational, regulatory and legal risks are driven by an existing pipeline of new and proposed local and international climate-related regulations, such as the proposed Australian climate-related financial disclosure regime and increasing focus on climate risk by local regulators.

Over the medium and long term, this scenario sees increasing impacts of climate change. This could mean the Bank's business model needs to adapt to manage uncertainty arising from industry, government and regulatory responses to possible challenges such as declining home insurance and construction in high *physical risk* zones. The Bank may also be called on to provide greater support to business and institutional customers seeking to adapt their business models to the physical climate changes seen in this scenario.

Reputation and conduct risks may be heightened under this scenario due to decisions the Bank may make in relation to pricing and lending practices in high *physical risk* zones. The increased frequency and severity of weather events under this scenario could impact the ability of households to repay their loans, particularly if availability and affordability of insurance declines and asset values are impacted in high-risk zones. This results in a medium rated credit risk to the Bank arising from the potential for increased credit losses under this scenario in the medium term. However, under more remote scenarios, credit losses could be higher. For example, if a very extreme weather event were to impact a densely populated area; a series of severe events occur in a single year; or if government support was no longer available.

This *severe physical risk scenario* could also lead to growing expectations in relation to the Bank's approach to identifying, assessing and managing *physical risks*, which may require the Bank to develop new data, climate modelling capabilities, products and/or services for customers.

Severe transition risk scenario

The *severe transition risk scenario* assumes the rapid introduction of global and local climate policy to restrict GHG emissions leads to a fossil fuel market crash, an abrupt devaluation of polluting firms, and a tightening of financial conditions. Global warming is limited to below 2°C above pre-industrial levels by 2100.

Under this scenario, the viability of some high-emitting businesses may come under pressure, and the Bank may also need to impose greater policy restrictions on some customer segments to meet rising external expectations. However, as our exposure to *fossil fuel extraction* remains low at 0.2% of total committed exposure, a decline in revenue from these sectors under this scenario, is not expected to result in a material financial risk to the Bank.

A medium risk of credit losses is assessed under this scenario, arising from industries more exposed to *transition risk*, and the communities dependent upon those industries.

Heightened stakeholder expectations under this scenario also have the potential to increase reputation, conduct and legal risks. Regulatory, accounting and taxation risks are also expected to be elevated under this scenario due to potential misinterpretation or non-compliance with dynamically changing climate regulations, laws, rules and licence conditions which are expected to have short implementation timelines.

This scenario could rapidly increase the demand for skills required to develop new *decarbonisation*-related products across industries and customer segments the Bank serves. It would also increase the need for greater skills and sophistication in how we identify, assess and disclose climate risk information.

How we could use our results in the future

The CRMA reinforces the importance of continuing to mature our foundational capabilities, such as how we identify, assess, manage and monitor our climate-related risks, and gather reliable climate data. It also highlights areas for consideration in our strategic planning process to support early consideration of potential future mitigation strategies, including developing products or services that can help our customers adapt to changing weather patterns.

Assessing the resilience of our portfolio

Our assessment of the Bank's resilience to climate risks through the CRMA considers the extent to which industries or regions we lend to are exposed to *physical* or *transition risks*. The table below identifies sub sectors, primarily based on ANZSIC classifications within our portfolio which are exposed to elevated climate-related *physical* or *transition risk*. This year, we have tested the resilience of 48% and 89% of our lending portfolios to potential climate-related *physical* and *transition risks*, respectively.

	Jun 24		Jun 23[1]			
Sectors[2]	**Total sector** TCE $bn	TCE % of total	**Total sector** TCE $bn	TCE % of total	Physical risk[3]	Transition risk[4]
Consumer	**793.0**	**57.5%**	**776.8**	**55.5%**		
Australian home loans exposed to high physical risk[5]	30.3	2.2%	30.1	2.2%	●	
Australian home loans exposed to high cyclone risk	11.0	0.8%	11.0	0.8%	●	
Australian home loans exposed to high flood risk	16.9	1.2%	16.7	1.2%	●	
Australian home loans exposed to high fire risk	1.8	0.1%	1.8	0.1%	●	
Australian home loans exposed to sea level rise	1.6	0.1%	1.6	0.1%	●	
Australian home loans exposed to high transition risk[5]	16.5	1.2%	16.0	1.1%		●
Agriculture & forestry	**32.5**	**2.4%**	**30.0**	**2.1%**		
Dairy	7.2	0.5%	7.4	0.5%	●	●
Livestock	13.5	1.0%	11.9	0.8%	●	●
Transport & storage	**27.9**	**2.0%**	**24.8**	**1.8%**		
Coal terminals[6]	0.3	0.0%	0.4	0.0%		●
LNG terminals[7]	0.2	0.0%	0.2	0.0%		●
Air transport[8]	6.1	0.4%	3.7	0.3%		●
Oil and gas shipping (including FPSO)[9]	0.1	0.0%	0.4	0.0%		●
Rail transport	1.9	0.1%	1.8	0.1%		●
Road transport	4.9	0.4%	4.1	0.3%		●
Pipeline transport	0.8	0.1%	0.9	0.1%		●
Manufacturing	**19.5**	**1.4%**	**19.3**	**1.4%**		
Petroleum refining	0.0	0.0%	0.0	0.0%		●
Heavy industry (steel, alumina, aluminium and cement)[10]	0.9	0.1%	1.0	0.1%		●
Chemicals manufacturing	0.8	0.1%	1.0	0.1%		●
Auto manufacturing	1.3	0.1%	1.2	0.1%		●
Retail trade	**15.7**	**1.1%**	**15.4**	**1.1%**		
Automotive fuel retailing	1.3	0.1%	1.6	0.1%		●
Wholesale trade	**16.8**	**1.2%**	**15.9**	**1.1%**		
Petroleum product wholesaling and marketing	1.9	0.1%	1.8	0.1%		●
Electricity, gas & water	**15.9**	**1.2%**	**13.7**	**1.0%**		
Non-renewable power generation[10,11]	1.5	0.1%	1.9	0.1%		●
Gas supply	0.5	0.0%	0.6	0.0%		●
Mining, oil & gas	**6.9**	**0.5%**	**7.3**	**0.5%**		
Upstream oil and gas exploration and production	1.7	0.1%	2.4	0.2%		●
Thermal coal mining[10]	1.0	0.1%	0.9	0.1%		●
Metallurgical coal mining	0.1	0.0%	0.1	0.0%		●
Total elevated risk	**90.7**	**6.6%**	**87.4**	**6.2%**		
Total TCE	**1,378.1**		**1,400.1**			

1 During the year we revised the presentation of the chemicals manufacturing sector to include an additional two ANZSICs; and also reviewed the presentation of the air transport sector to include certain customers that lease aircraft to airline operators as the *transition risk* is considered comparable. Comparative information has been restated to conform to presentation in the current period.

2 Excluding consumer, sub-sectors are primarily based on a customer's ANZSIC classification. Where this does not provide the granularity required, additional classification is undertaken using business knowledge.

3 Identification of *physical risk* in Australian home loans was based on modelled loss rates (cyclone, flood and fire), property location and topography (*sea level rise*). *Physical risks* are likely to impact additional sectors not identified above, however, due to data limitations, *physical risks* assessed are limited to the consumer portfolio, where analysis was completed in 2024, and transition-exposed agriculture which is also exposed to *physical risks*.

4 For the consumer portfolio, we have classified the level of exposure to local economies heavily reliant on the fossil fuel value chain to determine those loans exposed to elevated *transition risk*. For other portfolios, we have shown sectors identified as having high or mid-high exposure to *transition risk*.

5 Of the consumer portfolio, only Australian home loans, excluding Home Equity Loans and Home Equity Lines of Credit including Viridian Lines of Credit (VLOCs), were assessed for *physical* and *transition risks*. A number of exposures were exposed to multiple risks however are summarised independently in this report. The totals do not reflect double counting in these exposures.

6 Coal terminals include customers whose main business is the operation of ports and terminals that are principally used for transporting and exporting coal.

7 LNG terminals include direct exposures to customers focused on LNG terminal activities only. It does not include customers with diversified operations which include LNG terminals in their business mix.

8 Air transport includes certain exposures to customers that lease aircraft to airline operators as the *transition risk* is considered comparable.

9 Includes tankers, LNG and Floating Production Storage and Offloading (FPSO) vessel categories. Note, the tanker vessel category includes exposure to oil tankers and chemical tankers. This category also includes exposure to transport equipment leasing to the oil and gas shipping industry as the *transition risk* is considered comparable.

10 Scope of sector aligned to customers captured in sector-level *financed emissions* targets reporting, and ASB. Diversified customers are reported based on ANZSIC classification.

11 Non-renewable power generation includes customers whose main business is power generation and where <90% of generation is from renewable sources. We assess changes to customer classification using a rolling three-year generation average.

Assessing acute physical risk in Australian home loans

To help us effectively manage our climate risks, we monitor the impact of weather events and natural disasters on our business and customers, including in our home lending portfolio. Building on last year's analysis, we acquired an additional third-party dataset to further improve our understanding of *physical climate risk* in our home loan portfolio. This year, our analysis indicated CBA exposures of:

Cyclone

$11.0bn

corresponding to **~35,000** properties exposed to high cyclone risk

Flood

$16.9bn

corresponding to **~41,000** properties exposed to high flood risk

Fire

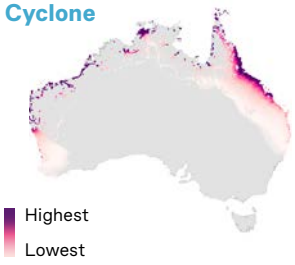
$1.8bn

corresponding to **~4,000** properties exposed to high fire risk

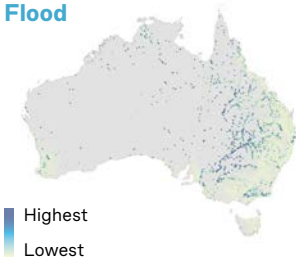
Additional datasets and model providers help to enable a more complete view of the potential risk exposures across our portfolios. We continue to develop and enhance our view of acute *physical climate risk* by exploring new data sets and improving our understanding of loss pathways and underinsurance implications.

Locations most exposed to peril risk in Australia[1]

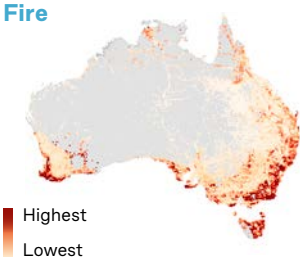
Cyclone



Flood



Fire



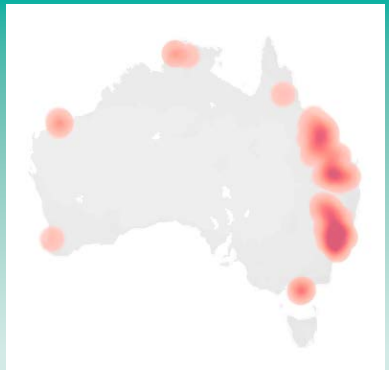
Understanding regional transition risk of our home loan portfolio

Source of risk: The transition to net zero has the potential to be significantly disruptive to regions economically reliant on the fossil fuel sector and its value chain. As these regions transition, the risk of decline in economic activity and employment has the potential to impact our customers' ability to make loan repayments, potentially resulting in adverse credit risk outcomes for our customers and the Bank.

Analysis we completed: This year we performed analysis over our portfolio to further understand how the decline in fossil fuel industries may flow through to adjacent industries, with a heightened reliance on fossil fuels in their upstream or downstream supply chains. We identified a number of regions with a high concentration of employment in *fossil fuel extraction* and associated industries. Collectively, there are over 35,000 jobs in such industries in these regions, indicating significant exposure to a decline in fossil fuel demand. These regions were identified based on the concentration of employment in high *transition risk* sectors. Our aim was to better understand our exposure to regional *transition risk*, and how we can help to support an inclusive transition for our customers and communities.

Insights from analysis: Should demand for fossil fuels decline, regions with a high concentration of employment in *fossil fuel extraction* and associated industries could see economic impacts such as an increase in unemployment and reduced house prices. However, these scenarios do not include mitigation strategies such as regional transition plans, private investment or government stimulus. *Transition risks* are likely to impact additional exposures and regions not identified above, however, the current approach provides a conservative method for identifying regions economically exposed to a low carbon transition.

Regions economically reliant on fossil fuels



1 These maps represent natural *peril* risk across Australia and are not indicative of CBA's exposures in the home loan portfolio.

ESG risk assessment tool

Our *ESG risk assessment tool* plays an important role in our commercial and corporate lending processes by assisting our bankers to:

- identify and assess the ESG risks that our customers are exposed to.
- assess the mitigating actions that our customers take to manage their ESG risks.
- assess how lending to our customers aligns to the commitments made in our *E&S Framework.*

The tool is supported by a set of inherent risk ratings across industry ANZSIC codes for ten key focus areas: climate and energy, climate *physical risk*, water, pollution, *biodiversity*, human rights, labour rights and modern slavery, Indigenous rights, workplace health and safety, and anti-corruption and governance. The tool also includes specific questions aimed at assessing whether lending to a customer is aligned to the commitments in our *E&S Framework*. In 2024 we provided training to BB and IB&M frontline bankers and credit risk teams to embed their understanding of the ESG risk assessment process, and further work was undertaken in BB to enhance the control environment for completing ESG risk assessments.

The tool directs bankers to obtain appropriate business and credit risk approvals. Decisions on lending transactions may be escalated to senior management or business unit governance committees, if the assessment requires further review against the *E&S Framework* or other ESG risk indicators. These escalation pathways support our bankers to make risk-based decisions that consider potential ESG issues.

In BB, decisions on ESG risk assessment approvals may be escalated to senior management or the BB Commitments Committee based on the customer's ESG risk profile. Since 2023, credit risk approval is required for all assessments for customers with greater than or equal to $5 million in commercial or corporate lending. For corporate lending decisions in IB&M, depending on the sector, bankers are required to complete additional mandatory questions as part of the ESG assessment, including targeted climate transition questions assigned to certain customers in fossil fuel sectors.

For relevant project finance transactions we follow the Equator Principles process requirements.

In 2024, we completed 18,743 ESG risk assessments, with 46 escalated to business unit governance committees and noted at the E&S Committee.

For more information on escalation pathways, see pages 46–47.

For more information on the Equator Principles, see equator-principles.com

Assessing our commercial and corporate lending transactions in 2024

	Institutional Banking & Markets
Number of assessments conducted	751
Number of assessments escalated and noted at the E&S Committee	32

	Business Banking[1]
Number of assessments conducted	17,992
Number of assessments escalated	5,583
Number of assessments escalated to the BB Commitments Committee and noted at the E&S Committee	14

1 Reflects changes to business unit governance processes.

Agriculture productivity mapping tool

We use our agriculture productivity mapping tool (PMT) to consider the impacts of climate change on agricultural production performance for approximately 55% [1] of our BB agriculture exposures secured by farmland. The tool assesses grain, livestock and dairy portfolios and ranks the productivity of postcode locations across three tiers (high, medium or low) based on historical data on variables that determine output. Exposures to low productivity areas have remained below 3% on average over the last two years. The tool has helped inform our credit standards related to these areas of lower productivity, and guided our bankers to have deeper conversations with their customers about their long-term climate adaptation plans. By using this tool, in relative terms, we have been able to grow our lending to the grain, livestock and dairy sectors without increasing our exposure to regions that are in less productive areas.

In May 2024, we launched a climate stress index (CSI) tool for our bankers, in collaboration with *CSIRO*. The CSI tool is a complement to the PMT, which forecasts the degree of climate stress out to 2030 associated with significant agri-climatic productivity variables in grain, livestock and dairy, by postcode. The CSI is a composite of these variables and indicates whether climate stress is expected to decrease, not change, or increase moderately or highly. The CSI tool supports our understanding of exposures to climate *physical risk* and provides insights into areas with a projected higher or lower risk of climate stress. The insights are being made available to customers through a Climate Insights Report so they can also consider the data and plan for future resilience.

Environmental risk in our supply chain

Following the introduction of the environmental risk assessment in the supplier risk governance (SRG) tool last year, environmental risk ratings were updated this year as part of CBA's annual review process.

For services in industries with high risk ratings, assessments are undertaken when onboarding for new services, or variation or renewal of an existing service, and form part of supplier risk screening before contracts are executed. In total, 108 suppliers have completed an environmental risk assessment through the SRG tool this year, providing the following insights:

70%
have documented environmental commitments and/or policies in place

67%
are working to reduce their negative environmental impacts, for example, climate and nature impacts

59%
set and monitor reduction targets for GHGs

55%
are either utilising or purchasing the equivalent renewable electricity to cover a portion of their electricity needs

Through these assessments, one of our suppliers made us aware of an environmental notice issued to their parent company to repair a defect in their waste treatment operations within the last three years. Once flagged, we took steps to openly engage with the supplier to better understand the nature of the issue and further assess the risk. The supplier was able to show they rectified the issue in a timely manner in line with environmental regulation and disclosed the issue in their public reporting.

We also updated the environmental questions in supplier tenders, which may include additional information requests based on the risk level of the industry. Scoring guidance for supplier risk assessment responses includes escalation pathways to engage the sustainability procurement team when a more detailed review is required, for example, when a potential or actual environmental non-compliance issue is identified.

For more information on how we manage our supply chain emissions, see page 39.

The Supplier Code of Conduct is available at commbank.com.au/policies

1 As of 31 March 2024.

Managing and monitoring

We continue to build on our processes to manage and monitor climate-related risks across our portfolio.

Risk Appetite Statement indicators

The Board-approved risk appetite informs the boundaries of risk taking to achieve the Bank's strategic priorities. Management is expected to operate within the risk appetite set by the Board. We have embedded quantitative stranded asset *RAS* indicators across the two portfolios that we consider to have higher inherent risk exposure to climate *physical risk* (retail) and *transition risk* (institutional):

- Our home loan portfolio indicator measures the percentage of home loans with high climate *physical risk* exposure (flood, fire and cyclone events) and is combined with lending metrics. This monitors home loans with the potential for higher credit risk, due to lower ability to recover from extreme weather events.
- Our institutional portfolio *RAS* indicator measures the percentage of the institutional lending portfolio exposed to customers with high residual climate *transition risk*.

These two *RAS* indicators are currently within the thresholds set by the Board, with no intervention required to date. Management continues to regularly monitor these indicators.

The Board reviews the appropriateness of the Bank's *RAS* indicators annually to consider whether the levels set are appropriate. In the recent annual review, the Board made the following adjustments:

- The Board-level agriculture business indicator, measuring the percentage of the portfolio located in postcodes of lower productivity due to *physical climate risk*, was removed as a Board-level indicator due to its lower financial materiality to the Bank relative to the institutional and home loan portfolios.
- Updated qualitative *RAS* wording was introduced to guide employees on the broader behavioural expectations in relation to the Group's E&S commitments.

ESG in our credit process and policies

This year, we matured our credit assessment process by more explicitly incorporating ESG risk assessments in the credit risk framework through a new Group ESG Credit Standard. The standard provides a structured framework for the way in which ESG risks are to be considered in credit risk assessment processes for *non-retail* customers, and lays a foundation for monitoring the ESG risk profile of all credit portfolios, including retail lending.

The standard, which has been progressively rolled out across the business units, requires that a *non-retail* existing or new borrower, or counterparty, be considered against the commitments in the Bank's *E&S Framework,* while performing a credit assessment. Throughout the credit process, ESG risks identified are assessed for their impact on our customers' ability to repay. In some cases, the standard also requires reviewing the borrower's collateral they pledge to the Bank for ESG risks.

We have not currently identified a globally accepted, standardised methodology for quantifying climate-related impacts on credit risk. Therefore, our ESG credit assessments continue to be driven by customer due diligence and qualitative assessments in processes tailored to the risk of specific portfolios. We expect our approach to integrating ESG into our credit risk framework will continue to evolve and adapt as industry practices mature, and regulatory and stakeholder expectations change.

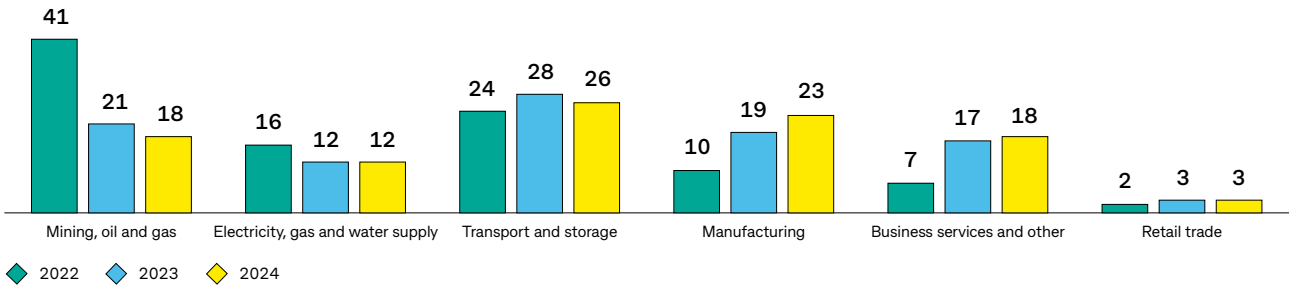
Engaging with selected customers on their transition readiness

Many of our large, high-emitting customers operate in *harder-to-abate* industries or their business activities are required to support Australia's energy transition. We have again engaged 100 of our most carbon-intensive customers across the institutional bank to form a better understanding of the risks and opportunities they face. For our 2024 top 100 analysis, 93 customers from our 2023 assessment are included, with seven customers added from the manufacturing, telco and hospitality sectors. This year, we have also sought to align existing questions with the core criteria of our *E&S Framework Transition Plan* assessment framework.

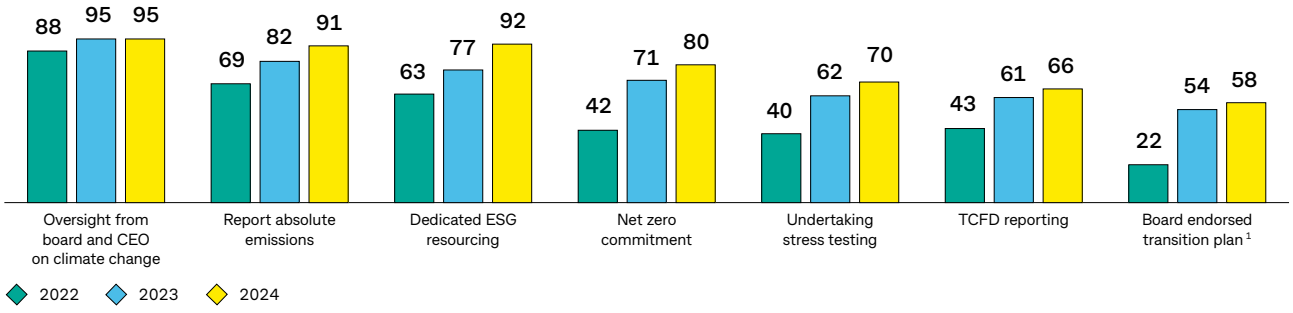
Since we began this engagement in 2022, there has been a large reduction in mining, oil and gas customers, in particular through the exit of a number of international oil and gas customers. Many of our customers are currently reporting against the TCFD framework, and this is expected to increase with the introduction of mandatory climate reporting in Australia.

While our customers have continued to enhance the information they can provide us, we acknowledge that they may be at different stages of transitioning their businesses. We aim to continue working with our customers to understand their strategies and plans.

Top 100 customers by industry



Top 100 customer responses



Enhancing the quality of our data

Data plays a critical role in CBA's approach to managing climate-related risk, identifying opportunities and meeting regulatory requirements. There are currently industry-wide challenges with environmental data availability, quality and consistency. Existing technology systems must also be adapted to support collection and validation of current and future climate data elements gathered from internal and external sources.

We have established an E&S data strategy steering committee to oversee a program of work which aims to enhance our E&S data technology solutions, support our readiness for mandatory climate reporting, assess options for sourcing E&S data and further mature our E&S data governance. This year we have taken initial steps to define a technology solution to support collection, storage and use of E&S data across the Bank for certain reporting requirements.

1 Transition plan follows the customer's definition of a transition plan.

Developing our client Transition Plan assessment framework and criteria

In 2023 we clarified our expectations regarding which customers need to have a *Transition Plan* by 2025. This requirement applies to existing oil and/or gas producing or metallurgical coal mining *clients* who derive 15% or more of their *revenue* from the sale of oil, gas or metallurgical coal, or power generation *clients* who generate 25% or more of their electricity from coal, and to whom we offer *corporate or trade finance*, or *bond facilitation*.

Our assessment framework and criteria

This year we engaged a third party to help us adapt the Climate Action 100+ framework to the well below 2°C goal of the *Paris Agreement*, and independently assess applicable *clients' Transition Plans* to the criteria in our adapted framework. To determine whether a *Transition Plan* meets the commitments in our *E&S Framework*, the assessment focuses on a subset of core criteria, which are our minimum requirements. In 2024, our core criteria included:

Net zero GHG emissions by 2050 (or sooner) ambition	The *client* has a qualitative net zero GHG emissions ambition that covers at least 95% of its Scope 1 and 2 emissions; and covers the most material Scope 3 GHG emissions categories for its sector.
Medium-term (2027–2035) GHG reduction target(s)	The *client* has set medium-term targets that are aligned to a well below 2°C sectoral pathway.
Decarbonisation strategy	The *client's Transition Plan* identifies the set of actions the *client* intends to take to achieve its GHG reduction targets over the targeted time frame. If the *client* chooses to employ offsetting in relation to its GHG reduction targets, they also disclose the quantity and type of offset certification.
Capital allocation	The *client* discloses the stated value of its capital expenditure that it intends to allocate towards climate solutions in the future. If relevant, the *client* also discloses the value of its expected capital allocation they expect to deploy, to transition away from carbon-intensive assets.
Climate governance	The *client* discloses evidence of board or board committee oversight of the management of climate change risks.

Recognising that transition plan expectations are evolving, we also assess *clients' Transition Plans* in relation to other matters. These matters can include, just transition, where the *client's Transition Plan* recognises the social and economic impacts of its *decarbonisation* efforts, particularly the impact on communities with a heavy reliance on the fossil fuel industry; climate policy engagement; or TCFD disclosures, where the *client* explicitly signposts TCFD-aligned disclosures in its annual reporting or publishes them in a TCFD-aligned report. CBA will continue to monitor developments, including guidance being prepared by the Australian Treasury.

Our engagement approach

In some cases, for strategic or commercial reasons, we determined we would cease to offer new *corporate or trade finance* or *bond facilitation* to a *client* from 1 January 2025. In those instances, we communicated this position to the *client* and agreed a plan to exit existing *corporate or trade finance* or *bond facilitation* facilities, taking into account contractual commitments. We did not assess the *Transition Plans* of these *clients*. Exposures under these facilities will remain on our balance sheet until their maturity date, or an earlier date as agreed with the *client*. These dates may fall beyond 31 December 2024.

For other *clients*, we shared our *Transition Plan* criteria with them. Where a *client* had provided a *Transition Plan*, our third-party assessor reviewed the information and arrived at a 'Meet' or 'Does not meet' assessment against each of the core and additional criteria. To maintain independence, the third party did not directly engage with the *clients*. Instead, assessment outcomes were shared with our relationship managers to discuss with their *clients*. If the *Transition Plan* met our core criteria, it was determined to have met our minimum requirements for the purposes of providing *corporate or trade finance*, or *bond facilitation* with a maturity date beyond 31 December 2024.

For *clients* with *Transition Plans* assessed as 'Does not meet' our core criteria, or who had not yet provided a *Transition Plan*, we engaged with them further. In some instances, we determined that a *client* would not have, or would be unlikely to have, a *Transition Plan* meeting our core criteria by 31 December 2024. Once such a determination was made, we did not provide new *corporate or trade finance*, or *bond facilitation* with a maturity beyond 31 December 2024, except for uncommitted exposures that could be cancelled by 31 December 2024. We took the same approach for refinancing. Otherwise, existing exposures for these *clients* remain on our balance sheet beyond 31 December 2024 until their maturity.

Our key activities

Requirement included	*Transition Plan* requirements first included in our 2021 *E&S Framework*.
Expectations set	Clarified our expectations for *clients* to have a *Transition Plan* by 2025.
Assessment criteria developed	Engaged a third party to co-develop the criteria and independently assess *Transition Plans*.
Assessment finalised	Finalised assessment criteria and process. Completed initial assessment of applicable *clients' Transition Plans*.[1]
Assessment shared	Initial assessment shared with applicable *clients*.

1 Where we determined we would cease to offer new *corporate or trade finance* or *bond facilitation* to a *client* from 1 January 2025, we did not assess that *client's Transition Plan*.

Nature and biodiversity

We recognise the interconnection between *nature* and climate issues, and the need for Australia to have coordinated and collective action to maintain, enhance and restore *nature* and *biodiversity*.

Nature developments in Australia

Governments are increasingly taking action to address *nature* loss. Progress against this objective will require the development of effective policies, availability of reliable data, and collaboration with communities, civil society organisations and businesses.

In 2020, an independent review (the Samuel Review) of Australia's national environmental law (the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act)) found that *"Australians do not trust that the EPBC Act is delivering for the environment, for business or for the community"*. In response, the Australian Government is reforming key federal environmental laws in three stages, as part of the Nature Positive Plan. This year, stage two was introduced into Parliament, which includes the establishment of Environment Protection Australia and Environment Information Australia.[1] Consultations are ongoing for stage three, which will complete the proposed law reforms.

We continue to monitor developments under Australia's Nature Positive Plan, as well as the Australian Government's commitments in relation to the *Kunming-Montreal Global Biodiversity Framework*.

Considering nature-related commitments

Nature-related data, methodologies, standards and government policies are still emerging. We acknowledge the final *Taskforce on Nature-related Financial Disclosures (TNFD)* recommendations, which the ISSB is also considering. We are exploring data to help us understand our *nature*-related risks, opportunities, dependencies and impacts in evolving our approach to *nature*. This includes opportunities to partner with organisations who can support improved measurements of *nature*-related metrics and support customers in working towards improved *nature* outcomes. The availability of effective measurement and implementation approaches is a key consideration in assessing possible *nature*-related commitments.

Understanding the nature-related impact of our own operations

As a large Australian lender to the housing and commercial property sectors, we believe we have a role to play in understanding the built environment's impact and dependency on *nature*, starting with our own operations. This year, CBA used the *TNFD* core and additional metrics to seek to better understand which impacts on *nature* were most prevalent to our operations, and how our environmental initiatives can help mitigate our direct impact.

Our review showed that water and waste were two impact areas where we had available data, and therefore were our initial areas of focus. CBA has been tracking and reporting the waste we produce and water we use in our Australian offices since 2015. Our analysis shows that 37% of our buildings are within areas of arid, extreme or high risk of *water stress*. We have implemented water reduction initiatives, including recycled water in our head office buildings, and have sought to reduce the chemicals in our discharged water by implementing ionised water for food preparation and cleaning in our client services food and beverage areas. We continue to focus on diverting waste from landfill and have initiatives in place to reduce and recycle the waste we produce, including trialling an AI bot to educate employees on the correct bin selection. We will continue to explore ways to measure and assess our operational impacts and dependencies on *nature*.

For more information on our waste and water metrics, see page 50 of the 2024 Annual Report.

Industry engagement and partnerships

Engaging with industry is expected to help build our understanding, define shared problems and work towards scalable solutions. Through our participation in ASFI's Natural Capital Advisory Group, we are supporting the Valuing Natural Capital program – a partnership with Farming for the Future. The program brings together Australia's agricultural producers and financial institutions to explore the role of natural capital in farm business productivity, profitability and resilience. We also commenced our positions on *CSIRO's* external advisory board for agriculture and food, and Climateworks' Natural Capital Investment Initiative advisory group.

1 This follows the completion of stage one which included the Nature Repair Market and expansion of the water trigger. Environment Protection Australia is an independent national environment protection agency that will administer Australia's environmental protection laws to better protect *nature*, while supporting sustainable development. Environment Information Australia aims to provide more environment information and transparency.

Understanding woody vegetation land use change in the agriculture sector

Last year, using the *ENCORE* tool, we assessed potential sectoral impacts and dependencies on *nature* in our business and corporate lending portfolio.[1] This highlighted agriculture as a sector with high impacts and dependencies. Our Australian agriculture sector represents 1.6% of our *in-scope drawn lending*, with most of our customers being small-to-medium privately owned farming enterprises. The sector plays an important stewardship role in managing the ecosystems they rely on to produce food and fibre.

The *ENCORE* analysis identified *land use change* as a material *nature*-related impact for this sector. This year we assessed the feasibility of estimating woody vegetation *land use change* within our secured lending to the agriculture sector.[2] We analysed woody vegetation *land use change* using public government datasets, specifically the National Forest and Sparse Woody Vegetation (NFSWV) and Statewide Landcover and Tree Study (SLATS) datasets for the 2020 and 2021 financial years.[3]

Our analysis highlighted limitations in the available public data. While NFSWV is a nationally available public dataset, it does not identify areas or drivers of annual woody vegetation change. SLATS datasets do show woody vegetation loss, however, are produced only for Queensland and New South Wales, and the most recent publicly available dataset at the time of running our analysis was for 2020–2021. Both datasets use different forest definitions that are not fully aligned with global frameworks and are heavily reliant on inferences drawn from satellite imagery as distinct to on-the-ground observations. The NFSWV and SLATS programs have the primary objective of assessing the extent and change of woody vegetation holistically, without providing information on compliance with state, federal or international regulations and standards.

These limitations make it difficult to measure and monitor woody vegetation *land use change* using these existing public datasets. We welcome further work across government and key industry stakeholder groups to harmonise definitions of forest within the Australian context, improve national datasets and increase frequency of data updates to provide more reliable insights on woody vegetation *land use change*. Such developments would help organisations make *nature*-related commitments.

As data and definitions improve, this type of analysis could inform engagement with customers on management of environmental risks and opportunities, including current land management practices that can maintain or restore *nature* on farms.

Difference in the definition of 'forest' from different datasets

	Framework	Definition
Global definitions[4]	Accountability Framework Initiative	Land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10%, or trees able to reach these thresholds in situ.
	EU Deforestation Regulation	
	Food and Agriculture Organisation	
Australian definitions (from datasets used for our analysis)	National Forest and Sparse Woody Vegetation dataset (National)	Woody vegetation with a minimum area of 0.2 hectares, potentially reaching 2 metres high and a minimum canopy cover of 20%.
	Statewide Landcover and Trees Study dataset (Queensland)	Woody vegetation with a crown cover of greater than 10% and a stand size of at least 0.5 hectares. Woody vegetation is included regardless of its height or age.[5]

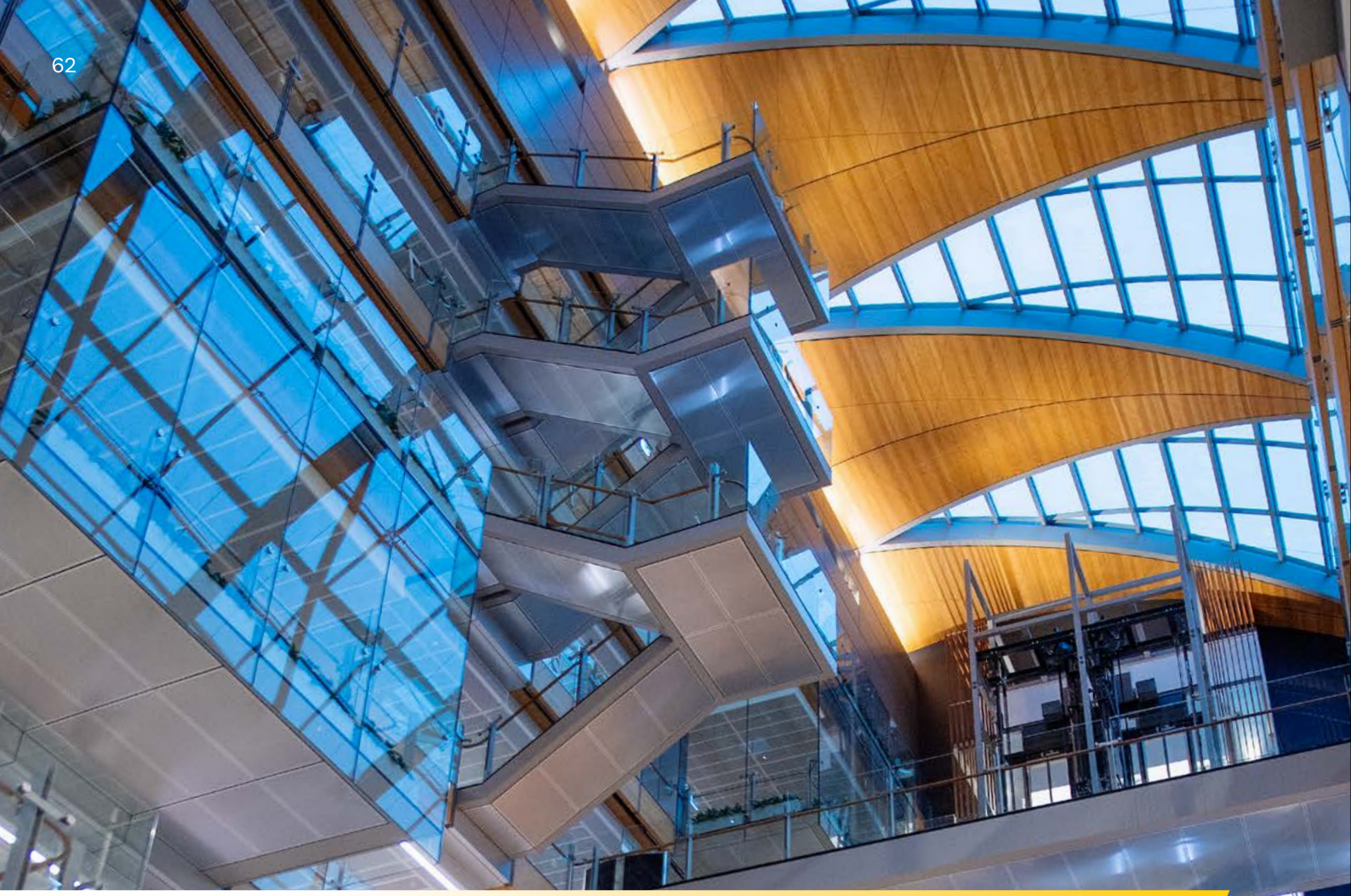
1 This assessment was performed based on *ENCORE* data available at the time and has not yet been updated to reflect the updated *ENCORE* data released in July 2024.

2 Woody vegetation refers to groups of woody plants with greater than 10% crown cover. A group may include uncleared native vegetation, regrowth following a previous clearing event, plantations of native and/or exotic species, and woody weeds.

3 The 2020–2021 SLATS reporting period is nominally from August 2020 to August 2021.

4 Global definitions of forests exclude land that is predominantly under agricultural or other land use. The application of this exclusion in the Australian context is under review by industry stakeholder groups.

5 Vegetation height is not currently considered in the SLATS definition because it is not currently possible to reliably estimate height from optical satellite imagery such as Sentinel-2 or Landsat. This may be improved in the future through research into the use of radar, LiDAR and combinations of these sensors with optical imagery.



Metrics and Targets

Our targets and progress related to our climate strategy.

Performance highlights

Our metrics and targets assist us in assessing and managing relevant climate-related risks. We continue to track our progress against our targets and our climate strategy.

Number of sector-level financed emissions targets tracking below the reference scenario

9

Delivering against our sector-level targets

Reduction in Group Scope 1 and 2 operational emissions since 2020

65% ↓

Per our Scope 1 and 2 operational emissions target

Cumulative funding towards our Sustainability Funding Target (SFT)

$54.2bn ↑

$9.5 billion of additional funding in 2024

Reduction in Group Scope 3 operational emissions since 2020

14% ↓

Per our Scope 3 operational emissions target

Renewable energy exposure[1]

$6.3bn

Supporting the energy transition

Purchase the equivalent of

99.6%[2] **Renewable electricity**

Supporting our commitment to RE100

1 Group TCE as at 30 June 2024. Renewable energy exposure includes pure-play renewables companies and diversified power generation customers where at least 90% of electricity generated is from renewable sources. We assess changes to customer classification using a rolling three-year generation average.

2 Pending acquittal of *Renewable Energy Certificates (RECs)* and RE100 certification in arrears. ASB were unable to purchase *RECs* for electricity consumed by offsite ATMs due to data and metering limitations, and for electricity in branches that are directly paid by our landlords.

Performance summary

The table below outlines our progress for the 2024 financial year against our targets and commitments.

Sector	Metric	Target
Sector-level financed emissions targets		
Australian housing	$kgCO_2$-e/m^2	FY30: 15.7
Australian commercial property		
Office	$kgCO_2$-e/m^2	FY30: 31.1
Retail	$kgCO_2$-e/m^2	FY30: 40.6
Industrial	$kgCO_2$-e/m^2	FY30: 8.2
Power generation	$kgCO_2$/MWh	FY30: 105
Transport		
Australian road (passenger and light commercial vehicle finance)	gCO_2/vehicle km	FY30: 174
Aviation	gCO_2/revenue passenger km	FY30: 76
Shipping	% reduction vs FY23 baseline	FY30: -9%
Heavy industry		
Steel	tCO_2-e/t-steel	FY30: 1.35
Alumina	tCO_2-e/t-aluminium	FY30: 0.63
Aluminium	tCO_2-e/t-aluminium	FY30: 5.26
Cement	tCO_2-e/t-cement	FY30: 0.55
Upstream oil extraction	% reduction vs FY20 baseline	FY30: -27%
Upstream gas extraction	% reduction vs FY20 baseline	FY30: -17%
Thermal coal mining	% reduction vs FY20 baseline	FY30: -100%
Other financed emissions metrics		
Business lending emissions intensity [2]	customer Scope 1 and 2 emissions $kgCO_2$-e/$lent	Average decrease over time
Operational emissions		
Scope 1 and 2 operational emissions	% reduction vs FY20 baseline	FY25: -21% FY30: -42%
Scope 3 operational emissions	% reduction vs FY20 baseline [3]	FY25: -16.3% FY30: -32.7% [4]
RE100 – renewable electricity	% of global operations	FY30: 100%
On-site renewable energy [8]	MW	FY20: 1.25 FY25: 2
Climate Active/Toitū Envirocare certification for our residual emissions	% of global operations within our currently reported boundary	FY22: 100%
Sustainable finance		
Renewable energy exposure [9]	TCE $ billion	N/A
Sustainability Funding Target [10]	cumulative $ billion vs FY20	FY30: 70

1 Emissions metrics for power generation and transport include Scope 1 only. The *PCAF* scores presented in this table aligns to the scope of the sector-level target and therefore may differ from the *financed emissions PCAF* scores on page 67. Refer to page 86-91 for more details on our methodology including sector inclusion criteria.

2 Prior period has been restated to conform to presentation in the current period.

3 Business travel emissions baseline adjusted to FY19 values to normalise for the impacts of the COVID-19 pandemic. In 2024, Scope 3 *operational emissions* baseline was updated to reflect material business structure changes, as described further on page 75.

4 In 2024 we increased our *Scope 3 operational emissions target* ambition to a 16.3% reduction by 2025 and a 32.7% reduction by 2030. This aligns with a pathway to limit global warming to 1.5°C for all selected Scope 3 *operational emissions* categories, except for air travel which remains aligned to a well below 2°C pathway.

5 FY22 and FY23 percentages have not been restated and are not comparable.

6 ASB offsite ATMs were reclassified as Scope 2 in FY23. *RECs* could not be purchased due to metering limitations.

Key: **Status** — Achieved; Commenced; New. **Progress** — Below the *reference scenario*; Between ≥0% and ≤10% above the *reference scenario*; >10% above the *reference scenario*; No drawn lending

Progress						
FY22	FY23	FY24	FY22 PCAF Score Scope 1 & 2 (Scope 3) [1, 2]	FY23 PCAF Score Scope 1 & 2 (Scope 3) [1]	Status	Reference
35.6	35.1	–	4.3	4.3	✓	See page 16
N/A	63.8	–	N/A	5.0	○	
N/A	76.0	–	N/A	5.0	○	See page 18
N/A	19.8	–	N/A	5.0	○	
170	124	–	2.0	2.0	✓	See page 22
251	245	–	3.9	3.9	○	
153	103	–	2.9	3.2	○	See page 24
N/A	0%	–	3.6	3.5	○	
N/A	N/A	–	N/A	N/A	✓	
↓	↓	–	2.0	2.0	✓	See page 27
↑	↑	–	2.0	2.0	✓	
↓	↓	–	2.0	2.0	✓	
-81%	-92%	–	2.0 (2.5)	2.4 (2.6)	✓	See page 30
-76%	-88%	–			✓	
-75%	>-99%	–	1.5 (3.0)	1.1 (3.0)	✓	See page 33
0.08	0.07	–	–	–	✓	–
-68%	-64%	-65%	–	–	✓	See page 75
-69% [5]	-29% [5]	-14%	–	–	✓	See page 75
100% (Group)	99.9% (Group) [6]	99.6% (Group) [7]	–	–	✓	See page 73
1.74	1.60	1.60	–	–	✓	See page 73
100% (Group)	100% (Group)	Pending certification in arrears	–	–	✓	See page 74
4.2	4.8	6.3	–	–	–	See page 63
30.6	44.7	54.2	–	–	✓	See page 70

7 Pending acquittal of *RECs* and RE100 certification in arrears. ASB were unable to purchase *RECs* for electricity consumed by offsite ATMs due to data and metering limitations, and for electricity in branches that are directly paid by our landlords.

8 Given the changes in our Australian footprint nationally and the reduced average length of tenure, there is limited opportunity for additional on-site solar installation within our property portfolio. We source the remaining majority of the equivalent of our renewable energy demand through the purchase of large generation certificates, as described further on page 73.

9 Renewable energy exposure includes pure-play renewables companies and diversified power generation customers where at least 90% of electricity generated is from renewable sources. We assess changes to customer classification using a rolling three-year generation average.

10 This year, we have decided not to add any new or incremental contributions towards energy efficient residential buildings. Refer to page 70 for further information on this decision.

For reporting boundaries refer to page 77. **More information on our environmental performance is available at commbank.com.au/reporting.**

Financed emissions

Sector [1]	In-scope lending exposures: FY23 In-scope drawn lending $bn [2,4]	In-scope lending exposures: FY22 In-scope drawn lending $bn [2,4,5]	In-scope lending exposures: FY23 In-scope TCE lending $bn [2,4,6]	In-scope lending exposures: FY22 In-scope TCE lending $bn [2,4,6]	Absolute emissions: FY23 Scope 1 & 2 ($MtCO_2$-e) [3]	Absolute emissions: FY23 Scope 3 ($MtCO_2$-e) [3,7]	Absolute emissions: Total FY23 ($MtCO_2$-e) [3]
Housing							
Australian housing	558.3	535.0	618.8	588.2	4.1		**4.1**
New Zealand housing [8]	65.7	62.7	67.5	65.4	0.1		**0.1**
Commercial property							
Australian commercial property	59.7	53.7	67.7	61.2	0.8		**0.8**
New Zealand commercial property [8]	9.7	10.5	10.5	12.0	<0.1		**<0.1**
Business lending							
Agriculture & forestry							
Australian agriculture [9]	13.9	12.5	16.1	14.5	3.2		**3.2**
New Zealand agriculture [8]	9.8	9.2	10.7	10.1	2.7		**2.7**
Other agriculture, forestry and services	2.0	2.0	2.6	2.6	0.4		**0.4**
Mining, oil and gas							
Thermal coal mining [10]	<0.1	<0.1	0.7	0.5	<0.1	<0.1	**<0.1**
Upstream oil extraction [10]	0.4	0.8	1.0	1.4	<0.1	0.2	**0.2**
Upstream gas extraction [10]					<0.1	0.3	**0.4**
Other mining, oil and gas	1.5	1.5	2.7	2.4	0.7		**0.7**
Electricity, gas & water supply							
Power generation [9,10]	4.0	3.8	5.4	4.5	0.5		**0.5**
Other utilities and services	2.8	2.3	4.1	3.2	0.2		**0.2**
Manufacturing							
Heavy industry	0.3	0.2	0.8	0.5	0.5	1.9	**2.4**
Other manufacturing	10.4	9.8	15.3	13.3	1.5		**1.5**
Transport & storage							
Transport	6.2	7.2	8.0	8.8	1.8		**1.8**
Other transport and storage	7.2	7.4	10.7	10.4	0.4		**0.4**
Other business lending [11]	69.6	62.0	95.5	86.4	1.7		**1.7**
Motor vehicle finance							
Australian motor vehicle finance [5,10]	6.7	5.8	6.8	5.8	0.8		**0.8**
In-scope portfolio assessed	**828.2**	**786.4**	**944.9**	**891.2**	**19.4**	**2.4**	**21.8**

1 For information on scoping and inclusion criteria refer to the *financed emissions* methodology table on pages 84–85.

2 In-scope portfolio excludes exposures in the finance and insurance, and government administration and defence ANZSICs. Portfolios not assessed include consumer finance (excluding Australian motor vehicle finance) and commercial property outside of Australia and New Zealand. *Financed emissions* are calculated using *in-scope drawn lending*.

3 In this table we present *financed emissions* rounded to one decimal place for ease of interpretation. These numbers may not cast due to rounding. In other parts of this report, including the *emissions intensity* metrics shown in this table, other numbers are presented that are calculated using *financed emissions* data. In those instances, our underlying calculations rely on exact *financed emissions* data. As such, recalculating those numbers using the *financed emissions* presented in this table may not lead to the same result.

4 For customers captured in sector-level *financed emissions* target reporting, scope of sector is aligned to sector-level target inclusion criteria. For power generation, thermal coal mining, upstream oil and gas extraction and heavy industry if a customer is excluded based on the sector inclusion criteria they are reallocated to the respective 'Other' category. For all other customers, exposures reported based on ANZSIC classification.

5 The introduction of the motor vehicle finance asset class resulted in certain asset finance (included in prior years as finance leases or hire purchase and equipment loans) exposures being reclassified from business lending to motor vehicle finance, as well as some consumer finance exposures being moved from out-of-scope to in-scope. In addition to this change, there have been uplifts in our methodology and data collection processes for some sectors. Where the impacts were material, we have restated FY22 accordingly, see page 80 for more information on our restatement policy.

To help us achieve our *financed emissions* targets and provide transparency to our stakeholders, we measure and report our *financed emissions* aligned to the *PCAF* Standard.

Absolute emissions			Data quality		Metrics	
FY22 Scope 1 & 2 ($MtCO_2$-e) [3,5]	FY22 Scope 3 ($MtCO_2$-e) [3,5,7]	Total FY22 ($MtCO_2$-e) [3,5]	FY23 PCAF Score Scope 1 & 2 (Scope 3)	FY22 PCAF Score Scope 1 & 2 (Scope 3) [5]	FY23 Scope 1 & 2 ($kgCO_2$-e/$lent)	FY22 Scope 1 & 2 ($kgCO_2$-e/$lent) [5]
4.3		**4.3**	4.3	4.3	0.01	0.01
0.1		**0.1**	4.0	4.0	<0.01	<0.01
0.9		**0.9**	5.0	5.0	0.01	0.02
0.1		**0.1**	4.2	4.2	<0.01	0.01
2.8		**2.8**	3.5	3.6	0.23	0.22
2.6		**2.6**	4.7	5.0	0.28	0.28
0.3		**0.3**	5.0	4.8	0.19	0.15
<0.1	0.3	**0.3**	1.1 (3.0)	1.5 (3.0)	0.06	0.13
<0.1	0.4	**0.5**	2.4 (2.6)	2.0 (2.5)	0.15	0.14
0.1	0.7	**0.8**				
0.7		**0.7**	3.5	3.6	0.44	0.45
0.8		**0.8**	2.0	2.0	0.12	0.21
0.2		**0.2**	4.8	4.9	0.06	0.08
0.4	1.1	**1.5**	2.0 (3.1)	2.0 (3.6)	1.60	1.87
1.4		**1.4**	4.6	4.6	0.14	0.15
2.1		**2.1**	4.0	4.1	0.28	0.29
0.5		**0.5**	4.8	4.7	0.06	0.06
1.8		**1.8**	4.8	4.8	0.02	0.03
0.7		**0.7**	4.2	4.2	0.12	0.13
19.6	**2.4**	**22.0**	**4.4 (2.8)**	**4.4 (2.7)**	**0.02**	**0.02**

6 Due to data limitations TCE of lending may include certain commitments at offer.

7 'Grey box' indicates Scope 3 is not yet measured in our *financed emissions* calculations. We aim to adopt *PCAF's* prescribed phase-in approach as it stood when CBA signed up to *PCAF* in 2022 and where adequate data is available, and have estimated Scope 3 for thermal coal mining, upstream oil and gas extraction and heavy industry.

8 Where New Zealand sectors are disclosed separately they include our CBA New Zealand branch and our subsidiary ASB. ASB is subject to a separate New Zealand mandatory disclosure regime and expects to publish a standalone climate report later this year. As such, the equivalent numbers in ASB's own disclosures may change between the publication of CBA's 2024 Climate Report and ASB's 2024 climate-related disclosures.

9 *Absolute emissions* for Australian agriculture and power generation includes Scope 1 only, for more details on our methodology refer to pages 78–85.

10 *Absolute emissions* for thermal coal mining, upstream oil and gas extraction, power generation and Australian motor vehicle finance are CO_2 only (or CO_2-e subject to data limitations).

11 'Other business lending' includes all other in-scope business lending exposures not reflected elsewhere.

Financed emissions (continued)

Progress on our financed emissions

Our calculations cover 95% of our *in-scope drawn lending* exposure. This year, we continued to develop and improve internal capabilities to calculate our *financed emissions* to support our ability to report on and deliver against our sector-level *financed emissions* targets. This included uplifting our *financed emissions* methodologies for the transport and Australian commercial property sectors. For these sectors, we have included additional data sources to help us set sector-level *financed emissions* targets. In addition, we expanded the coverage of our *financed emissions* disclosure to cover New Zealand commercial property as well as a new asset class, Australian motor vehicle finance. This has led to a reclassification from business lending of business motor vehicle finance exposures, and the inclusion of previously out-of-scope consumer motor vehicle finance exposures. The expanded scope, and adoption of data enhancements, have led to material changes at a sector level in *financed emissions* reported for some sectors, such as transport and Australian commercial property. We have restated our 2022 *financed emissions* to allow for comparison with the previous period.

Movements in the overall absolute *financed emissions* and *emissions intensity* of our *in-scope drawn lending* portfolio are generally dependent on changes in our portfolio mix over time and differences in emissions profiles at the sector or customer level. We estimate our 2023 absolute *financed emissions* of our in-scope lending portfolio at 21.8 $MtCO_2$-e, broadly stable as compared to the restated 2022 absolute *financed emissions* estimate (0.2 $MtCO_2$-e or 1% reduction). Significant estimated *absolute emissions* reductions were observed in upstream oil and gas extraction, thermal coal mining and transport, largely due to decreases in drawn lending exposure. *Decarbonisation* of the grid, reflected in changes in grid intensity factors in our estimations, continued to drive emissions decreases in Australian housing and Australian commercial property. Increases in other sectors, most notably heavy industry and Australian agriculture, were largely driven by increases in drawn lending exposure and increases in our customers' estimated emissions.

For information on our reporting boundaries, see page 77.

For information on our *financed emissions* restatement policy, see page 80.

For information on our methodology and calculations for *financed emissions*, including exclusions, see pages 78–85.

Portfolio changes

0.9 ↓

$MtCO_2$-e

Changes to our portfolio and drawn lending exposure contributed to a decrease in *financed emissions*. This was largely driven by decreased drawn lending to upstream oil and gas extraction, shipping within the transport sector, thermal coal mining and a reduction in the power generation sector, primarily driven by new drawn lending to renewables and decreased drawn lending to gas-fired power generation customers. These reductions were partially offset by increased drawn lending to sectors including heavy industry, Australian commercial property and other agriculture, forestry and services.

Changes to our portfolio can include changes in our drawn lending exposure to new and existing customers, as well as changes in existing customers' enterprise value, which result in changes to the share of these customers' attributable emissions.

Estimated emissions changes

0.7 ↑

$MtCO_2$-e

Changes in estimated customer emissions contributed to an increase from some sectors including Australian agriculture, aviation within the transport sector, and other mining, oil and gas. This was partially offset by reductions in Australian housing and commercial property, reflected in changes to grid intensity factors in our estimations.

Changes in estimated emissions can include changes in our customers' reported emissions or reported activity, as well as changes in estimated emissions as a result of updated activity and economic *emissions factors*.

CBA offshore branch exposures

The in-scope portfolio assessed for our *financed emissions* disclosure includes CBA's Australian and offshore lending as well as lending through our New Zealand subsidiary, ASB. We currently estimate emissions for all offshore exposures included within the in-scope portfolio, except for offshore consumer finance and commercial property outside of New Zealand. While offshore branch exposures are included in our in-scope portfolio *financed emissions* where they meet the relevant inclusion criteria, we do not report these estimates at a disaggregated level.

Use of carbon credits for our financed emissions

We do not currently have plans to purchase *carbon credits* to achieve our sector-level *financed emissions* targets. However, we acknowledge that some of our customers are subject to regulatory regimes that require them to use *carbon credits*, while others are voluntarily using credits to offset their emissions as part of their *decarbonisation* strategies.

In line with the *PCAF* Standard, when we refer to our *financed emissions* this is absolute gross emissions. Where data allows, we aim not to reflect our customers' use of *carbon credits*, or customers' avoided emissions or emissions removal. Where we use customer reported emissions in our estimates, our efforts are largely dependent on the availability of gross reported emissions by third-party data providers (such as the National Greenhouse and Energy Reporting Scheme (NGERs), Bloomberg and the United States Energy Information Administration (US EIA)). Where we rely on estimation using *emissions factors*, we prioritise the use of gross emissions where available, such as Exiobase (extracted from *PCAF* database) and Australian National Greenhouse Accounts. Due to the scale of our portfolio, we may not always be able to confirm that emissions data is presented on a gross basis. This may improve over time with the adoption of mandatory climate reporting standards.

When we refer to Scope 2 *financed emissions* estimates this is location-based, where data allows. This means that our customers' use of renewable contractual instruments (such as PPAs) will not be reflected in our estimates. As Scope 2 market-based disclosures become more widely available, we may consider including Scope 2 market-based estimates in addition to our location-based estimates.

Enhancing our financed emissions disclosure

Emissions data, calculation methodologies and disclosure standards continue to evolve rapidly. We continue to assess the relevance of methodology updates and focus our efforts on improving our coverage and *PCAF* data quality score, particularly in sectors where we have or expect to set sector-level *financed emissions* targets.

By 1 November 2025, updated *NZBA* target-setting guidelines require members to review existing targets to include *facilitated emissions* related to capital markets activities. The updated *NZBA* guidelines also require *facilitated emissions* related to these activities to be included in any new targets published from 1 November 2025. We will seek to continue enhancing our measurement and reporting of *facilitated emissions* to align with this guideline.

We continue to not estimate emissions for the sovereign debt asset class due to the concentration of our exposure to sub-sovereigns in Australia, and the lack of methodology for sub-sovereigns and municipal counterparties.

Sustainability Funding Target

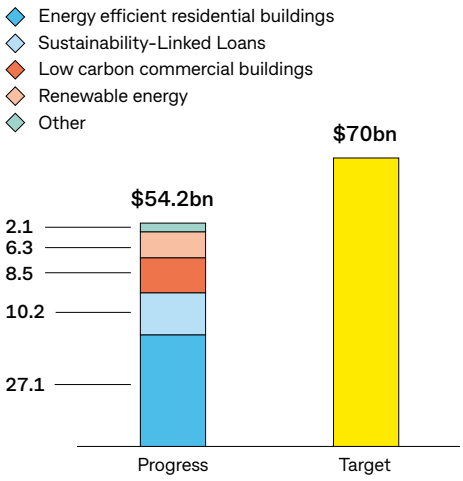
Tracking towards our Sustainability Funding Target

Our Sustainability Funding Target (SFT) of $70 billion in cumulative funding by 2030 helps us as we seek to support growth in industries, asset types and activities that can have a positive impact on our economy and environment. As at 30 June 2024, we have provided $54.2 billion in cumulative funding towards our SFT.

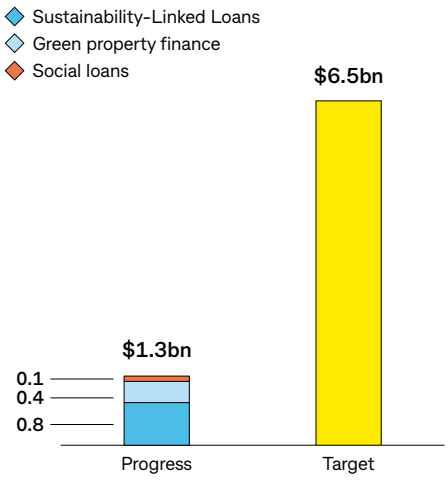
During the year we completed a review of our SFT. We considered several factors throughout this review, including scope of the target, alignment with sustainability outcomes by considering external frameworks – including the Climate Bonds Initiative (CBI), Green Loan Principles and Social Loan Principles – and the evolving operating environment and market expectations. This year as we await anticipated market updates, including the development of the Australian Sustainable Finance Taxonomy by ASFI, we have decided not to add any new or incremental contributions towards energy efficient residential buildings for the 12 months ended 30 June 2024.

ASB separately tracks and measures the funding they provide towards their SFT. ASB's Sustainability Funding Target of NZ $6.5 billion in cumulative committed lending by 2030, against a 2022 baseline, seeks to support the climate transition of the New Zealand economy. Since 2022 ASB has provided a cumulative NZ $1.3 billion in funding towards their target.[1]

CBA Sustainability Funding Target



ASB Sustainability Funding Target NZ$



Note: graphs are not to scale.

For more information on our SFT including our decision to not include any new or incremental contributions towards energy efficient residential buildings and refinements to our eligibility criteria for 2024, refer to page 99.

Growing our renewable generation and storage lending

This year we financed Squadron Energy's 414 MW Uungula Wind farm in New South Wales. Once operational, the project is expected to generate enough electricity to power approximately 220,000 homes and prevent more than 560,000 tonnes of greenhouse gas emissions annually.

Over the year we also supported customers who create energy storage solutions. The Bank was able to support the project financing of Koorangie Energy Storage System and the first battery portfolio financing for Akaysha Energy's Brendale and Ulinda Park batteries. These projects are expected to play a key role in facilitating the increased adoption of renewable generation required to transition Australia's electricity grid.

1 In the interest of transparency and timeliness, we have disclosed the cumulative funding of our subsidiary ASB's progress against their SFT. However, ASB is subject to a separate NZ mandatory disclosure regime and expects to publish a standalone climate report later this year. As such, the equivalent numbers in ASB's own disclosures may change between the publication of CBA's 2024 Climate Report and ASB's 2024 climate-related disclosures.

Contribution to CBA SFT by asset class

Our SFT eligibility criteria details how we assess assets and classify them into our SFT asset classes. As industry frameworks and market practices continue to evolve, robust eligibility criteria that supports governance and transparency of asset eligibility is important. This year we published an updated *Green, Social and Sustainability Funding (GSSF) Framework*. As part of a review of our SFT, we made updates to our SFT eligibility criteria to more closely align asset eligibility classes with our *GSSF Framework* for the following asset classes: renewable energy, pollution and waste management, affordable and social housing, and other social assets.

This year we have decided to report affordable and social housing as a standalone category (previously disclosed within the 'social assets' asset class) to provide greater transparency of progress against assets in this category. Contributions from 1 July 2023 onwards for *energy efficiency* will now be reported within the asset class based on the underlying asset's eligibility, for example renewable energy. We will continue to review our eligibility criteria as market practices evolve and disclose any changes in the same reporting period they are made.

Asset class ($bn)	30 June 2020 balance of lending	New and incremental financing since 1 July 2020[1]	Of which: FY24 contributions[2]
Energy efficient residential buildings	24.1	27.1	No new or incremental contributions added from 1 July 2023[3]
Sustainability-Linked Loans	0.7	10.2	3.1
Low carbon commercial buildings	4.5	8.5	3.6
Renewable energy	2.9	6.3	2.2
Affordable and social housing	0.2[4]	1.0[4]	–
Other social assets			–
Low carbon transport	1.0	0.8	0.5
Pollution and waste management	0.1	0.1	0.1
Energy efficiency	0.0	0.2	No longer reported as a standalone asset class from 1 July 2023
Land and agriculture	0.0	<0.1	<0.1
Total	**33.5**	**54.2**	**9.5**

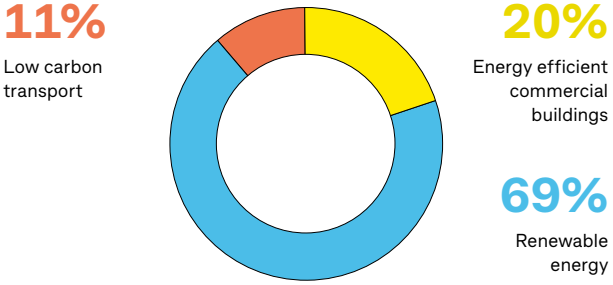
1 Prior period contributions have not been restated for changes in methodology.
2 New and incremental financing since 1 July 2023 has been included in the scope of PwC's limited assurance engagement, except for energy efficient residential buildings, which has been removed from PwC's assurance scope as no new or incremental contributions have been added from 1 July 2023.
3 We expect to see further evolution within the energy efficient residential building asset class, so for this financial year we have decided not to add any new or incremental contributions towards this asset class. We will continue to review our criteria as further market updates become available.
4 In prior year disclosures this was reported as a single asset class, 'Social assets'.

Our GSSF Impact Report

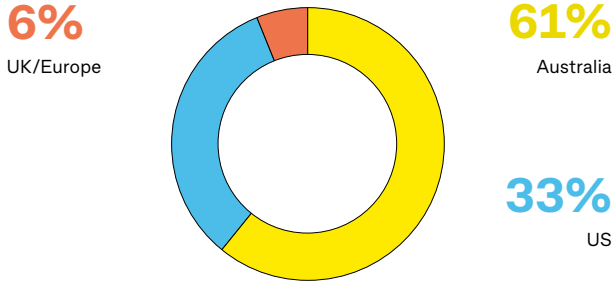
Our annual Green, Social and Sustainability Funding (GSSF) Impact Report provides insights and transparency over the issuance by CBA of sustainable funding instruments to fixed income investors, where an amount equal to the net proceeds is used to finance or refinance, in whole or in part, new and/or existing eligible projects, assets and/or expenditures. Our *GSSF Framework* sets out the governance and oversight processes that support issuance aligned to the requirements of the International Capital Market Association, and defines assets by reference to the CBI taxonomy and a conservative application of our own SFT eligibility criteria.

Our *GSSF Framework* is available at commbank.com.au/gssframework

Eligible assets by category[1] **$3.35 billion**[2]



Geographical split of eligible green assets[3]

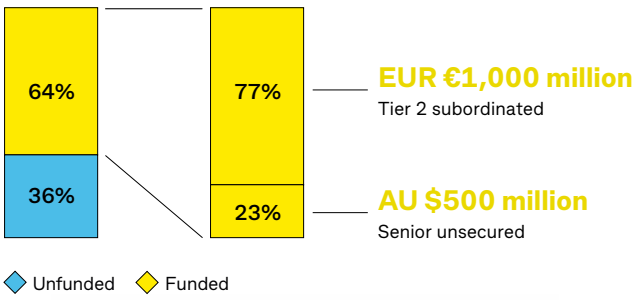


Lending type

54% Financed

46% Refinanced

Eligible asset pool funding **$2.13 billion**



The impacts from our GSSF assets are summarised on pages 104–107, with key highlights provided below.

Renewable energy	Low carbon transport	Energy efficient commercial buildings
1,210 MW Renewable energy supplied	**221** Vehicles deployed	**5.4 star** Average NABERS energy rating of low carbon buildings
389,188 Equivalent households powered by renewable energy	**39 million** Passengers carried per annum	**2,413 tCO_2-e** Estimated annual GHG emissions avoided
1,145,439 tCO_2-e Estimated annual GHG emissions avoided	**244 tCO_2-e** Estimated annual GHG emissions avoided	**1,425,814 sqm** Net lettable area

PwC has provided limited assurance in respect of our GSSF Impact Report. A copy of PwC's Assurance Report is available on pages 127–129.

1 Asset eligibility as set out in CBA's *GSSF Framework*, February 2024.
2 Drawn facility at 30 June 2024.
3 All foreign currency amounts have been converted to AUD at the spot FX rate as at 30 June 2024.

Managing our operational emissions

As at 30 June 2024 we are on track to meet our 2025 interim *Scope 1 and 2 operational emissions target*. However we are only marginally under our 2025 interim *Scope 3 operational emissions target* trajectory, due to challenges in reducing air travel emissions. We continue to work on reducing our fleet and air travel emissions as they each represent at least two-thirds of our remaining Scope 1 and Scope 3 *operational emissions*, which are required to be reduced to meet our *operational emissions* targets.

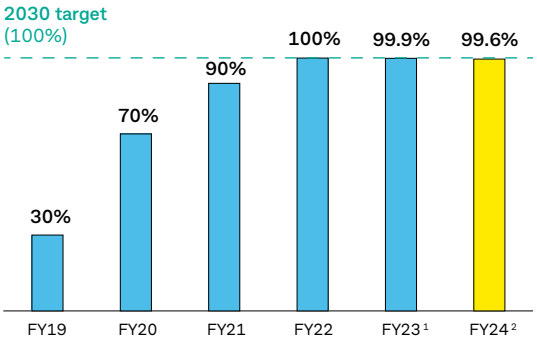
Reducing our operational impact

Where possible, we purchase the equivalent of 100% renewable electricity for all our operations through *RECs*. We achieved RE100 certification for 2023 at 99.9% for the Group, with ASB metering limitations representing the remaining 0.1%[1]. Our Australian operations have sourced the equivalent of 100% renewable electricity since January 2020. In 2021 we extended this to our other overseas operations, followed by ASB in New Zealand in 2022[1].

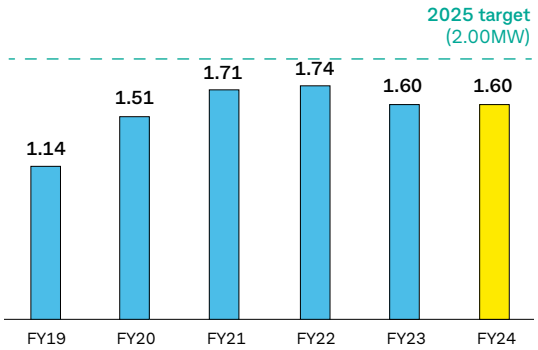
In Australia, we procure large generation certificates (LGCs) through a power purchasing agreement with a windfarm in New South Wales, along with retail contracts in other states, including nominated renewable electricity sources for the remaining LGCs. Our purchases are not limited to our Scope 2 emissions; Scope 3 electricity components, including base building and transportation, and distribution losses are also accounted for.

We currently have 1.60 MW of on-site solar capacity installed on top of 83 branches. Since installation began in 2015 we have installed a total capacity of 1.67 MW across 96 branches. Due to changes in our leasing portfolio, we have since exited some of these locations, however the solar installations remained after CBA vacated the premises. We continue to assess our network for opportunities to install more solar capacity as we approach our target to have 2 MW of on-site solar cumulative capacity installed across our Australian branches by 2025.

Group renewable electricity progress
% of annual electricity consumption matched with RECs



On-site renewable energy
Solar PV cumulative capacity installed (MW)



1 In FY22, we were able to achieve RE100 as ASB classified offsite ATMs as Scope 3 emissions that were offset through Toitū *carbon credits*. However, in FY23, ASB offsite ATMs were reclassified as Scope 2 and *RECs* could not be purchased due to metering limitations.

2 Pending acquisition and acquittal of *RECs* and RE100 certification in arrears. ASB were unable to purchase *RECs* for electricity consumed by offsite ATMs due to data and metering limitations, and for electricity in branches that are directly paid by our landlords.

Managing our residual emissions

Our approach is to reduce emissions, and where possible, source the equivalent of 100% renewable electricity before offsetting residual emissions within our currently reported boundary, which we will evolve over time. We recognise that reductions will take time and there are challenges in transitioning *harder-to-abate* sectors to low carbon alternatives. As such, our *operational emissions* strategy includes purchasing *ACCUs* to offset residual emissions.

In Australia and our other overseas operations, we have maintained our relevant certification under *Climate Active*, purchasing *ACCUs* from Indigenous Savanna Burning projects to offset residual emissions. CBA supports the development of a more regulated and credible marketplace to purchase voluntary *carbon credits* to offset residual emissions. We are monitoring developments related to the *ACCU* Scheme and the *Climate Active* program and intend to review our approach to offsetting our residual emissions following confirmation of the proposed reforms to the *Climate Active* program.

In 2023, ASB pre-purchased *carbon credits* for 2024 sourced from GHG removal projects under the Permanent Forest Sink Initiative (PFSI). In 2024, *Toitū Envirocare* announced its commitment to align their practices with international standards. As a result, they will no longer accept *carbon credits* issued under the New Zealand PFSI for offsetting purposes. However, *Toitū Envirocare* still honours the use of existing pre-purchased, 'reserved' New Zealand credits. As part of the transition phase, ASB will apply 2024 pre-purchased credits sourced from New Zealand-based projects that are PFSI compliant. ASB maintains a net carbonzero certification through *Toitū Envirocare*.

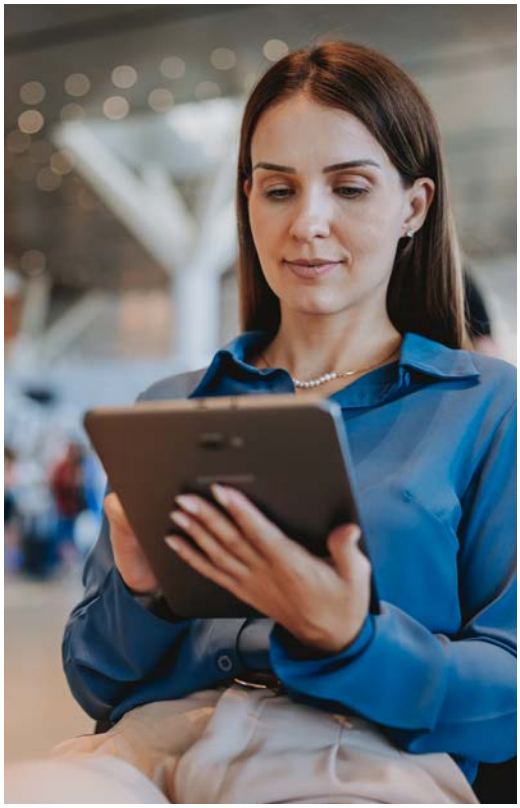
Our certifications, including details on our boundary inclusions for Scope 1, 2 and selected Scope 3 emissions, are available on the *Climate Active* and *Toitū Envirocare* websites.

Transitioning our fleet

This year we have formalised a strategy to transition 100% of the Group's fleet to hybrid and EVs by 2030, with a priority to transition to EVs.

By purchasing the equivalent of 100% of our electricity demand associated with charging vehicles within our CBA fleet, we expect to reduce our fleet Scope 2 emissions by approximately 90% from our 2020 baseline by 2030. As at 30 June 2024, approximately 50% of CBA's fleet has been transitioned to hybrid and EVs, with 97 EVs registered and on the road.

As at 30 June 2024, 70% of ASB's fleet has been transitioned to hybrid and EVs, with 196 EVs registered and on the road.



Developing a flight dashboard

Emissions associated with air travel make up 74% of Scope 3 *operational emissions* within our target. As a *harder-to-abate* sector, the aviation industry relies on alternative fuel sources to achieve long-term emissions reductions. Without technological advancement, the main way the Bank can lower emissions is by flying less. Unfortunately, with Australia being a large island continent, there are limited efficient lower emissions transport alternatives for business travel between major cities in Australia, and there are no feasible alternatives for international travel, including to our operations in India. We are exploring ways in which we can better assess our data on air travel and target our efforts to reduce emissions over the long term.

During the year, we launched a new one-stop tool for CBA employees to elevate visibility of air travel emissions. This self-service dashboard allows our people to review travel to date, assess trends and emissions, and run scenarios to assist with decisions on future travel plans. Our business, finance and sustainability team members are working together to consider how we can more closely align business activity with our *Scope 3 operational emissions target*.

We also became a member of the Qantas *SAF* coalition, a program aimed at developing a domestic *SAF* sector. *SAF* is expected to be the primary *decarbonisation* option for most Australian air travel prior to 2030. Membership contributes to the airline's incremental cost of purchasing *SAF*. The use of *SAF* purchased via CBA's membership would be equivalent to avoiding 500tCO_2-e of CBA's Scope 3 *operational emissions*.

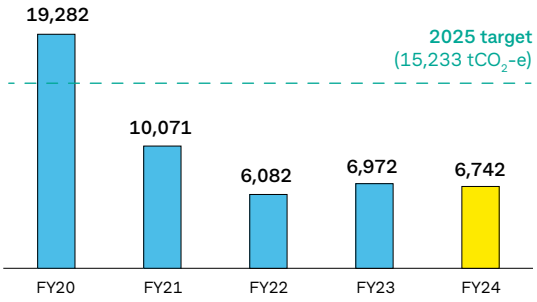
Progress on our operational reduction targets

In 2024 we updated our *Scope 3 operational emissions target* to align with a pathway to limit global warming to 1.5°C, except for air travel which remains aligned to a well below 2°C pathway. Additionally, we have updated our Scope 3 baseline due to material business structure changes, including divestments, that have taken place since developing the initial baseline. As at 30 June 2024, we are on track to meet our 2025 interim *Scope 1 and 2 operational emissions target*. We continue to see *operational emissions* normalising following COVID-19, and are marginally under our 2025 interim *Scope 3 operational emissions target* trajectory due to challenges reducing air travel emissions. We have made progress on our fleet transition and have incorporated improved oversight and reporting on air travel throughout the year using our flight dashboard.

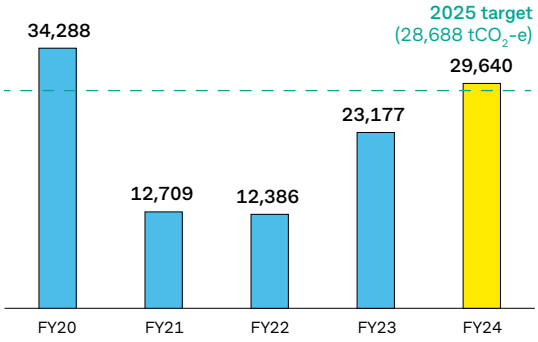
For a reconciliation of our Scope 1 and 2, and Scope 3 *operational emissions* reported in our Annual Report and those within our reduction targets, see page 113.

	Scope 1 & 2 operational emissions	Scope 3 operational emissions
Our targets	**2020 baseline: 19,282 tCO_2-e** **Reduction of 21% by 2025** **Reduction of 42% by 2030**	**2020 baseline[1] : 34,288 tCO_2-e** **Reduction of 16.3% by 2025[2]** **Reduction of 32.7% by 2030[2]**
Our progress	Since 2020, we have reduced our Scope 1 and 2 emissions by 65% from our 2020 baseline, currently exceeding our 2025 target of a 21% reduction. The main driver of this reduction is the purchase of renewable electricity certificates for our New Zealand and other overseas Scope 2 emissions. We continue to look for potential *energy efficiency* measures and report our location-based emissions in the Annual Report sustainability metrics. Our fleet emissions provide the greatest opportunity for ongoing reductions, representing 80% of the remaining Scope 1 and 2 *operational emissions* required to be reduced in order to meet our target. This year we have formalised a strategy to transition 100% of the Group's fleet to hybrid and EVs by 2030.	Since 2020, we have reduced our Scope 3 emissions by 14% from our 2020 baseline, which is marginally under our 2025 target trajectory by 191 tCO_2-e. The main driver of this reduction is from optimising our freight demand and partnering with a supplier that currently has Australia's largest electric delivery vehicle fleet. Freight-related Scope 3 emissions have also reduced 30% this year. This is a continued reduction from implementing changes with our courier supplier, optimising operations and improving data availability. Air travel continues to represent the greatest challenge, representing 74% of the remaining Scope 3 *operational emissions* required to be reduced in order to meet this target. This year we have embedded a flight emissions dashboard and trained key staff on how to plan and track air travel emissions in line with our target.
Focus areas	We continue to work towards transitioning the Group's fleet to 100% hybrid and EVs by 2030.	We continue to increase business visibility of travel-related emissions and are working closely with our people to manage flight demand.

Scope 1 and 2 operational emissions
Performance against target (tCO_2-e)



Scope 3 operational emissions
Performance against target (tCO_2-e)



1 Business travel emissions baseline adjusted to FY19 values to normalise for the impacts of the COVID-19 pandemic. Scope 3 emissions baseline updated to reflect material business structure changes.

2 In 2024 we increased our Scope 3 target ambition to a 16.3% reduction by 2025 and a 32.7% reduction by 2030. This aligns with a pathway to limit global warming to 1.5°C for all selected operational Scope 3 emissions categories, except for air travel which remains aligned to well below 2°C pathway.

Appendix

This section describes the calculations, methodologies, assumptions and key references used in the preparation of this report.

PwC has provided limited assurance in respect of our *financed emissions* progress (Australian housing, Australian commercial property, power generation, transport, heavy industry, upstream oil and gas extraction, and thermal coal mining) and the CBA Sustainability Funding Target. PwC has also provided limited assurance in respect of our *Green, Social and Sustainability Funding Framework*. Copies of PwC's Assurance Reports are available at the end of this report on pages 123–129.

1. Reporting boundaries

The below table outlines the entity-level reporting boundaries for our metrics. This is used for identifying data and/or exposures to be considered for inclusion in each metric. Inclusion within the boundary reflects the scope of assessment, and does not imply there were exposures present in any given period. Further detail on specific sector boundaries are provided in the sections that follow.

For more information on each metric, refer to the relevant section.

Metric	CBA	BW	ASB[1]	PTBC[2]
Sector-level targets				
Australian housing	✓	✓		
Australian commercial property – office, retail and industrial	✓	✓		
Power generation	✓	✓		
Transport – Australian road (passenger and light commercial vehicle finance)	✓	✓		
Transport – aviation	✓	✓		
Transport – shipping	✓	✓		
Heavy industry – steel, alumina, aluminium and cement	✓	✓		
Upstream oil and gas extraction	✓	✓		
Thermal coal mining	✓	✓		
Financed emissions[3]	✓	✓	✓	
CBA Sustainability Funding Target (SFT)	✓	✓		
ASB Sustainability Funding Target[4] **(SFT)**			✓	
Climate scenario analysis[5]	✓	✓	✓	
Operational emissions	✓	✓	✓	✓

1 The scope of our sector-level *financed emissions* targets for thermal coal mining, upstream oil and gas extraction, power generation and heavy industry (steel, alumina, aluminium and cement) previously included ASB exposures. Recognising ASB's intention to progressively set its own sector-level *financed emissions* reduction targets for its key carbon intensive sectors and to report progress in its 2024 climate-related disclosures, this year we have updated the scope of relevant CBA sector-level *financed emissions* targets to exclude ASB exposures. We have assessed the impact of this change in line with our restatement policy outlined on page 80, and determined the impact to be immaterial. As such, we have not restated prior period reported metrics.

2 PTBC was deconsolidated from the Group on 1 May 2024. For more information see Note 1.1 and 11.3 on pages 143 and 279 of the 2024 Annual Report.

3 See our *financed emissions* methodology on pages 78–85 for further details on the scope of the calculation.

4 ASB's SFT of NZ $6.5 billion against a 2022 baseline is tracked separately to CBA's $70 billion SFT.

5 ASB is included within our assessment of elevated transition risk for our *non-retail* portfolio only. See page 52 for more information.

2. Financed emissions

This methodology is used for the *financed emissions* table on pages 66–67 of the Metrics and Targets chapter.

This year, we continued to evolve our internal capabilities to calculate our *financed emissions* to support our ability to report on and deliver against our sector-level *financed emissions* targets. This included uplifting our *financed emissions* methodologies for the transport and Australian commercial property sectors to leverage additional sources of data used in our *financed emissions* targets for these sectors. During the year, *PCAF* published updated *emissions factors*[1] and unit conversion guidance on adjusting monetary-dependent *emissions factors* for inflation and currency. We adopted these conversion factors in this year's calculations to adjust 2019 Euro denominated *emissions factors* to equivalent 2022 and 2023 Australian dollar values. In addition, we expanded the coverage of our *financed emissions* disclosure to cover New Zealand commercial property as well as a new asset class, Australian motor vehicle finance. The introduction of this new asset class has resulted in certain finance leases and hire purchase and equipment loan exposures being reclassified from business lending to Australian motor vehicle finance, as well as some consumer finance exposures being moved from out-of-scope to in-scope.

The expanded scope, and adoption of data enhancements, have led to material changes at a sector level in *financed emissions* reported for some sectors, such as transport and Australian commercial property. We have restated our 2022 *financed emissions* to allow comparison with the previous period. Refer to page 80 for our *financed emissions* restatement policy.

The scope of our financed emissions calculations

The below table summarises the key methodological decisions that underpin our *financed emissions* methodology.

Methodology decision	CBA's choice
Scope – financial products and services	The in-scope portfolio excludes finance and insurance, and government administration and defence ANZSICs. Portfolios not assessed include consumer finance (excluding Australian motor vehicle finance) and commercial property outside of Australia and New Zealand.
Scope – PCAF asset classes	Business loans and unlisted equity, residential mortgages, commercial real estate, project finance and motor vehicle loans.
Scope – customer emissions	Customer Scope 1 and 2 emissions for all sectors in-scope except for Australian agriculture and power generation, which include Scope 1 emissions only. Customer Scope 3 emissions for upstream oil and gas extraction, thermal coal mining or heavy industry. In power generation, upstream oil extraction and upstream gas extraction, thermal coal mining and heavy industry, where we have identified that a customer owns but does not operate certain assets, we include a proportion of the emissions related to the operation of those assets within these customers' Scope 1, 2 and 3 emissions, following the equity share approach. In aviation and shipping, where we have identified that a customer leases aircraft or vessels, we include the emissions associated with the aircraft or vessel in the customer's Scope 1 and 2 emissions.
Measurement – attribution	For business loans and project finance, the *attribution factor* numerator is *in-scope drawn lending* and the *attribution factor* denominator is Enterprise Value (EV) or Enterprise Value Including Cash (EVIC). For housing, the *attribution factor* is Loan to Value Ratio (LVR), which is the outstanding loan amount divided by the value at origination. For Australian commercial property, the *attribution factor* is outstanding loan amount divided by property value. For road transport, the *attribution factor* is outstanding loan amount divided by the vehicle value at origination.
Measurement – customer emissions	Following the *PCAF* data hierarchy, we prioritise the use of customer-level emissions data, followed by activity and economic estimation. For our business lending portfolio, we use reputable third-party data providers to increase our coverage of customer emissions data. This includes Bloomberg, Australian Government Clean Energy Regulator National Greenhouse and Energy Reporting Scheme (NGERs) and United States Energy Information Administration (US EIA). For customers in our sector-level *financed emissions* targets, we also conduct primary research for customer emissions data.
Reporting period	*Financed emissions* lag behind our Climate Report by one year given customer reporting cadences. Our 2024 Climate Report presents *financed emissions* as at 30 June 2022 and 30 June 2023. When collecting customer emissions, financial or activity data, we use the reported information closest to but prior to the reporting period date.

1 *PCAF* Database March 2024 version.

Methodology decision	CBA's choice
Baseline year	Our baseline for *financed emissions* is 30 June 2020 (FY20). In accordance with *NZBA* requirements, our sector-level targets may have different baseline years, based on sector specific considerations and when we published them. These considerations generally include data availability or external factors, such as COVID-19. The table on page 91 outlines the baseline year for our sector-level targets.

Scope – financial products and services

We continue to calculate the *financed emissions* of our business lending portfolio (including project finance), Australian commercial property, and Australian and New Zealand housing. This year, we expanded our scope to include New Zealand commercial property and Australian motor vehicle finance and updated our approach to calculate *financed emissions* for this asset class in line with *PCAF*.

The in-scope portfolio excludes finance and insurance, and government administration and defence ANZSICs. Portfolios not assessed include consumer finance (excluding Australian motor vehicle finance) and commercial property outside of Australia and New Zealand.

Over the period, we observed developments in *financed emissions* frameworks including the publication of 'Part B' of *PCAF's* Global GHG Accounting and Reporting Standard, which includes a new methodology for *facilitated emissions*. We have not estimated *facilitated emissions* this year but expect to do so in future in alignment with Version 2 of the *NZBA* Guidelines for Climate Target Setting for Banks[1], which has expanded to include banks' capital markets activities within the scope of sector-level targets. By 1 November 2025, updated *NZBA* target setting guidelines will require CBA to review our existing targets to include *facilitated emissions* related to capital markets activities. The updated *NZBA* guidelines will also require capital markets activities to be included in any new targets published from 1 November 2025.

At this stage, we do not estimate emissions for the sovereign debt asset class due to the concentration of our exposure in Australia and the lack of methodology for sub-sovereign and municipal counterparties. We do not calculate insurance-associated emissions, as they are not relevant to our current business operations.

Scope – customer emissions

In general, we calculate our *financed emissions* using estimates of customers' Scope 1 and 2 emissions.[2] We recognise the significance of our customers' Scope 3 emissions and we aim to adopt *PCAF's* prescribed phase-in approach as it stood when CBA signed up to *PCAF* in 2022 and where adequate data is available. We consider the availability of data and methodologies on a sector-by-sector basis.[3] This year, we have continued to include Scope 3 emissions for our thermal coal mining, upstream oil and gas extraction, and heavy industry portfolios, reflecting a relatively high coverage of customer reported activity data or Scope 3 emissions across these sectors. Due to limited availability of customer reported emissions we do not include Scope 3 emissions for some business lending sectors prescribed by *PCAF* for inclusion from 2023 onwards, such as other mining, other manufacturing and transport. We do not estimate Scope 3 emissions for commercial property and Australian housing due to limited available *embodied carbon* emissions data and methodologies.

In aviation and shipping, it is common for customers to lease aircraft and vessels. The emissions associated with these aircraft and vessels would represent Scope 3 emissions for the customer. Where we identify such leases, for clarity of presentation and consistency with our sector-level *financed emissions* targets, we include the emissions associated with the aircraft or vessel in the customer's Scope 1 and 2 emissions. For more information on Scope 3 measurement please see pages 88–89.

In line with the *PCAF* Standard, when we refer to our *financed emissions* this is absolute gross emissions. Where data allows we aim not to reflect our customers' use of *carbon credits*, or customers' avoided emissions or emissions removal. Where we use customer reported emissions in our estimates, our efforts are largely dependent on the availability of gross reported emissions by third-party data providers (such as NGERS, Bloomberg and US EIA). Where we rely on estimation using *emissions factors*, we prioritise the use of gross emissions where available, such as Exiobase (extracted from the *PCAF* database) and Australian National Greenhouse Accounts. Due to the scale of our portfolio, we may not always be able to confirm that emissions data is presented on a gross basis, this may improve over time with the adoption of mandatory reporting standards.

Limitations with diversified companies and data availability

To estimate our *financed emissions*, we generally allocate each customer to a specific sector, using ANZSIC codes. Where *emissions intensity* multipliers are used, we calculate the emissions for that customer based on their allocated sector. Accordingly, if a customer is diversified across business activities, the estimate of their emissions may lead to an under- or overstatement of *financed emissions* at the sector level.

Financed emissions calculations use point-in-time financial data and also use emissions data reflecting a 12 month period. There can be lags in customer emissions data which impacts alignment of timing with financial data.

1 Refer to page 121 for source.

2 *Absolute emissions* for Australian agriculture and power generation includes Scope 1 only.

3 The *PCAF* Standard provides a set of NACE codes for identification of these sectors. NACE is the abbreviation for the Statistical Classification of Economic Activities in the European Community.

Financed emissions restatement policy

Financed emissions methodologies and data continue to evolve. We may consider changing our baseline or restating prior periods in circumstances including but not limited to changes in calculation methodologies or scope of targets, new information, changes in data availability and assurance expectations, identification of material discrepancies, or significant changes in our, or our customers' business model.

Where we identify such a circumstance, through the preparation of our disclosures, we consider materiality in determining whether or not to change our baseline or restate prior periods. Factors that are considered include materiality in relation to CBA's total reported *financed emissions* for the relevant period, and in relation to reported progress towards a relevant sector-level target. Our assessment of materiality is guided by consideration of the Corporate GHG Protocol, which points to a 5% of total inventory threshold as a 'rule of thumb' for determining materiality, but also notes that the full context should be considered. As such, where a recalculation falls beneath that 5% threshold, we may also consider the circumstances of the recalculation to guide our assessment. In circumstances where a restatement impacts a sector-level target, or our progress towards a sector-level target, then we provide an explanation and drivers of this change. Restatements are brought to the attention of the relevant governance committees prior to inclusion in external reporting.

Emissions measurement approach

Estimating emissions for business lending

For the business lending portfolio (including project finance), we follow the *PCAF* business loans data hierarchy. This approach enables the assignment of a data quality score from one to five (highest to lowest) which accounts for the varying levels of estimations and uncertainty in a customer's emissions. The table below outlines the options and formulas applied for any sectors where the measurement framework applied is *PCAF* business loans. All sectors in the business lending asset class follow this methodology. More information is provided where we have refined the approach for a sector, such as for Australian agriculture and other sector-level sections. The business lending asset class does not include commercial property, housing and motor vehicle finance.

Data quality score	Option	Formula	Estimation Methodology
1 or 2	Customer emissions	*In-scope drawn lending* / *Company EV/EVIC*[1] *x Customer emissions*	Emissions are estimated based on customer-specific emissions data, which have been verified[2] by a third-party auditor (Data quality score of 1) or are unverified (Data quality score of 2). This approach is applied to all sectors, where customers can be identified in reputable emissions data sources (Bloomberg, NGERS and US EIA). For customers included in our sector-level financed emissions targets we may also collect emissions from other sources, including directly from customers.
3	Customer activity – based estimation	*In-scope drawn lending* / *Company EV/EVIC*[1] *x Customer activity* *x Activity emissions factor*	Emissions are estimated based on primary activity data for the company's production and emissions factors specific to the production. Where customer production and financials data were available, this approach was applied to estimate emissions for thermal coal mining, upstream oil and gas extraction, power generation and the Australian agriculture sectors.
4	Economic estimation – revenue	*In-scope drawn lending* / *Company EV/EVIC*[1] *x Customer revenue* *x Sector revenue emissions factor*[3]	Emissions are estimated based on sector-level economic emissions intensity factors (tCO_2-e/$revenue). Where company revenue and financials are known, this method was applied to customers not in-scope of a sector-level financed emissions targets.
5	Economic estimation – $ lent	*In-scope drawn lending* / *x Sector asset emissions factor*[3]	Emissions are estimated based on sector-level economic emissions intensity factors (tCO_2-e/$lent). This method is applied to all sectors, where customer emissions, production or financial data is not available.

1 EVIC is defined by *PCAF* as the sum of market capitalisation of ordinary shares at fiscal year-end, the market capitalisation of preferred shares at fiscal year-end, and the book value of total debt and minorities' interests. No deduction of cash or cash equivalents are made to avoid the possibility of negative enterprise values.

2 Where we have reported emissions, but have not confirmed verification by a third-party auditor, we assign a data quality score of 2. At this stage, this includes emissions sourced from databases such as NGERs and Bloomberg.

3 Revenue and sector asset *emissions factors* are sourced from Exiobase and extracted from the *PCAF* Database, excluding our New Zealand portfolio, Australian agriculture and sectors for which we have set *financed emissions* targets. Refer to the *PCAF* Database Terms of Use for more information: https://db.carbonaccountingfinancials.com/docs/PCAF Database_Terms of Use_042023.pdf. For information on *emissions factors* for Australian agriculture refer to page 83. For information on *emissions factors* for sectors for which we have set *financed emissions* targets, refer to pages 86–91. For our New Zealand portfolio, sector revenue and sector asset *emissions factors* are derived using data from Statistics New Zealand, Ministry for Environment, and Energy Efficiency & Conservation Authority. Sector revenue and asset factors are applied on a 'sector best-fit' approach based on ANZSIC classification.

Estimating emissions for the housing sector

For the Australian and New Zealand housing portfolios, we measure the emissions for on-balance sheet loans for the purchase and refinance of residential property. Home Equity Loans (HELs) and Home Equity Lines of Credit (HELOCs)[1] are not included in *financed emissions* for this sector given these products are considered consumer loans for general purposes, with unknown use of proceeds. Australian home loans used to construct or renovate a house are also included once construction is complete, and the customer has received their final draw down. New Zealand housing includes home loans used to construct or renovate a house at the date of the first draw down.[2] Due to data limitations we currently include guarantor properties in our Australian housing portfolio.[3]

We measure the emissions of our loans associated with CBA, Bankwest, ASB and Residential Mortgage Group (RMG). Unloan was included for the first time this year.[4]

Australian housing

We include material greenhouses gases related to Australian housing, reported in CO_2-e, including: Scope 1 emissions relating to the burning of natural gas and liquefied petroleum gas (LPG) for cooking and heating; and Scope 2 emissions from the use of grid electricity in the household.

To calculate Australian housing emissions, the following steps are used:

1. Collect location-specific average energy consumption benchmarks.[5,6] For electricity these are stratified by climate zone[6] and household size, for gas these are stratified by state and household size, for LPG these are stratified by state.
2. Calculate an estimate of household size, by multiplying the number of bedrooms (sourced from valuers or external data providers) by the ratio of average number of people per household (2.5) and average number of bedrooms per dwelling (3.1), sourced from the Australian Bureau of Statistics (ABS) 2021 Census data.[7] If number of bedrooms is not available, we apply a portfolio-based state average by dwelling type (apartment or house).
3. Calculate the estimated energy consumption for each household by assigning the relevant benchmarks.
4. Calculate an estimate of *absolute emissions* for each household by multiplying the energy consumption by a relevant *emissions factor.*[8]
5. Attribute our share of the household emissions by multiplying the household emissions by the LVR, or the outstanding loan value divided by the value of the security at origination.

Where number of bedrooms and property location is known we assign a *PCAF* score of 4, where unknown we assign a *PCAF* score of 5.

New Zealand housing

We include material greenhouse gases related to New Zealand housing, reported in CO_2-e, including: Scope 1 emissions relating to the burning of natural gas, LPG, wood, and coal for cooking and heating; and Scope 2 emissions from the use of grid electricity in the household.

To calculate New Zealand housing emissions, the following steps are used:

1. Collect New Zealand's total residential energy consumption from the 2022 Ministry of Business, Innovation & Employment Energy Balance Report.
2. Calculate energy consumption per dwelling by dividing the total energy consumption from step 1 by the number of dwelling units in New Zealand, sourced from Stats NZ.
3. Calculate energy consumption per square metre by dividing the energy consumption per dwelling from step 2 by the average floor area. The average floor area is calculated using building consent data from Stats NZ.
4. Calculate an *emissions factor* per square metre by multiplying the energy consumption per square metre calculated in step 3 by the relevant *emissions factor* from the latest Ministry for the Environment Measuring Emissions Guidance (2024).
5. Calculate an estimate of *absolute emissions* for each household by multiplying the *emissions factor* by building floor area. If floor area is not available we apply the portfolio average floor area per dollar lent.
6. Attribute our share of the household emissions by multiplying the household emissions by the LVR, or the outstanding loan value divided by the value of the security at origination. Where floor area is known we assign a *PCAF* score of 4, where unknown we assign a *PCAF* score of 5.

1 HELs and HELOCs include Viridian Line of Credits (VLOCs), ASB Orbit and ASB HomePlus products.
2 ASB home loans relating to construction or renovation are also included before construction is complete.
3 The inclusion of guarantor properties in the Australian housing portfolio has been assessed as immaterial.
4 Unloan is included in our 2023 *financed emissions* only.
5 Electricity and gas benchmarks are based on the Australian Energy Regulator electricity and gas benchmark dataset 2020. LPG benchmarks are based on the Australian Energy Statistics residential sector statistics.
6 WA and NT did not have benchmark data, therefore benchmark data for QLD and NSW was used as they have similar climate zones. For NT and WA regions where the climate zone was 1, 2 or 3, QLD data was used. For WA with climate zone 4 or greater, NSW was used.
7 Number of bedrooms table, 2021 Census All Persons QuickStats.
8 Based on the Australian National Greenhouse Accounts.

Estimating emissions for the Australian commercial property sector

Australian commercial property consists of secured and unsecured loans that are classified as being for the purchase and refinance of commercial property based on the customer's ANZSIC classification.[1] Due to data availability this includes general *corporate finance* to customers whose primary business activity is commercial real estate.

We include material greenhouse gases related to Australian commercial property operations, reported in CO_2-e, including: Scope 1 emissions relating to the burning of gas and Scope 2 emissions from the use of grid electricity in the building.

To calculate Australian commercial property emissions, the following steps are used for our secured portfolio where building type and location are known:

1. Where *NABERS* whole building data exists for a property, collect electricity and gas consumption values from the *NABERS* ratings register.
2. Where *NABERS* whole building data does not exist for a property, but where building type and location are known:
    a. Collect Australian energy consumption benchmarks for electricity and gas, stratified by building type and Statistical Area Level 4.[2]
    b. Calculate the estimated energy consumption for each property by assigning the relevant benchmarks.
3. Calculate an estimate of *absolute emissions* for each property by multiplying the energy consumption by a relevant *emissions factor.*[3]
4. Attribute our share of the property emissions by multiplying the property emissions by the *attribution factor* which is the outstanding loan value[4] divided by the value of the property.[5]

Where property data is not available, the portfolio average is used to estimate emissions. We do this at a customer level by applying the average Scope 1 and Scope 2 emissions per customer where building data is available.

We assign a *PCAF* data quality score of 2 where *NABERS* whole building data exists, and a score of 5 in all other cases. Our estimation of emissions for commercial buildings is dependent on the coverage and accuracy of available property-level information. We expect to refine our approach over time, including incorporating new sources of property-level data as these become available.

Estimating emissions for the New Zealand commercial property sector

New Zealand commercial property consists of lending for specific corporate purposes, where the property is used for commercial purposes such as retail, hotels, office space, industrial or large multi-family rentals.

We include material greenhouse gases related to New Zealand commercial property operations, reported in CO_2-e, including: Scope 1 emissions relating to the burning of gas and Scope 2 emissions from the use of electricity in the building.

To calculate New Zealand commercial property emissions, the following steps are used:

1. Electricity and gas consumption values are provided on a per metre squared and per premise category from the BRANZ Building Energy End-Use Study report.
2. The premise category *emissions intensity* per square metre are mapped to ASB's commercial real estate industry categories. Residential buildings use the *emission factors* derived for the residential mortgage asset class.
3. An *emissions intensity* per square metre for each premise type is calculated by multiplying the energy consumption per square metre (from step 1) by a relevant *emissions factor* from Ministry for the Environment.
4. Calculate an estimate of *absolute emissions* for each building by multiplying the *emissions intensity* by the floor area of each building.
5. Attribute our share of the commercial property emissions by multiplying the commercial property emissions by the outstanding loan value divided by the value of the security at origination. Where the property data is unavailable, the portfolio average is used to estimate emissions. We assign a *PCAF* score of 4 where property data is available, and a score of 5 in all other cases.

1 Australian commercial property exposure includes ANZSIC 771 Property Operators and Developers (excluding developers, vacant land, caravan parks and camping grounds) and property trusts identified in ANZSIC 732 Deposit Taking Financiers. The ANZSIC classification system does not provide this granularity. We use our internal industry classification system to identify these exposures.

2 Benchmarks derived by dividing the electricity and gas consumption data and the number of buildings by building type and Statistical Area Level 4 from the 2022 Commercial Buildings Baseline Study (CBBS).

3 Based on the Australian National Greenhouse Accounts.

4 Where loans were linked to multiple securities, the drawn exposure was apportioned to each security using the valuation amounts as weights.

5 In line with *PCAF*, where we are unable to use value at origination, due to data availability the value of the security is fixed at the most recent value available at the time that the *financed emissions* target for this sector was set. In addition, we have excluded aged valuations data for certain exposures in order to ensure that the valuation is relevant to our baseline year for the target.

Estimating emissions for the Australian agriculture sector

Australian agriculture consists of loans for the primary purpose of agriculture primary production.[1]

Our *financed emissions* estimation for Australian agriculture includes Scope 1 emissions only. For livestock, this includes the most material emissions sources of enteric fermentation, manure management and agricultural soils. For grains and cropping, this includes agriculture soils, field burning of agriculture residues and rice cultivation. Scope 2 emissions, *land use change and removals emissions* are not included due to data and methodology availability. We have explored introducing estimates of our *land use change and removals emissions* this year and expect to do so in the future once the necessary data is publicly available.

The following steps are used to calculate Australian agriculture emissions, where customer agriculture activity, for example head of cattle and tonnes of crop, and financial data are available:

1. Collect customer activity data.[2] For livestock this is head count stratified by livestock class[3] and state. For grains and cropping this is tonnes of product.
2. Calculate an estimate of Scope 1 *absolute emissions* by multiplying the relevant activity by the relevant *emissions factor.* Beef, dairy and sheep *emissions factors* are derived from the National Greenhouse Accounts.[4] Grains and cropping are sourced from FAOSTAT extracted from the *PCAF* Database.
3. Attribute our share of the calculated emissions by multiplying a customer's total estimated *absolute emissions* by the customers *attribution factor* which is the *in-scope drawn lending* divided by the customer's equity and debt.[5]

Where customers' agriculture activity data is not available, we apply economic estimation. For customers where revenue is known, we apply commodity specific *emissions factors* derived from Australian Government National Greenhouse Accounts and the Australian Bureau of Agricultural and Resource Economics and Science, agriculture commodities statistical tables. For customers where revenue is unknown, we convert the derived revenue *emissions factor* to an asset factor by applying an asset turnover ratio, sourced from our internal customer data.

We assign a *PCAF* data quality score of 3 where customer agriculture activity data exists, a score of 4 when revenue is known and a score of 5 in all other cases.

Agriculture data is complex, our estimation for Australian agriculture is dependent on the coverage and accuracy of available customer information. We expect to refine our approach over time, including incorporating customer measured emissions as these become available.

1 Australian agriculture exposures include ANZSIC subdivision 01 (Agriculture), excluding lending by ASB.

2 Through the construction of the required production data and leveraging annual livestock return data provided by customers, we have had to make some assumptions and apply our business knowledge.

3 We have mapped our internal dairy, sheep and beef livestock categories to the National Inventory livestock classes (for example Heifers >1 year and Heifers <1 year).

4 *Emissions factor* derived by dividing the relevant emissions by the livestock activity from National Greenhouse Accounts.

5 We use estimated market value equity and debt that is calculated as part of our credit risk review process, this includes land valuation.

Estimating emissions for the Australian motor vehicle finance sector

Australian motor vehicle finance consists of financing for the specific purpose of purchasing motor vehicles, including passenger vehicles, light commercial vehicles, motorcycles, buses and heavy vehicles. Emissions from these vehicles are CO_2 only (or CO_2-e subject to data limitations). This is comprised of Scope 1 tailpipe emissions relating to fuel consumption; and Scope 2 emissions from the use of grid electricity to power EVs.

To calculate Australian motor vehicle finance emissions, the following steps are used:

1. Source vehicle type[1], make and model from internal systems.
2. Collect average *emissions intensity* (gCO_2/vehicle km) for each vehicle make and model from reputable external sources including Glass's and the Green Vehicle Guide.[2] Where data is not available, *emissions factors* for each vehicle type derived from Bureau of Infrastructure and Transport Research Economics (BITRE) are used.[3] Where vehicle type, make and model are unknown but the vehicle has been verified as an EV or hybrid, then the *emissions intensity* is conservatively assumed to be 120 gCO_2/vehicle km.[4]
3. Collect average energy consumption (Wh/vehicle km) for each power electric vehicle make and model, from the Green Vehicle Guide. Calculate the average Scope 2 *emissions intensity* (gCO_2-e/vehicle km) by multiplying this by a relevant *emissions factor.*[5]
4. Collect average annual distance travelled for each vehicle type from BITRE.[6]
5. Calculate an estimate of *absolute emissions* for each vehicle by multiplying the distance travelled by the *emissions intensity.*
6. Attribute our share of *absolute emissions* by multiplying the *absolute emissions* by the *attribution factor* (outstanding loan value divided by the value of the asset at origination). Where value at origination is not known (for example, unsecured loans), an *attribution factor* of 100% is assumed.

Where the vehicle make and model is known we assign a *PCAF* score of 3. Where the vehicle make and model is unknown but the specific vehicle type is known (for instance, buses or verified passenger cars) then we assign a *PCAF* score of 4. In all other cases we assign a *PCAF* score of 5.

Financed emissions sector methodology

		Emissions measurement			
Sector	**Emissions scopes**	**GHG**	**Methodology**	**Attribution**	**Inclusions criteria**[7]
Housing					
Australian housing	1, 2	CO_2-e	PCAF: Mortgages	Outstanding loan value/value at origination	Australian residential mortgages, excluding HELs and HELOCs
New Zealand housing	1, 2	CO_2-e	PCAF: Mortgages	Outstanding balance/value at origination	ASB residential mortgages, excluding Orbit and Homeplus products
Commercial property					
Australian commercial property	1, 2	CO_2-e	PCAF: Commercial real estate	Outstanding balance/property value[8]	ANZSIC 771 Property Operators and Developers (excluding Developers, Vacant land, Caravan parks and Camping grounds) and property trusts identified in ANZSIC 732 (Deposit Taking Financiers)
New Zealand commercial property	1, 2	CO_2-e	PCAF: Commercial real estate	Outstanding balance/property value at origination	ANZSIC 771 Property Operators and Developers (excluding Developers, Vacant land, Caravan parks and Camping grounds) and property trusts identified in ANZSIC 732 (Deposit Taking Financiers)

1 Vehicles are mapped to the following BITRE vehicle types: Passenger and light commercial vehicles (passenger cars, motorcycles, light commercial vehicles), buses and heavy vehicles (rigid and articulated trucks). Refer to page 121 for source.

2 *Emissions factors* are sourced from Glass's and from the Green Vehicle Guide. See page 121 for source websites.

3 *Emissions factors* by vehicle type derived from BITRE yearbook. See page 121 for source.

4 Based on product eligibility criteria. See page 121 for source.

5 Based on the Australian National Greenhouse Accounts.

6 Average distance travelled by vehicle type sourced from BITRE yearbook. See page 121 for source.

7 For customers captured in sector-level *financed emissions* target reporting, scope of sector is aligned to sector-level target inclusion criteria. For power generation, thermal coal mining, upstream oil and gas extraction, and heavy industry if a customer is excluded based on the sector inclusion criteria they are reallocated to the respective 'Other' category. For all other customers, customers are reported based on ANZSIC classification.

8 In line with *PCAF*, where we are unable to use value at origination, due to data availability the value of the security is fixed at the most recent value available at the time that the *financed emissions* target for this sector was set. In addition, we have excluded aged valuations data for certain exposures in order to ensure that the valuation is relevant to our baseline year for the target.

		Emissions measurement			
Sector	Emissions scopes	GHG	Methodology	Attribution	Inclusions criteria[1]
Business lending					
Agriculture and forestry					
Australian agriculture	1[2]	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC subdivision 01 (Agriculture)
New Zealand agriculture	1, 2[3]	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC subdivision 01 (Agriculture)
Other agriculture, forestry and services	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC subdivisions 02 (Services to Agriculture, Hunting and Trapping), 03 (Forestry and Logging), 04 (Commercial Fishing)
Mining, oil and gas					
Upstream oil and gas extraction	1, 2, 3[4]	CO_2[5]	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC: 1511, 1512 and 1200, or >5% revenue threshold[6]
Thermal coal mining	1, 2, 3[4]	CO_2[5]	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC: 1101 and 1102, or >5% revenue threshold[6]
Other mining, oil and gas	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	All remaining ANZSIC Division B (Mining).
Electricity gas and water supply					
Power generation	1	CO_2[5]	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC: 3611, >$1m TCE[7], or >5% revenue threshold[6]
Other utilities and services	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	All remaining ANZSIC subdivision 36 (Electricity and Gas Supply) and ANZSIC Subdivision 37 (Water Supply, Sewerage and Drainage Services)
Manufacturing					
Heavy industry	1, 2, 3	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC: 2721, 2722, 2711, 2631, or >5% revenue threshold[6]
Other manufacturing	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	All remaining ANZSIC subdivision 21
Transport and storage					
Transport	1[8], 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC division I (Transport and Storage), excluding subdivision 66 (Services to Transport)
Other transport	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	ANZSIC subdivision 66 (Services to Transport)
Other					
Other business lending	1, 2	CO_2-e	PCAF: Business loans	In-scope drawn lending/EV or EVIC	All other business lending exposures
Australian motor vehicle finance	1, 2	CO_2[5]	PCAF: Motor vehicle loans	In-scope drawn lending/Asset value at origination	Asset finance (including consumer personal loans) to road vehicles including passenger & light commercial vehicles, motorcycles, buses and heavy vehicles.

1 For customers captured in sector-level *financed emissions* target reporting, scope of sector is aligned to sector-level target inclusion criteria. For power generation, thermal coal mining, upstream oil and gas extraction, and heavy industry if a customer is excluded based on the sector inclusion criteria they are reallocated to the respective 'Other' category. For all other customers, customers are reported based on ANZSIC classification.

2 Australian agriculture is Scope 1 only due to the boundary of the *emissions factors* applied.

3 Only Scope 1 biological methane and nitrous oxide emissions have been included when emissions reports have been obtained for customers in the dairy sector.

4 Scope 3 is Use of Sold products (Category 11 only).

5 CO_2 only where possible, when data is not available CO_2-e is used.

6 Diversified customers outside of the listed ANZSIC codes that are identified, based on business knowledge, as having more than 5% of their revenue from the relevant business activity ('Sector scope') are included within the scope of the target.

7 Counterparties with exposure less than the specified threshold are generally excluded from the sector-level target unless it is identified they have available information (emissions or financials) or were previously included in the sector-level target.

8 Scope 3 Category 13 (Downstream Leased Assets only) emissions of aviation and shipping lessors (reflecting the Scope 1 and 2 emissions of their lessees) are included within Scope 1 and 2 emissions in our *financed emissions* disclosure.

3. Sector-level financed emissions target methodology

This methodology is used for the sector-level target graphs on pages 16–33 of the Strategy chapter.

We take a sector-level approach to measure and track the alignment of our *financed emissions* with pathways to limiting global warming to 1.5°C. For sectors where we have set sector-level *financed emissions* targets, we aim to measure customer emissions across a defined component of the sector scope that captures the most material emissions within the value chain, and set reduction targets that are consistent with limiting global warming to 1.5°C, based on science. In order to achieve this, there are a series of additional methodological considerations for our sector-level *financed emissions* targets. The table on page 91 summarises key choices.

Defining the sector scope

For each sector, this involves setting boundaries to define the emissions a customer is responsible for and collecting the required data to measure the emissions. We use ANZSIC codes as well as business knowledge to assign customers to the most appropriate part of the value chain. The table on page 91 defines the sector scope for each of our sector-level targets.

The scope of our sector-level *financed emissions* targets for thermal coal mining, upstream oil and gas extraction, power generation and heavy industry (steel, alumina, aluminium and cement) previously included ASB exposures. Recognising ASB's intention to progressively set its own sector-level *financed emissions* reduction targets for its key carbon intensive sectors and to report progress in its 2024 Climate report, this year we have updated the scope of relevant CBA sector-level *financed emissions* targets to exclude ASB exposures. We have assessed the impact of this change in line with our restatement policy outlined on page 80, and determined the impact to be immaterial. As such, we have not restated prior period reported metrics.

Selecting target metrics

In line with our *NZBA* commitment, we set targets using *absolute emissions* or physical intensity. However, we may choose to use other metrics, for example absolute financing, where relevant.

We have found:

- *Absolute emissions* targets are most appropriate in sectors where science indicates the output has to be reduced substantially and, in some cases, completely by 2050 to limit global warming to 1.5°C. Data limitations may also support setting an interim target based on *absolute emissions*, for example in the shipping sector.
- *Emissions intensity* targets are appropriate when the output in question may in fact grow, but at a decreasing *emissions intensity*. These intensity targets should be based on physical metrics, for example kWh for power generation or m^2 for housing.

For *emissions intensity* targets, an aggregation method is required to produce a portfolio metric. For power generation, heavy industry, aviation and road transport we use the attributed generation or production method. This approach divides the total attributed emissions by the total attributed activity. For Australian housing and Australian commercial property, we calculate a portfolio *emissions intensity* by dividing the total attributed emissions by the total attributed living area or floor area, respectively.

Selecting reference scenarios

When selecting *reference scenarios*, three criteria are important to us:

1. Consistent with limiting global warming to 1.5°C.
2. From credible, independent and reputable sources and are informed by science, with limited or no overshoot [1] and a conservative reliance on negative emissions technologies.
3. Providing geographical and sectoral relevance.

For each of our *glidepaths* we analyse various scenarios which are widely used by the industry. In May 2021, the *IEA* published the *Net Zero Emissions* by 2050 scenario (*NZE* 2050) which shows a pathway for the global economy to achieve net zero emissions 20 years earlier than the previous *Sustainable Development Scenario (SDS)*. We have selected the *IEA NZE* (2021), which is consistent with limiting global warming to 1.5°C, as our *reference scenario* for thermal coal mining, power generation, upstream oil and gas extraction, aviation and shipping. The *NZBA* identifies the *IEA NZE* (2021) as a scenario that meets the objectives of the *NZBA* commitment. A global 1.5°C-aligned *reference scenario* does not necessarily reflect Australia's starting point or emissions trajectory.

1 The *IPCC* defines a 'No overshoot' 1.5°C pathway as: those that give at least 50% probability based on current knowledge of limiting global warning to below 1.5°C. The *IPCC* defines a 'Limited overshoot' 1.5°C pathway as: those that limit warming to below 1.6°C and return to 1.5°C by 2100.

To address this and in the absence of a consistent set of Australia-specific sectoral *reference scenarios* aligned with the *IEA NZE* (2021) – our *reference scenario* for global portfolios – we have sought alternative *reference scenarios* for portfolios with exposures concentrated in Australia.[1] This includes scenarios produced by *SBTi* tools, *MPP* and United Nations Principles of Responsible Investment-commissioned *IPR*. These scenarios build on the *IEA NZE* (2021).

In 2023, the *IEA* published an updated World Energy Outlook which included an updated *NZE* scenario. We reviewed the emissions trajectory of that scenario and have chosen to retain the 2021 version as our *reference scenario* for thermal coal mining, upstream oil extraction and upstream gas extraction, as well as for our new targets for the aviation and shipping sectors. We will continue to monitor the latest climate science to ensure relevance of our selected *reference scenarios* and we expect to update them over time.

Diversified customers

Where customers have diversified business activities across multiple sector-level targets, we seek to isolate the relevant sectoral component of their emissions. Subject to data availability, the relevant sectoral component of their emissions is calculated using customer reported emissions or with reference to their production in that sector-level target sector.

Approach by sector

Australian housing

The target metric is an intensity metric ($kgCO_2$-e/m^2) calculated by dividing attributed Scope 1 and Scope 2 emissions ($kgCO_2$-e) from Australian housing (as described on page 81) by attributed living area (m^2). Attributed living area is calculated as household floor space (as provided by valuers or external data providers) multiplied by the LVR, or outstanding loan value by the value of the security at origination. Where living area data is not available we apply a portfolio average based on property specific attributes such as state, building type and number of bedrooms.

The selected *reference scenario* is from the *SBTi* Residential Buildings target-setting tool (consultation draft, Version 1), using our financed *emissions intensity* (38.8 $kgCO_2$-e/m^2) for the base year of 2021. We have used our own portfolio *emissions intensity* for the base year as an appropriate Australian average figure was not available at the time the target was set.

Australian commercial property – Office, retail and industrial

Australian commercial property consists of secured and unsecured loans that are classified as being for the purchase and refinance of commercial property based on the customer's ANZSIC classification. Due to data availability this includes general *corporate finance* to customers whose primary business activity is commercial real estate. Separate targets are presented for three key sub-sectors: office, retail and industrial. This recognises each sub-sector's individual materiality and differing energy consumption patterns, and enables *decarbonisation* strategies that are most relevant to each sub-sector. Where CBA had less than $5 million of exposures to a customer at the reporting date, the customer was excluded from the scope of the target in order to focus data collection efforts on more material exposures.[2] We assign each in-scope exposure to a sub-sector based on a mapping between our internal building type classification and the building type classifications used within the 2022 CBBS.[3]

The target metric is an intensity metric ($kgCO_2$-e/m^2) calculated by dividing attributed Scope 1 and Scope 2 emissions ($kgCO_2$-e) from Australian commercial property (as described on page 82) by attributed floor area (m^2). Attributed floor area is calculated as floor space (where available from *NABERS*) multiplied by the *attribution factor*, or outstanding loan value divided by the value of the security.[4] Where floor area data is not available, we apply an average floor area, sourced from the 2022 CBBS, based on property specific attributes such as location and building type.

The selected *reference scenario* is from the *SBTi* Buildings target-setting tool (pilot testing draft, Version 0.2), using the *SBTi* tool's Australian pathways for 'office', 'retail shopping mall', and 'other' for office, retail and industrial buildings, respectively. We use national average *emissions intensity* for each building type (office: 74.9 $kgCO_2$-e/m^2, retail: 99.2 $kgCO_2$-e/m^2, industrial: 19.7 $kgCO_2$-e/m^2) for the *SBTi* tool base year of 2022, derived from the 2022 CBBS and National Greenhouse Accounts *emissions factors*.

Power generation

The power generation sector includes the generation of electricity. These are our customers who generate significant revenue from electricity generation. This includes customers with more than 5% of revenue from thermal coal electricity generation. Customers with less than $1 million of exposures are generally excluded. For power generation, the alignment metric is $kgCO_2$/MWh, an intensity metric reflects the critical role of power generation in the economy. Where data is not available, emissions are estimated using the customer's reported generation and grid specific physical *emissions intensity* factors from the relevant regional body, for example National Greenhouse Accounts for Australia or equivalent source outside of Australia. Zero Scope 1 emissions are assumed for renewable customers unless customer reported emissions are available.

1 Including exposures to customers that operate in Australia but also have global operations.

2 This year, some of the required data was sourced manually from valuation reports in order to supplement other data sourced from systems. For practical reasons this data collection process was not able to cover all exposures above $5 million TCE. In such cases, the portfolio average *emissions intensity* was applied. We aim to increase the coverage of our data over time.

3 Office: CBBS 'offices', Retail: CBBS 'retail and wholesale trade buildings', Industrial: CBBS 'warehouses', 'factories & other secondary production buildings', 'agricultural and aquacultural buildings' and 'other industrial buildings not elsewhere classified'.

4 In line with *PCAF*, where we are unable to use value at origination, due to data availability the value of the security is fixed at the most recent value available at the time that the *financed emissions* target for this sector was set. In addition, we have excluded aged valuations data for certain exposures in order to ensure that the valuation is relevant to our baseline year for the target.

We track the portfolio *emissions intensity* against the *IEA NZE* (2021), however, we calculate the power generation target against the *IEA SDS* for OECD nations, based on total electricity and heat sectors CO_2 emissions divided by total electricity generation. Our 2030 target of 105 $kgCO_2$ is 33% below the equivalent figure in the global *IEA NZE* (2021) scenario. We originally tracked towards this value based on the *IEA SDS* for OECD nations and chose to retain it as our 2030 target as it represents a lower *emissions intensity* than the *IEA NZE* (2021) transition pathway in 2030.

Transport – Australian road (passenger and light commercial vehicle finance)

The Australian road (passenger and light commercial vehicle) sector includes lending for the finance of passenger vehicles and light commercial vehicles. Passenger vehicles include both cars and motorcycles. We have chosen a combined target, recognising that many light commercial vehicles are used primarily as passenger vehicles and that the *decarbonisation* profile is expected to be similar across these vehicle types.

The target metric is an intensity metric (gCO_2/vehicle km) calculated by dividing the attributed Scope 1 emissions (gCO_2) from motor vehicle finance (as described on page 84) by attributed distance travelled (vehicle km). Distance travelled currently reflects average distance travelled by vehicle type based on data published by BITRE. Attributed distance travelled reflects distance travelled multiplied by the *attribution factor*, where the *attribution factor* is the outstanding loan amount by the value of the security at origination. Where valuation data is unavailable, 100% attribution is assumed.

Our sector-level *financed emissions* target for road transport is a Scope 1 intensity target, to align to the scope of the *reference scenario*. However, we include Scope 2 *absolute emissions* for this sector within our *financed emissions* disclosure.

The selected *reference scenario* is the *IPR RPS* (2021), which models a 34% reduction in annual emissions per 'car' between 2020 and 2030. This *emissions intensity* reduction is applied to the 2020 Australian national average *emissions intensity* (262 gCO_2/vehicle km) for passenger vehicles (motorcycles and cars) and light commercial vehicles which has been calculated using data published by BITRE.[1]

Transport – Aviation

The aviation sector includes customers that are commercial airline operators that offer scheduled services, and lessors to such operators.[2] Where CBA had less than $5 million of TCE to a customer at the reporting date, the customer was excluded from the scope of the target in order to focus data collection efforts on more material exposures.

For aviation the target metric is an intensity metric (gCO_2/revenue passenger km) calculated by dividing attributed '*tank-to-wake*' emissions[3] (Scope 1 for operators and Scope 3[2] for lessors), in gCO_2, by attributed revenue passenger kilometres (RPK). This reflects the continued role of aviation in a *decarbonising* world. We source emissions and RPK data from airline sustainability reporting for exposures to airlines or lessors where the lessee is known. Where data is not available, including for lessors where the lessees are unknown, *emissions intensity* is estimated using the portfolio average. Where CO_2 only data is unavailable, we use CO_2-e.

However, we include Scope 2 (Scope 3 'indirect electricity' for lessors) *absolute emissions* for this sector, which are generally minimal, within our *financed emissions* disclosure.

Attribution follows the *PCAF* business lending methodology. For lessors where the lessee is known, the *attribution factor* denominator is the EV or EVIC of the lessee and the *attribution factor* numerator is drawn lending exposure to the lessee. As lending in our aviation portfolio generally relates to specific aircraft within an airline's fleet, we may seek to improve the accuracy of our *financed emissions* estimates for this sector over time by substituting airline level data with aircraft specific data and adapting our attribution approach accordingly.

We track the portfolio *emissions intensity* against the *IEA NZE* (2021) global pathway for aviation. A global *reference scenario* is appropriate given the global nature of our portfolio.

1 Note that emissions by vehicle type are reported by BITRE on a CO_2-e basis. BITRE reported that CO_2 represented over 98% of direct road transport emissions in 2022. See page 121 for source.

2 The decision to include lessors was made because of the materiality of these customers and reflecting common practice in the sector to lease assets rather than own directly. We acknowledge that the *PCAF* Standard is not prescriptive on approaches to attribute our lessor customers' Scope 3 Category 13 (Downstream Leased Assets) emissions. We believe this is the most appropriate methodology available at this time given the data available and considering the nature of our portfolio.

3 Subject to data availability, reported emissions may include other activities such as ground operations.

Transport – Shipping

The shipping sector includes customers that operate ocean-going vessels, and lessors to such operators.[1] Where CBA had less than $5 million of TCE to a customer at the reporting date, the customer was excluded from the scope of the target to focus data collection efforts on more material exposures.

For shipping the target metric is absolute *financed emissions*, calculated based on attributed '*tank-to-wake*' emissions[2] (Scope 1 for operators and Scope 3[1] lessors), in $MtCO_2$. Where CO_2 only data is unavailable, we use CO_2-e. We have selected an *absolute emissions* metric for this interim target due to data limitations. For exposures to shipping companies, we source emissions data from customers' sustainability reporting. For lessors, where the lessee is known we source emissions data from the lessee's sustainability reporting. Where data is not available, including for lessees, emissions are estimated using the average *emissions intensity* per dollar of drawn lending for customers with available emissions data.

Our sector-level *financed emissions* target for shipping is a Scope 1 (Scope 3 '*tank-to-wake*' for lessors) target, to align to the scope of the *reference scenario*. However, we include Scope 2 (Scope 3 'indirect electricity' for lessors) *absolute emissions* for this sector, which are generally minimal, within our *financed emissions* disclosure.

Attribution follows the *PCAF* business lending methodology. For lessors where the lessee is known, the *attribution factor* denominator is the EV or EVIC of the lessee and the *attribution factor* numerator is drawn lending exposure to the lessee.

We track the portfolio emissions against the *IEA NZE* (2021) global pathway for shipping. A global *reference scenario* is appropriate given the global nature of our portfolio.

Heavy industry – Steel

The steel sector includes production of steel with iron and steel mills. For steel, the alignment metric is tCO_2-e/tonne steel production. An intensity metric reflects the role of metals production in a *decarbonising* world. The target has been set without a baseline as there were no customers with drawn exposure as at either 30 June 2021 or 30 June 2022.

Our sector-level *financed emissions* target for steel is a Scope 1 and 2 intensity target, to align to the scope of the *reference scenario*. There were no customers with drawn exposure in this sector as at either 30 June 2022 or 30 June 2023. If there were, we would include Scope 3 *absolute emissions* for such customers within the heavy industry sector presented in our *financed emissions* disclosure.

The selected *reference scenario* is from the *SBTi* Steel target-setting tool (consultation draft, version 2.2), using an *emissions intensity* of 1.91 tCO_2/tonne steel for the base year of 2021, sourced from the World Steel Association.[3] The scrap ratio numbers used in the tool are sourced from the *IEA* with 31% for the base year and 37% in the target year (2030).[4]

Heavy industry – Alumina and aluminium

The alumina and aluminium sector includes the refining of bauxite to form alumina and the smelting of alumina to produce aluminium. This excludes secondary production such as aluminium recycling. For both alumina and aluminium, the alignment metric is tCO_2-e/tonne aluminium production. This follows industry convention in expressing alumina production in terms of aluminium equivalents. We use the industry-accepted factor of 1.9 tonnes alumina production per 1.0 tonne of aluminium for this conversion. An intensity metric reflects the role of metals production in a *decarbonising* world.

For Scope 1 and 2, where a company does not report emissions for alumina and aluminium separately, we estimate emissions to alumina and aluminium by applying a location-specific *emissions factor* for alumina *emissions intensity* and aluminium *emissions intensity* to available data on the customer's refining and smelting production activity, respectively.

Our sector-level *financed emissions* targets for alumina and aluminium are Scope 1 and 2 intensity targets, to align to the scope of the *reference scenario*. However, we include Scope 3 *absolute emissions* for these customers within the heavy industry sector presented in our *financed emissions* disclosure. Where a customer does not report Scope 3 emissions these are estimated by multiplying the customer's reported Scope 1 and 2 emissions by a Scope 3 *emissions factor*. The Scope 3 *emissions factor* represents the ratio of Scope 1 and 2 emissions to Scope 3 emissions for the portfolio of customers in the alumina and aluminium sector for which we have a complete set of reported Scope 1, 2 and 3 emissions.

The selected *reference scenarios* are the *MPP* Oceania 1.5°C alumina and aluminium pathways.

1 The decision to include lessors was made because of the materiality of these customers and reflecting common practice in the sector to lease assets rather than own directly. We acknowledge that the *PCAF* Standard is not prescriptive on approaches to attribute our lessor customers' Scope 3 Category 13 (Downstream Leased Assets) emissions. We believe this is the most appropriate methodology at this time given the data available and considering the nature of our portfolio.

2 Subject to data availability, reported emissions may include other activities such as land-based operations.

3 World Steel Association, Sustainability Indicators. See page 121 for source.

4 See page 121 for source and license.

Heavy industry – Cement

The cement sector includes manufacturing portland, natural and other hydraulic cement from crushed limestone and clay or shale. For cement, the alignment metric is tCO_2-e/tonne cement production. An intensity metric reflects the role of cement production in buildings and construction. We define cement as *cementitious* product, which aligns with the Greenhouse Gas Protocol's 'specific CO_2 per ton of *cementitious* product' definition. This means that our sector-level *financed emissions* target for cement is a Scope 1 and Scope 2 intensity target. This aligns with the boundary of the *reference scenario* used for the target. Emissions and production associated with imported clinker and clinker purchased from third parties (typically reported as Scope 3) are not included in the target. However, we include Scope 3 *absolute emissions* for cement sector customers within the heavy industry sector presented in our *financed emissions* disclosure, using information reported by these customers.

The selected *reference scenario* is from the *SBTi* Cement target-setting tool (Version 2.1.2), using an *emissions intensity* of 0.708 tCO_2-e Scope 1 emissions/tonnes of cement, for the base year of 2021, sourced from DCCEEW.[1] While this baseline and resulting *glidepath* only accounts for Scope 1 emissions, we adopt a conservative approach by comparing it against our annual intensity metric which is inclusive of both Scope 1 and Scope 2 emissions.

Upstream oil and gas extraction

Upstream oil extraction refers to entities whose principal operations include the exploration and development of oil fields for the purposes of extracting and producing crude oil. This does not include midstream or downstream. Upstream gas extraction refers to entities whose principal operations include exploration, ownership, development and management of gas fields, that are used for the purpose of natural gas production. For upstream oil extraction and upstream gas extraction the target metric is *absolute emissions*. Where a customer reports emissions, we assign emissions to upstream oil extraction and upstream gas extraction using a 'pro-rata' share based on the customer's production of oil and gas and the *emissions factor* for each activity respectively, expressed in 'million barrels of oil equivalent'. Where customer-level emissions data is not available, the customer's reported production data is multiplied by an activity *emissions intensity* factor[2] to estimate Scope 1 and Scope 2 emissions. Scope 3 emissions are estimated by first converting production, in barrels of oil equivalent, to energy content using an energy content factor from third-party sources such as Energy Institute's Statistical Review of World Energy and then multiplying the energy content by *emissions factors* from the National Greenhouse Accounts.

We calculate our upstream oil and gas extraction targets using the percentage decrease of emissions from combustion activities, oil and natural gas respectively between 2020 and 2030 from the *IEA NZE* (2021) scenario.

Thermal coal mining

The thermal coal mining sector includes companies that mine thermal coal. We include all thermal coal mining customers with more than 5% of their revenue coming directly from the sale of thermal coal in our 2030 target. For thermal coal mining, the target metric is *absolute emissions*. Where customer-level emissions data is not available, the customer's reported production data is multiplied by a physical *emissions intensity* factor[2] to estimate Scope 1 and Scope 2 emissions. Scope 3 emissions are estimated by multiplying production by National Greenhouse Accounts energy content and *emissions factors* for bituminous coal. Where a customer reports coal emissions, we assign emissions to thermal coal mining using a 'pro-rata' share based on the customer's production of thermal coal as a proportion of total coal: coal emissions x (thermal coal production/total coal production).

We calculate our thermal coal mining target using the percentage decrease of emissions from coal combustion activities between 2020 and 2030 from the *IEA NZE* (2021) scenario. Our *E&S Framework* details our commitments regarding thermal coal mining financing. We have set a 2030 interim target for thermal coal mining, to reduce our *financed emissions* in thermal coal mining by 100% from our 2020 baseline. This represents a faster reduction than the *IEA NZE* (2021) scenario.

1 See page 121 for source.

2 Scope 1 and 2 *emissions factors* are calculated from the portfolio of customers where CBA has both production and emissions data.

Sector-level target methodology

	Sector inclusions [1]		Sector-level target setting				
Sector	Inclusions criteria	Sector scope	Emissions scope	Metric	Reference scenario	Aggregation	Baseline year
Australian housing	Australian residential mortgages, excluding HELs and HELOCs	Building operations	1, 2	$kgCO_2$-e/m^2	SBTi	Attributed-living area	FY21
Australian commercial property	Office, retail and industrial buildings in ANZSIC 771 (Property Operators and Developers) and Property Trusts (within ANZSIC 732, Deposit Taking Financiers), >$5m TCE	Building operations	1, 2	$kgCO_2$-e/m^2	SBTi	Attributed-floor space	FY23
Power generation	ANZSIC: 3611, >$1m TCE [2], or >5% revenue threshold [3]	Generation	1	$kgCO_2$/MWh	IEA NZE (2021)	Attributed-generation	FY20
Upstream oil and gas extraction	ANZSIC: 1200, 1511, 1512, or >5% revenue threshold [3]	Upstream	1, 2, 3 [4]	Absolute emissions ($MtCO_2$)	IEA NZE (2021)	n/a	FY20
Thermal coal mining	ANZSIC: 1101, 1102, or >5% revenue threshold [3]	Mining	1, 2, 3 [4]	Absolute emissions ($MtCO_2$)	Custom (0 by 2030); Compare to IEA NZE (2021)	n/a	FY20
Heavy industry							
Steel	ANZSIC: 2711, or >5% revenue threshold [3]	Primary steel production	1, 2	tCO_2-e/t-steel	SBTi	Attributed-production	n/a [5]
Alumina	ANZSIC: 2721, or >5% revenue threshold [3]	Primary alumina refining	1, 2	tCO_2-e/t-aluminium	MPP Oceania	Attributed-production	FY21
Aluminium	ANZSIC: 2722, or >5% revenue threshold [3]	Primary aluminium smelting	1, 2	tCO_2-e/t-aluminium	MPP Oceania	Attributed-production	FY21
Cement	ANZSIC: 2631, or >5% revenue threshold [3]	Cement production (on-site)	1, 2	tCO_2-e/t-cement [6]	SBTi	Attributed-production	FY22
Transport							
Australian road (passenger and light commercial vehicle finance)	Passenger and light commercial vehicle financing (within Asset Finance & Personal loans)	Vehicle operations	1	gCO_2/v-km	IPR RPS	Attributed-distance travelled	FY23
Aviation	ANZSIC: 6401, 6402, 6403, 7742 >$5m TCE	Aircraft operations	1 (For lessors: 3 [7])	gCO_2/RPK	IEA NZE (2021)	Attributed-RPK	FY23
Shipping	ANZSIC: 6301, 6302, 6303, 7742, >$5m TCE	Vessel operations	1 (For lessors: 3 [7])	Absolute emissions ($MtCO_2$)	IEA NZE (2021)	n/a	FY23

1 If a customer is within an ANZSIC code but is not assigned to the relevant 'Sector scope,' based on business knowledge, they are not included within the target.

2 Counterparties with TCE less than the specified threshold are generally excluded from the sector-level target unless it is identified they have available information (emissions or financials) or were previously included in the sector-level target.

3 Diversified customers outside of the listed ANZSIC codes that are identified, based on business knowledge, as having more than 5% of their revenue from the relevant business activity ('Sector scope') are included within the scope of the target.

4 Scope 3 is Use of Sold products (Category 11 only).

5 The target has been set without a baseline as there were no customers with drawn exposure as at 30 June 2021 or 30 June 2022.

6 We define cement as *cementitious* product, which aligns with the GHG Protocol's 'specific CO_2 per ton of *cementitious* product' definition. This means that emissions and production associated with imported clinker (typically reported as Scope 3) are not included.

7 Scope 3 Category 13 (Downstream Leased Assets) only.

4. Approach to climate scenario analysis

Climate scenario analysis is a rapidly evolving field, with global scenarios regularly produced and updated. We use assumptions and inputs drawing from credible, global climate scenarios produced by parties such as the *Network for Greening the Financial System (NGFS)*.

We review our choice of scenarios to check that, in our view, they present plausible and appropriately severe outcomes; are consistent with market practices (including use by regulators and peer banks); and that they have detailed sector and geographic data readily available.

Depending on the nature of changes in the scenarios, in some cases, we may look to re-run previous analyses using updated information.

Climate scenario analysis considers the effects of climate risk over the long term (~30 years), medium term (~10 years) and short term (~3 years) time horizons. In some cases we may focus on specific time horizons. This approach helps us to consider the changing impacts on the Bank's risk profile over time, due to longer term *chronic physical risks*; increasingly frequent and severe *acute physical risks*; and evolving *transition risks* arising from regulatory change, technological advancements and evolving stakeholder expectations.

Climate scenarios used in the Group Climate Risk Materiality Assessment

Our CRMA was based on the following two severe, but plausible, climate scenarios:

Severe physical risk scenario	Severe transition risk scenario
Source: based on the *NGFS* 'Current Policies' scenario which assumes that only current global and local climate policies are maintained.	**Source:** based on the *NGFS* '*Sudden Wake-up Call*' short-term scenario, and the *NGFS* '*Delayed Transition*' mid- and long-term scenario.
Scenario description: • Global emissions continue to rise until 2080 and the world warms to >3°C above pre-industrial levels by 2100. • This leads to irreversible changes such as sea level rises and increasing severity and frequency of weather events. For example: – Increasing number of severe cyclones which may track further south. – Fire activity is larger and more intense. – Increased intensity of rainfall events drives moderate increases in flooding in coastal catchments. • Agricultural productivity in certain geographies and commodities decreases significantly by 2050. • Government action and demand for finance shifts towards climate resilience and adaptation measures.	**Scenario description:** • Globally coordinated government policies are rapidly introduced to further reduce greenhouse gas emissions. This is followed by a disruptive transition that ultimately limits global warming to well below 2°C above pre-industrial levels by 2100. • Climate policy leads to a fossil fuel market crash, including asset stranding, abrupt devaluation of polluting firms, and a general tightening of financial conditions. • Stakeholder expectations for corporate action on climate change continue to increase. • Severe weather events continue to increase in intensity to 2030, before stagnating at those levels.

Inputs used in climate scenario analysis

Input/assumption	Details
Relevance to CBA's assessment of our resilience to climate-related changes, developments or uncertainties	• Both the *severe physical* and *severe transition risk scenarios* are sourced from the *NGFS* (phase IV release), providing plausible scenarios for use in assessing the resilience of the Bank's business model to severe physical and transition climate risks. • The 'Current Policies' scenario is considered appropriate for assessing the resilience of the Bank's business model against a *severe physical risk scenario*. • The combination of the *'Sudden wake-up Call'* short-term scenario, and the *'Delayed Transition'* mid- and long-term scenario is considered appropriate for assessing *transition risk* as it enables the Bank to assess the impacts of a more rapid transition in the near term as well as the medium to longer term risks of a disruptive transition.
Diversity of scenarios	• The scenarios included a *severe physical risk* and *severe transition risk scenario* to address the uncertainty of potential developments associated with the trajectory of climate change.
Climate-related transition or climate-related physical risks	• Each of the two scenarios in the CRMA focused primarily on either the *physical risks* or *transition risks* relevant to that scenario. However, for some material risk types, the scenario has factored in both the *transition* and *physical risks* where relevant or material. For example, under the *severe physical risk scenario*, conduct risk may be heightened due to decisions the Bank may make in relation to pricing and lending practices in high *physical risk* zones. Under the *severe transition risk scenario*, conduct risk is also expected to be heightened for the same reasons in the short and medium term due to physical impacts from existing greenhouse gas in the atmosphere.
Alignment to the latest international agreement on climate change	• The *severe transition risk scenario* is aligned to the *Paris Agreement's* overarching goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels.
Time horizons used	• Short term (~3 years) to align with the Bank's strategic planning cycle. • Medium term (~10 years) to align with the 2030 time frame for the Bank's interim emissions targets. • Long term (~30 years) to align with the Bank's home loan portfolio where home loans can be contractually agreed to for up to 30 years.
Scope of operations	• The CRMA assessed the impacts of climate change on our financial, non-financial and strategic risk types. This included consideration of: impacts on our business model, losses for impacted portfolios, broader financial risk impacts and operational risk impacts. • For other more targeted scenarios, the scope of operations considered is determined by the scenario analysis performed. For example, scenario analysis in relation to fossil fuel dependent communities considers our retail lending exposures in at-risk areas throughout Australia.
Retail transition-generated credit losses	• Credit losses were modelled for the CRMA by applying a severe, non-climate specific, internal 2024 macroeconomic stress test to consumer customers the Bank had identified as being exposed to elevated *transition risk* ($16 billion at June 2023). The internal stress test utilised a weighted average of two scenarios: – Downside scenario (8.4% unemployment, -22% House Price Index) applied to 90% of transition exposed consumer customers; and – Severely stressed scenario (12% unemployment, -48% House Price Index) applied to 10% of transition exposed consumer customers. • Note: while these inputs are not drawn from the *NGFS* scenarios cited above, they provide insight into how a severe macroeconomic downturn might impact credit losses in these regions. Such a downturn might be possible under a rapid and disruptive transition. • *Transition risks* could impact additional exposures and regions not identified above, however, the current approach provides a conservative method for identifying regions economically exposed to a low carbon transition.

Input/assumption	Details
Retail physical-generated credit losses	• The bank derived average annual losses by applying the proportion of climate losses from the Australian home loan exposures (calculated during the 2022 APRA Climate Vulnerability Assessment (CVA)) to the Australian home loan portfolio at 30 June 2023. **For information on 30 June 2023 mortgage exposure, see the Results Presentation and Investor Discussion Pack for the full year ended 30 June 2023 page 80.** • To present a more conservative scenario with greater losses, the credit losses from a more severe, but less likely weather event were estimated by assuming a single event resulting in losses of 10 times the average annual losses. • This modelling assumes higher uninsurance and under-insurance rates in high *physical risk* zones, government support available to impacted properties, and Lenders Mortgage Insurance remaining in place.
Non-retail transition-generated credit losses	• For the CRMA, climate-driven expected loss rates calculated during the 2022 APRA CVA exercise were applied to the Bank's 30 June 2023 transition exposed sectors. **For information on *transition risk* exposed sectors, see page 52.** • For sectors that were out-of-scope for the 2022 APRA CVA, loss rates applied were based on similar CVA sectors, or the average loss rate was applied from sectors with the same *transition risk* exposure rating.
Non-retail physical-generated credit losses	• We intend to consider the appropriateness of quantifying anticipated physical climate generated credit losses in *non-retail* lending as our understanding improves over time of: location data of customer physical assets; physical impacts on differing asset types; and mitigation measures and financial buffers in place for the varying types of customers.
Climate-related policies in the jurisdictions in which the entity operates	• The CRMA assumes that under the *severe physical risk scenario*, the existing pipeline of new and proposed local and international climate-related regulations such as the proposed Australian climate-related financial disclosure regime are retained and implemented. • The *severe physical risk scenario* also assumes that as the physical impacts of climate change become more frequent and severe, reactionary policy is introduced from the medium term, focused on areas such as: restrictive lending in high *physical risk* zones; increased disclosure in relation to *physical risks*; new responsible lending expectations in relation to sharing of information on *physical risks* of assets; increased regulatory expectations in relation to climate modelling; and regulation in relation to adaptation and resiliency measures. • The *severe transition risk scenario* assumes the introduction of a higher volume of stricter regulations across a range of industries in the short term that focus on mandating a rapid reduction of emissions.
Macroeconomic trends	• We acknowledge that a rapid transition scenario or the occurrence of severe physical events could result in a broader macroeconomic downturn, however our CRMA analysis did not extend to assessing the impact to the Bank from a broader macroeconomic downturn stemming from the physical impacts of climate change which could impact industries or regions not directly exposed to *physical* or *transition risk*. • Changes in macroeconomic conditions were therefore not considered for the *severe physical risk scenario*.
National- or regional-level variables	To support the consideration of the two scenarios within the CRMA, key variables were obtained from the following sources. Management considered these variables when assessing the likely impacts for their risk types: • The percentage of Australian households in high *physical risk* zones was sourced from an external *physical risk* data provider. • Macroeconomic variables were derived from the *NGFS* NiGEM dataset which provides Australia-specific variables across all scenarios. • *Transition risk* metrics, such as carbon price and demand for renewables finance were derived from the *NGFS* REMIND-MAgPIE model which aggregates Canada, Australia and New Zealand together.

Input/assumption	Details
Energy usage and mix	The CRMA drew on *NGFS* scenarios. At a high level: • Under the *severe transition risk scenario*, there is a rapid transition away from fossil fuels to renewable sources of energy. • Under the *severe physical risk scenario*, the transition to renewable sources of energy is slower, and unabated fossil fuel use persists for a longer period of time.
Developments in technology	• The CRMA drew on *NGFS* scenarios. These scenarios assume developments in technology by industries in response to shifting public policy, consumer preferences and other factors. These developments are not initially sufficient or timely to prevent asset stranding or abrupt devaluation of some polluting firms.
Reporting period	• Scenario analysis has been carried out over the 2023 and 2024 reporting periods. The CRMA was carried out in the 2024 reporting period, using: • Scenario inputs produced in 2024. • Analysis conducted in previous periods, updated to reflect exposures in the current period (as at 30 June 2023). • Data acquired in previous periods (for example, *physical risk* data). Note: due to the evolving nature of climate scenario analysis, data is used on a best efforts basis and may not always reflect consistent reporting periods.

Addressing uncertainty in climate modelling

There are a range of uncertainties when looking to model scenarios and their climate-related impacts. Understanding uncertainty within climate modelling allows us to focus on reducing it where possible, accepting it where necessary, and interpreting and communicating results in an appropriate manner. We aim to consider the risks of relying on uncertain information when making decisions based on climate scenario analysis.

Uncertainty can be classified as reducible or irreducible. Examples of uncertainty that cannot be reduced include limitations in forecasting socioeconomic pathways, and potential for inaccuracy in downscaled projections of extreme rainfall in specific locations. To address uncertainty that cannot be reduced, we aim to apply the precautionary principle and interpret results conservatively where applicable. We also aim to avoid false precision in modelled outcomes, for example by rating *physical risk* across an entire portfolio rather than expecting single address results to be equally robust. With respect to uncertainty that can be reduced, we are focused on improving data capture and storage.

Key sources of uncertainty and limitations

There are limitations and uncertainty associated with projections of future climate scenarios, given the limitations of current scientific understanding of the climate system and its cascading impact to the broader economy and society, and complexity of climate risk modelling. The table below highlights a non-exhaustive list of some of the key sources of uncertainty and range of limitations.

Modelling step	Key sources of uncertainty and limitations
Global scenarios	• Global climate models are extremely complex and explore futures that are sometimes outside the range of historical data. These models could be inaccurate. • Extremes are not well captured in climate modelling as relationships are complex and unpredictable, and extremes often occur in very specific locations, while climate models usually model larger areas. Scaling *peril* rates for future climate conditions could therefore be inaccurate. • Economic variables are projected over a 30-year time horizon, with assumptions regarding factors such as policy and technology. These projections could be inaccurate. • The interaction of global climate and socioeconomic variables, and the impact of new technological developments on structural economic relationships, are unknown. Modelled outcomes may not be realised.
Australia and New Zealand scenarios and catastrophe modelling	• The approach taken to downscale physical climate data assumes certain relationships observed in past data will continue into the future, but they may not. For example, the downscaling approach takes the outputs of a climate model run backward into the past, compares those to the average observations for the period of comparison, and adjusts future projections by the same bias. It is possible the bias could behave differently under future climate conditions. • Economic scenario data has been downscaled from global and aggregated regional variables to national variables. This approach may not accurately reflect Australia's specific conditions, including government policies, energy generation mix, geographic dispersion and general macroeconomic conditions. As such, the modelled scenarios could be inaccurate.
Climate loss assessment	**Physical risk** • As climate impacts become more prominent and severe, the relationship between physical catastrophes and asset prices could change in unexpected ways. • Historical observations on credit losses under catastrophes may not be consistent with losses under future scenarios, if, for example, insurance coverage was to change differently to our forecasts. • Relationships between climate and agricultural productivity are typically based on regressions and as such limited to the range of climate variables experienced in the baseline period. This may not be representative of future climate outcomes. The effectiveness of actions that could mitigate the impact of climate change is uncertain. **Transition risk** • Modelling climate impacts to individual counterparties is significantly complex and subject to considerable variability and judgement. For example, business structure, generation mix, *emissions intensity*, energy intensity, product mix, technology mix, geographic dispersion, supply chains and physical location can all impact a business' or sector's exposure to climate change. • Climate *transition risk* can materialise in a variety of ways, including through direct exposure to carbon prices or indirect impacts from reduced demand. This creates significant difficulty in modelling and quantifying feedback impacts. • Due to limited available data, multiple data sources may be used for *transition risk* analysis. As different sources model varied scenarios and assumptions, data employed may not be consistent to a single scenario. • Counterparties use different reporting methods and accounting treatments, limiting comparability of financial data.

5. ESG risk assessment tool

Our *ESG risk assessment tool* plays an important role in our commercial and corporate lending processes, by assisting our bankers to:

- identify and assess the ESG risks that our customers are exposed to.
- assess the mitigating actions that our customers take to manage their ESG risks.
- assess how lending to our customers aligns to the commitments made in our *E&S Framework.*

For relevant project finance transactions we follow the Equator Principles process requirements.

In 2024, ESG risk assessments were required for institutional corporate lending, Business Banking and Commonwealth Private Bank customers with current or proposed commercial or corporate lending greater than or equal to $1.5 million. These assessments are performed in one of two ways:

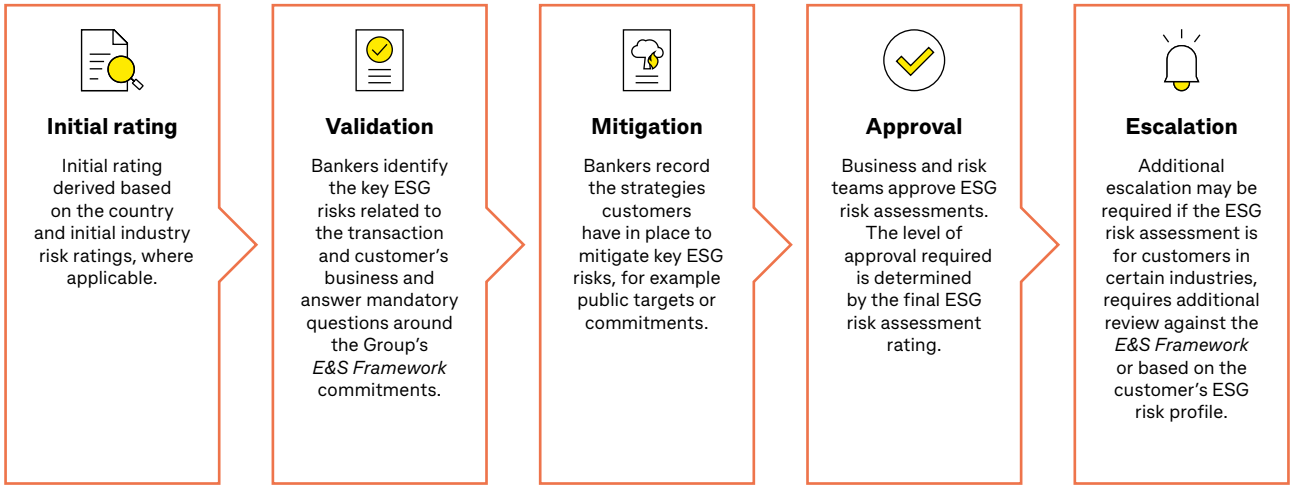
- The Corporate and Institutional Pathway is used to assess larger business banking customers managed in the Major Client Group and Regional and Agribusiness Specialised Agribusiness Solutions segments, and all institutional corporate lending.
- The Commercial Pathway is used to assess business banking customers managed in the Commercial Banking, Regional and Agribusiness Banking, Small Business Banking segments, customers in transition from Bankwest Business Bank, as well as customers managed in Commonwealth Private Bank.

The tool is supported by a set of inherent risk ratings across industry ANZSIC codes for ten key focus areas including: climate and energy; climate *physical risk*; water; pollution; *biodiversity*; human rights; labour rights and modern slavery; Indigenous rights; workplace health and safety; and anti-corruption and governance. The tool also includes specific questions aimed at assessing whether lending to a customer is aligned to commitments in the *E&S Framework*.

The Corporate and Institutional Pathway

The Corporate and Institutional Pathway facilitates risk assessments of larger businesses that typically have ESG strategies and approaches to managing ESG risks, including the impacts of climate change. Some of these businesses have or are developing *Transition Plans* that can be considered in our risk assessments. The Corporate and Institutional Pathway has been used and progressively updated since 2015. The Pathway includes questions that are designed to direct bankers' focus to relevant E&S commitments that potentially apply. The tool may direct users to escalate assessments to senior management or to relevant business unit committees. For relevant transactions, the tool steps the banker through a process of identifying key risks across the ten focus areas and describing the mitigants customers have in place to manage these risks. The tool directs and records the approval process required by business and credit risk teams. The escalation pathway to senior management or governance forums is determined by the final ESG risk assessment rating or other escalation factors.

Process overview: Corporate and Institutional Pathway



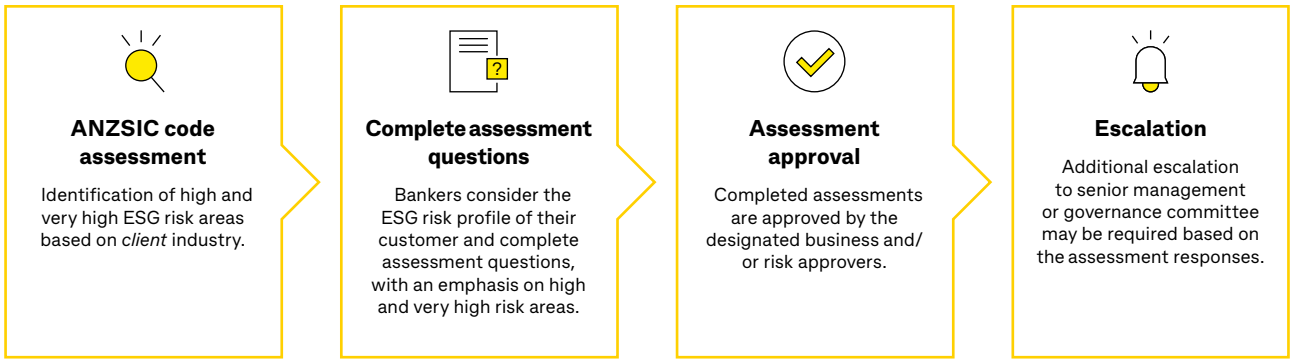
The Commercial Pathway

The Commercial Pathway has been used and progressively updated since 2021 and supports the identification and assessment of ESG risks of businesses managed in higher volume portfolios.

This pathway uses multiple choice questions to identify and assess a customer's exposure to ESG risk factors and alignment to the Bank's *E&S Framework*.

Depending on the responses to the assessment questions, business approval of Commercial Pathway assessments may be escalated to senior management or the BB Commitments Committee. Since 2023, credit risk approval is required for all Commercial Pathway assessments for customers with greater than or equal to $5 million in commercial or corporate lending.

Process overview: Commercial Pathway



6. CBA Sustainability Funding Target

Target: $70 billion in cumulative sustainability funding by 2030

We have set out detailed eligibility criteria for our Sustainability Funding Target (SFT) and report on exposures we have identified as meeting those criteria.

Unless specified below, we use total lending exposure which excludes commitments at offer, derivatives, guarantees, operating leases and trading securities to calculate the cumulative funding since 30 June 2020. We include new qualifying lending and refinance balances if the exposure has not already been included in the cumulative progress. If the exposure has already been included, but the refinance leads to an increase in balance, we include the incremental balance. The assessment of changes in balance is undertaken in local currency and converted to Australian dollars in the period corresponding to the change. Definitions and details on eligibility are outlined in the table that follows.

During the year we completed a review of our SFT and considered several factors throughout this review, including scope of the target, alignment with sustainable outcomes by considering external frameworks including CBI, Green Loan Principles and Social Loan Principles, and the evolving operating context and market expectations. The outcome of our review has resulted in some refinements in our eligibility criteria to more closely align some asset classes with our *GSSF Framework*. We believe these changes, outlined below, will continue to support growth in sustainable lending and provide greater transparency in our disclosures.

Evolving existing elements of our eligibility criteria

This year, we refined some eligible asset categories to greater align the eligibility criteria between the SFT and our *GSSF Framework* where possible. As detailed below, the renewable energy category now captures assets including solar, wind, hydro-powered equipment, including panel installations and batteries used to store energy for commercial use, and charging equipment, previously included under the energy efficiency asset category. From 1 July 2023 we will no longer report contributions for energy efficiency as a separate category. We have also revised the financial threshold for entities whose main business is renewable energy generation from 50% EBITDA to 90% revenue.

As part of the update to our SFT eligibility criteria, we have decided to report affordable and social housing as a standalone category, previously disclosed within 'social assets', to provide greater transparency of progress against assets in this category. In addition, we have included greater clarity on the inclusion of municipal and commercial, and the exclusion of hazardous waste assets eligible under pollution and waste management to align with the *GSSF Framework*.

As we reflect on evolving market and sustainable finance initiatives including the ASFI Australian Taxonomy project, we have decided not to add any new or incremental contributions this financial year for energy efficient residential buildings contributions. We acknowledge that contributions from energy efficient residential buildings are the largest proportion of our progress to date (50%), as such, we believe that it is important to await further updates to consider potential changes to our definition and any impacts to our progress for this asset category. We continue to report contributions from 2021 to 2023 given those contributions were consistent with accepted standards at that time. This approach is consistent with our stated approach to updating our eligibility criteria to reflect changes in market practice.

We are closely following developments in the industry including the work of ASFI and establishment of market standards for transition finance. In the future, we may update our eligibility criteria to reflect changes in market practice. We expect to capture such changes prospectively, with the nature of any changes disclosed in the year they are made.

Category	Definition	Included assets	Exclusions	Exposure type
Renewable energy	Lending to domestic and offshore entities involved in providing and manufacturing equipment, the development, construction, operation, distribution and maintenance of large scale renewable energy projects, and assets that improve *energy efficiency*.	1. Entity's main business is renewable energy generation (at least 90% of revenue, or where unavailable, an alternative measure such as energy generation from the energy mix, is from eligible renewable sources, from renewable generation), or proceeds of financing restricted to renewable energy generation is sourced from the following: – Wind, solar (photovoltaics, concentrated solar power/solar thermal), hydro, geothermal, wave, tidal, landfill gas (if asset is classified as an eligible generator under the Australian Renewable Energy Target (RET)). 2. Entities whose operations involve transmitting and distributing renewable electricity, entities whose operations involve storage facilities including large scale energy storage facilities and batteries, as well as, manufacturing facilities dedicated wholly to onshore and offshore development of renewable technology. 3. Solar, wind, hydro powered equipment including panel installations. 4. Batteries used to store energy for commercial use and charging equipment. An exposure that is at the head company level can still be included if the purpose of the CBA product is to be used for the needs of certain assets/projects/subsidiaries of the counterparty that fit the above criteria.	Exposures <$1 million except for those assets eligible under included assets 3 and 4.	Total lending exposure.
Low carbon transport	Lending related to low carbon transport and supporting infrastructure.	1. Low carbon/clean transport defined as the following public/private vehicles: – Electric and hydrogen passenger and freight vehicles. – Electric off-road machinery and engines. – Trains: non-diesel rolling stock and vehicles for electrified trams, trolley buses and cable cars. – Buses: electric or hydrogen buses. 2. Supporting infrastructure, such as: – Large scale supporting infrastructure including charging and alternative fuel infrastructure and batteries. – Dedicated infrastructure for electrified transport. – Public walking and cycling infrastructure. – Bus rapid transit system. – All infrastructure for electrified freight rail.	Hybrid fuel-efficient vehicles.	Total lending exposure.

Category	Definition	Included assets	Exclusions	Exposure type
Low carbon commercial buildings	Lending secured by ≥5 Star *NABERS* Energy or Green Star rated commercial buildings.	1. Commercial buildings that are ≥5 Star *NABERS* Energy or Green Star rated at time of origination. Where origination date is unknown, *NABERS* assessment is undertaken as at reporting date. 2. Commercial buildings that have achieved a ≥5 *NABERS* Energy or Green Star rating after origination, if at origination there was a demonstrated intention to achieve the rating. 3. Includes projects under construction or property upgrade, based on expected *NABERS* Energy rating. Apportionment undertaken on loans with multiple underlying securities so that only the balance attributed to securities that satisfy the definition are counted. Apportionment is based on the property value that satisfies the definition divided by the portfolio value of all securities held as collateral against the loan.	Unsecured loans. Exposures <$1 million.	Total lending exposure.
Energy efficient residential buildings[1]	Mortgage loans related to new construction/ major renovation of residential buildings that are considered *energy efficient* under accepted standards.	Mortgage loans to finance the construction of new residential buildings or major renovations. The National Construction Code requires qualifying constructions and major renovations to meet a minimum *thermal efficiency NatHERS* rating. Construction loans have progressive payments as the work progresses, with drawdowns within the reporting period being included.	Excludes Bankwest. Residential buildings that are not funded with a progressive drawdown.	Total funded balance.
Pollution and waste management	Lending related to municipal and commercial activities that contribute to soil remediation, waste prevention and collection (excluding hazardous waste), waste reduction and waste recycling.	1. The development, operation and upgrade of physical recycling facilities for metals, plastic or paper. 2. Recycling or composting to divert waste from landfill. 3. Organic waste treatment and composting. 4. Organic waste to energy power generation projects. 5. Landfill gas collection power generation projects for closed landfills with 75% or more gas capture efficiency.	Unsecured loans. Exposures <$1 million.	Total lending exposure.
Sustainability-Linked Loans	Loans with predetermined targets to facilitate environmentally or socially sustainable outcomes.	Sustainability-Linked Loans are instruments which incentivise the borrower's achievement of ambitious, predetermined sustainability performance targets. The use of proceeds in most instances will be for general corporate purposes.	Exposures <$1 million.	Total lending exposure.

1 For this financial year we have decided to not add any new or incremental contributions towards this asset class. We will continue to review our criteria as further market updates become available. Refer to page 99 for more information.

Category	Definition	Included assets	Exclusions	Exposure type
Land and agriculture	Lending for assets or agricultural practices that are designed to improve certain environmental outcomes.	Assets financed through the Agri Green Loan, which include: 1. Solar, batteries or bioenergy. 2. Electric or hydrogen vehicles. 3. Farm building upgrades. 4. Environmental plantings, vegetation and waterway protection, precision use of chemicals, water efficiency, management of manure waste streams. 5. Rotational grazing, restoration of degraded soils, erosion restoration and prevention, and regenerative cropping practices.	Unsecured loans.	Total lending exposure.
Affordable and social housing	Lending related to the acquisition, construction and/or operation of activities that expand the access to adequate, safe, affordable housing.	This may include: 1. Financing housing associations or community housing providers. 2. Financing for specialist accommodation such as disability housing or retirement villages. 3. Financing sponsors through government-led initiatives to increase the supply of affordable housing, where accommodation is provided at no more than 80% of the current market rental rate. Target populations include households with income below limits defined by Australian states and territories, low socioeconomic groups, victims of domestic or family violence, and/or Aboriginal and Torres Strait Islander peoples. Includes: • Loans to organisations that derive 90% or more of its revenues from activities in the above list of eligible categories. • Assets that operate or are under construction to operate.	Unsecured loans. Exposures <$1 million.	Total lending exposure.

Category	Definition	Included assets	Exclusions	Exposure type
Other social assets	Lending that facilitates and supports economic activity which mitigates social issues and challenges, and/or achieves positive social outcomes.	Eligible social projects should be directed towards specified target populations, for example those outlined in the Social Loan Principles. Eligible assets include funding or financing related to the acquisition, construction, equipment or operation of activities that expand: 1. Health, healthcare and wellbeing. 2. Educational and vocational training. 3. Affordable basic infrastructure. 4. Employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic inequality including employment services. Includes: 1. Assets that operate or are under construction to operate. 2. Loans to organisations that derive 90% or more of its revenues from activities in the above list of eligible categories.	Unsecured loans. Exposures <$1 million.	Total lending exposure.
Energy efficiency (No longer reported as a stand alone asset class from 1 July 2023.)	Lending for assets that improve energy efficiency or generate renewable energy excluding those that are reported under other categories.	1. Solar, wind and hydro powered equipment including panel installations. 2. Batteries used to store energy for commercial use and charging equipment.	Unsecured loans. Excludes exposures to assets reported under other categories.	Total lending exposure.

7. Green, Social & Sustainability Funding eligible asset pool and impacts

Renewable energy[1]	Facility start date[2]	Maturity	CBA share of total capital[3]	Financed vs refinanced[4]	Facility drawn ($m)
Solar farm 1	Mar 22	Mar 26	12%	Refinanced	22.9
Solar farm 2	Mar 22	Mar 26	12%	Refinanced	24.6
Solar farm 3	Jun 19	Feb 25	33%	Financed	47.0
Solar farm 4	Nov 23	Jun 29	6%	Financed	27.1
Solar farm 5	Aug 21	Aug 26	15%	Financed	31.7
Solar farm 6	Nov 23	Sep 29	9%	Financed	45.9
Solar farm 7	Mar 20	Mar 27	5%	Refinanced	68.5
Solar farm 8	Jul 21	Oct 27	2%	Financed	20.9
Solar farm 9	Sep 22	Oct 28	2%	Financed	42.4
Solar farm 10	Sep 22	May 26	8%	Financed	34.6
Solar farm 11	Jun 21	Mar 35	19%	Refinanced	43.2
Solar farm 12	Mar 24	Jan 31	3%	Financed	54.0
Solar farm 13	Feb 22	Dec 26	14%	Financed	33.0
Solar farm 14	Mar 24	Apr 25	11%	Financed	53.3
Solar farm 15	Dec 23	May 29	8%	Financed	43.2
Solar farm 16	Feb 23	Feb 28	7%	Financed	51.3
Solar farm 17	Mar 23	Mar 30	8%	Financed	21.7
Solar farm 18	Jun 23	Jun 28	6%	Refinanced	4.5
Solar farm 19	Dec 22	Dec 32	0%	Financed	4.7
Solar farm 20	Aug 23	May 27	6%	Refinanced	149.7
Solar farm 21	Feb 24	Feb 31	8%	Financed	41.7
Solar farm 22	Jul 23	Aug 24	2%	Financed	54.5
Solar farm 23	Feb 24	Apr 30	3%	Financed	34.0
Solar equipment 1	Dec 21	Aug 25	3%	Refinanced	25.1
Storage 1	Oct 23	Oct 28	1%	Financed	19.4
Storage 2	Oct 21	Oct 28	16%	Refinanced	66.6
Storage 3	Dec 22	Jul 24	3%	Financed	13.8
Storage 4	Jul 23	Aug 24	2%	Financed	129.5
Storage 5	Feb 24	Apr 30	3%	Financed	16.5
Storage 6	Mar 24	Jan 31	3%	Financed	36.0
Storage 7	Feb 24	Feb 31	8%	Financed	17.9
Wind farm 1	Nov 13	Jun 29	13%	Refinanced	44.2
Wind farm 2	Aug 21	Aug 26	20%	Financed	65.2
Wind farm 3	Feb 18	Feb 30	42%	Financed	33.3
Wind farm 4	Oct 22	Dec 27	10%	Refinanced	81.2
Wind farm 5	Dec 23	Dec 28	7%	Financed	28.5
Wind farm 6	Nov 14	Nov 24	26%	Financed	33.8
Wind farm 7	Mar 21	Sep 27	12%	Financed	51.0
Wind farm 8	Feb 23	Feb 28	5%	Financed	198.8
Wind farm 9	Dec 22	Jul 34	5%	Financed	46.3
Wind farm 10	Mar 18	Dec 25	4%	Financed	14.2
Wind farm 11	May 21	May 26	7%	Refinanced	52.3
Wind farm 12	Jun 21	Jun 28	9%	Refinanced	34.9
Wind farm 13	May 16	Dec 32	1%	Refinanced	4.3
Wind farm 14	Feb 23	Feb 28	7%	Financed	43.0
Wind farm 15	Mar 23	Mar 30	8%	Financed	106.7
Wind farm 16	Jun 23	Jun 28	6%	Refinanced	53.1
Wind farm 17	Dec 22	Dec 32	2%	Financed	78.6
Wind farm 18	Aug 23	May 27	6%	Refinanced	34.9
Wind farm 19	Feb 24	Feb 31	8%	Financed	26.8
Total					**2,310.0**

For footnotes see pages 106–107.

Facility limit ($m)	Energy capacity (MW)	Annual GHGs avoided (tCO_2-e) [5]	CBA proportion annual GHGs avoided (tCO_2-e) [6]	CBA share of equivalent houses powered [7]
22.9	N/A	32,851	3,927	5,947
24.6	N/A	34,670	4,134	6,260
47.0	N/A	29,165	9,722	14,724
27.1	N/A	380,844	21,116	5,246
31.7	N/A	79,325	11,832	2,939
55.4	N/A	N/A	N/A	N/A
68.5	N/A	438,427	23,785	5,909
23.2	N/A	705,309	10,600	2,633
42.4	N/A	734,788	17,165	4,264
34.6	N/A	57,723	4,645	1,154
43.2	N/A	43,524	8,076	2,006
72.4	N/A	N/A	N/A	N/A
33.0	N/A	157,071	22,402	5,565
83.0	N/A	N/A	N/A	N/A
63.4	N/A	N/A	N/A	N/A
57.8	N/A	730,378	50,536	12,990
21.7	N/A	164,374	13,519	3,269
7.7	N/A	198,069	10,938	3,018
5.8	N/A	N/A	N/A	N/A
150.8	N/A	N/A	N/A	N/A
41.7	N/A	985,118	80,588	20,804
54.8	N/A	N/A	N/A	N/A
70.6	N/A	N/A	N/A	N/A
108.1	N/A	N/A	N/A	N/A
85.4	N/A	N/A	N/A	N/A
94.3	N/A	N/A	N/A	N/A
16.3	N/A	N/A	N/A	N/A
130.1	N/A	N/A	N/A	N/A
34.2	N/A	N/A	N/A	N/A
48.3	N/A	N/A	N/A	N/A
23.7	N/A	N/A	N/A	N/A
44.2	N/A	413,374	54,588	16,957
65.2	N/A	657,800	131,560	21,240
33.3	N/A	95,716	40,166	12,477
81.2	N/A	1,252,178	120,425	34,530
99.9	N/A	N/A	N/A	N/A
33.8	N/A	113,997	30,092	45,575
51.0	N/A	423,733	49,048	15,236
198.8	N/A	1,613,532	85,651	21,847
46.3	N/A	N/A	N/A	10,952
18.2	N/A	470,291	16,598	4,123
52.3	N/A	626,635	43,168	10,724
34.9	N/A	188,619	17,241	4,283
4.3	N/A	568,373	5,402	1,342
48.4	N/A	695,222	48,103	15,604
106.7	N/A	460,797	37,898	23,501
92.3	N/A	2,425,272	133,932	36,038
97.9	N/A	N/A	N/A	N/A
35.2	N/A	N/A	N/A	N/A
26.8	N/A	471,621	38,581	18,027
2,794.3	**19,896**	**15,248,796**	**1,145,439**	**389,188**

GSSF eligible asset pool and impacts (continued)

Low carbon transport[1]	Facility start date[2]	Maturity	CBA share of total capital[3]	Financed vs refinanced[4]	Facility drawn ($m)
Low carbon transport 1	Jul 21	Sep 33	22%	Refinanced	284.5
Low carbon transport 2	May 21	May 26	10%	Refinanced	71.9
Low carbon transport 3	Portfolio	Portfolio	N/A	Portfolio	3.9
Low carbon transport 4	Portfolio	Portfolio	N/A	Financed	1.1
Total					**361.4**

Energy efficient commercial buildings[1]	Facility start date[2]	Maturity	CBA share of total capital[3]	Financed vs refinanced[4]	Facility drawn ($m)
Energy efficient commercial buildings 1 (portfolio)	Portfolio	Portfolio	8%	Refinanced	40.0
Energy efficient commercial buildings 2 (portfolio)	Portfolio	Portfolio	13%	Refinanced	103.2
Energy efficient commercial buildings 3 (portfolio)	Portfolio	Portfolio	6%	Refinanced	140.0
Energy efficient commercial buildings 4 (portfolio)	Portfolio	Portfolio	1%	Refinanced	80.0
Energy efficient commercial buildings 5 (portfolio)	Portfolio	Portfolio	3%	Refinanced	121.9
Energy efficient commercial buildings 6	Sep 21	Sep 26	59%	Financed	190.2
Total					**675.2**

1 Asset category definitions are set out in CBA's Green, Social and Sustainability Funding Framework available at commbank.com.au/gssfframework. All foreign currency amounts have been converted to AUD at the spot FX rate as at 30 June 2024. N/A indicates information is not available as at date of the report and/or not able to be disclosed due to confidentiality and/or not applicable due to the asset being under construction.

2 Facility start date is when CBA's debt facility became available to the customer. The drawn amount is as at 30 June 2024 and the limit is the maximum amount available to be drawn under the loan agreement. For assets with multiple facilities, start date is the earliest date and maturity date is the latest date.

3 CBA share of total capital calculation is the CBA drawn debt amount as a proportion of the total capital with each asset obtained from latest operating reports.

4 Financed represents a new lending exposure for the Bank. Refinanced represents re-lending to an existing exposure. Reported as refinanced if a combination of both.

5 For Australian assets, state-based *emissions intensity* data is sourced from publicly available information from the *AEMO* and the Clean Energy Regulator. A state-specific *emissions intensity* factor is calculated based on the electricity generation profile of that state in the preceding calendar year. The appropriate *emissions intensity* factor (depending on the state in which the project is located) is then multiplied by the total MWh per annum generated by each renewable energy asset. The MWh per annum generated (solar and wind) is based on actual (where available) or forecast generation data. The data is sourced from the project's financial or operating reports, management accounts, due diligence reports or origination documentation. For overseas assets, emissions data is sourced from relevant information providers. For example for the US, United States Environmental Protection Agency https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

Facility limit ($m)	Passengers carried pa (m)[8]	Annual GHGs avoided (tCO_2-e)[9]	CBA proportion annual GHGs avoided (tCO_2-e)[6]	Number of low carbon vehicles deployed
284.5	39.0	Not reported	Not reported	46
71.9	Not reported	Not reported	Not reported	75
3.9	N/A	89	Portfolio	96
1.1	N/A	244	244	4
361.4	**39.0**	**333**	**244**	**221**

Facility limit ($m)	NABERS energy rating[10]	Annual GHGs avoided (tCO_2-e)[11]	CBA proportion annual GHGs avoided (tCO_2-e)[6]	Net lettable area[12]
40.0	5.5	6,570	532	175,854
103.2	5.8	3,471	465	105,137
285.0	5.6	15,115	834	298,787
158.6	5.4	9,129	60	331,964
152.4	5.2	19,281	521	480,589
202.0	5.0	N/A	N/A	33,483
941.2	**5.4**	**53,566**	**2,413**	**1,425,814**

6 In order to calculate CBA's share of emissions avoided, CBA's debt to total capital for the asset ratio is multiplied by the total avoided emissions of the asset.

7 Equivalent number of houses supplied with 100% renewable energy from wind and solar farms is calculated by dividing the total MWh produced by the solar/wind farm by the average household electricity use, obtained by state from the Australian Energy Regulator. The national electricity usage figure is used if the asset is in WA, multiple states or is international.

8 The annual number of passengers carried via low carbon transport (electrified metro or suburban rail). Data has been obtained from the latest operating reports.

9 Grams/kilometres (average petrol or diesel vehicle emissions – average electric vehicle emissions) x average kilometres travelled per year x number of electric vehicles/1,000,000 (grams/tonnes).

10 Includes buildings rated 5 stars and above, with an average rating shown for portfolio assets.

11 Calculation is multiplying emissions target set out in CBI criteria and net lettable area and deducting the actual emissions of the base building.

12 Square metre measure of total occupiable floor space of the base building.

8. Our suite of products and services

Across Retail Banking Services, Business Banking and Institutional Banking & Markets, we offer our customers a suite of products and services designed to support them in reducing their emissions, achieve their respective climate goals, or to become more climate resilient.

Retail Banking Services products

Green Loan: a low, secured fixed rate loan for home energy products with no establishment fee, monthly loan service fee or early repayment fee.

Green Home Offer: low standard variable rates for homes meeting agreed sustainability and *energy efficient* criteria.

Personal Loan Green Offer: discounts on personal loans for eligible home energy products and hybrid/electric vehicles.

InstalPay: interest-free instalment plans to purchase solar and battery products through UPowr.

Services and tools

EV Calculator: cost comparison tool to see how an EV compares with a petrol, diesel or hybrid vehicle, estimating differences in price, running costs and CO_2 emissions, as well as required repayments.

Partnerships

Amber Electric: offers wholesale power prices enabling customers to save on energy costs, along with exclusive offers via CommBank Yello.

Tesla: offers discounted finance options to customers to purchase Tesla vehicles, that can cover all upfront costs for business and retail customers.

Business Banking products

Business Green Loan: enables businesses to invest in equipment and business practices, such as renewable energy, *energy efficient* assets and building upgrades.

Sustainable Finance: supports customers in taking actions that drive improved ESG outcomes, by tangibly linking their sustainability strategy to their financing arrangements, such as through use of proceeds and sustainability-linked key indicators.

Agri Green Loan: helps farmers and businesses invest in sustainable land practices, such as investment in solar panels, EVs, farm building upgrades or regenerative cropping practices.

Green Vehicle and Equipment Finance: finance discounts on qualifying electric vehicles and machinery as well as renewable energy assets such as solar, battery storage and charging equipment.

Services and tools

Green Buildings Tool: identifies sustainability upgrade options for commercial properties, and estimates possible cost savings and environmental benefits such as CO_2 reduction.

Sustainability Action Tool: provides personalised insights and resources that could help small businesses reduce the environmental impacts of their business practices.

Partnerships

Tesla: see above.

Ruminati emissions measurement: commencing from 2025 to eligible customers on an opt-in basis. Provides farmers with a tool to calculate baseline emissions and model how changes in farming practices might change their net emissions.

Institutional Banking & Markets products

Sustainable Finance and ESG: supports customers in taking actions that drive improved ESG outcomes, by tangibly linking their sustainability strategy to their financing arrangements, such as through use of proceeds and sustainability-linked instruments across loans, leasing, bonds, *trade finance*, markets and other products. Financing solutions include:

- **Green Trade Finance:** solutions funding activities that align with accepted sustainability standards (for example, green guarantees, letters of credit or *trade finance* loans).
- **Sustainability-Linked Trade Finance:** working capital and trade solutions that offer financial incentives linked to achievement of agreed sustainability performance targets.

Services and tools

Carbon Markets: enables financing and risk management solutions across global carbon markets that can support our customers to achieve their climate goals.

Customer engagement with 100 of CBA's most carbon-intensive institutional banking customers.

9. Group operational emissions

Environmental management systems and certifications

We measure and manage the direct environmental impacts of our activities under our operational control using an environmental management system. Envizi is used for Australia and other overseas *operational emissions*. For New Zealand, ASB measures its *operational emissions* using in-house emissions calculators.

Certifications

- ISO 9001:2015 – Quality Management System. Scope of certification: the management of design and delivery of minor, medium and major retail capital works.
- ISO 14001:2015 – Environmental Management System. Scope of certification: the provision of Property Operations and Facilities Management across the Australian operations for the Group, including Commercial, Retail, Data Centres, SST (ATMs).
- ISO 50001:2018 – Energy Management System. Scope of certification: the provision of Facilities Management across the Australian operations for the Group including Commercial, Retail, Data Centres, SST (ATMs).

Operational emissions targets

Our *operational emissions* targets publicly document the measurement, target setting and our progress to reduce emissions over time. We set our targets in conjunction with an environmental consultant and periodically review to ensure they remain representative of CBA's operations; however, we do not currently have our targets validated by a third party annually. Our external auditor provides reasonable assurance for Scope 1 and 2 *operational emissions* and limited assurance for selected Scope 3 *operational emissions* over point-in-time performance and we report these against the targets. Our operational targets are gross *absolute emission* reductions, with carbon offsets not included in progress tracking.

Organisational boundaries, calculations and emissions factors

Organisational boundaries

Australia: Our emissions are based on an extended operational control approach to establish our operational boundary and identify which emission sources need to be included. The operational control boundary covers the Bank's Australia-based operations, including Bankwest, and includes commercial and retail facilities as well as data centres. We have extended our boundary to include selected emission sources beyond our operational control, such as the provision of base building services in our commercial sites, business travel activities, employees commuting to work, employees working from home, paper and courier services used by the Bank.

New Zealand: ASB uses an operational control consolidation approach to account for emissions. *Operational emissions* measurement and organisational boundaries are set with reference to the methodology described in the GHG Protocol standards. The boundary encompasses the subsidiaries, operations and facilities owned or controlled by ASB. Facilities in-scope include our corporate offices, regional centres, data centres, branches and ATMs. In Scope 3 emissions, we also include emission sources that occur as part of ASB's value chain activities that arise from premises outside the operational control of ASB where sufficiently reliable data is available (for example, freight, transport, accommodation, working from home). ASB reported *operational emissions* includes the emissions associated with CBA New Zealand office premise use. These are from Scope 1 natural gas, diesel stationary, Scope 2 purchased electricity, Scope 3 transmission and distribution losses, waste and paper. CBA New Zealand emissions for these categories have been assessed as immaterial.

Other overseas: Includes offices in North America, Asia and Europe. Based on Australian operational control approach. All location-based emissions are based on per FTE estimates of Australian operations. Market-based Scope 2 emissions reported as per renewable electricity procurement.

Calculations and emissions factors

For Australia and other overseas, invoices or reports are received from the relevant data source and are loaded into Envizi. The platform then calculates the emissions using the relevant *emissions factors*. *Emissions factors* are reviewed by a third party for CBA and updated in Envizi, and are sourced from:

- Scope 1 – *National Greenhouse Accounts Factors* and the *IPCC*.
- Scope 2 – *National Greenhouse Account Factors* and *IEA* (for other overseas).
- Scope 3 – *National Greenhouse Account Factors*, *Climate Active* and UK Department of Energy Security and Net Zero.

For New Zealand, ASB's *operational emissions* for 2024 have been measured and prepared, in all material respects, in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (GHG Protocol). Invoices or reports are received from the relevant data source and the relevant *emissions factors* are applied to calculate the emissions. Global Warming Potential (GWP) are sourced from *IPCC* AR5 and *emissions factors* for Scope 1, 2 and 3 are sourced from Ministry for the Environment NZ, Measuring Emissions: A Guide for Organisations (2024). Below are the exceptions where *emissions factors* are from different sources:

- Scope 3 Freight
  - Postage: NZ Post 2023 *emissions factors*.
  - Courier: Auckland Council spend based *emissions factor* (year ending 2019, Postal and Courier Services), adjusted for inflation.
- Scope 3 Paper – Environment Protection Authority Victoria (2021).

ASB measures its *operational emissions* using an emissions calculator developed in-house.

Scope 1 emissions

Scope 1 *operational emissions* are *direct emissions* from operations that are owned or controlled by the reporting company. For example, for CBA, emissions from natural gas consumed in our retail, commercial or data centre properties. The table below outlines Scope 1 *operational emission* sources reported within our Annual Report.

For a reconciliation between Scope 1 *operational emissions* reported in our Annual Report and those within our Scope 1 and 2 target, see page 113.

Australia

Scope category	Description	Data source	Units
Natural gas and diesel stationary	Direct emissions from the consumption of diesel and natural gas in retail, commercial and data centre properties in Australia under the Group's operational control.	• Diesel usage reports • Natural gas usage invoices	L (fuel) MJ (gas)
Transport fuels	Direct emissions from the consumption of diesel, ethanol E10 and petrol from our business use of our tool of trade vehicle fleet in Australia.	• SG Fleet monthly report	L (fuel)
Refrigerant	Direct emissions from installation, servicing and disposal of air conditioning units based on top up of refrigerants from contractors maintaining the equipment in retail, commercial and data centre properties in Australia under the Group's operational control.	• HVAC contractors	kg (refrigerant)

New Zealand

Scope category	Description	Data source	Units
Natural gas and diesel stationary	Direct emissions from fossil fuel gas and diesel use across ASB's corporate sites in New Zealand under ASB's operational control.	• Diesel usage reports • Natural gas usage invoices	L (fuel) kWh (gas)
Transport fuels	Direct emissions from the consumption of diesel and petrol from our business use of our tool of trade vehicle fleet in New Zealand.	• SG Fleet monthly report and transactional listing	L (fuel)
Refrigerant	Direct emissions from installation, servicing and disposal of air conditioning units based on top up of refrigerants from contractors maintaining equipment in ASB's corporate sites in New Zealand under ASB's operational control. Refrigerant emissions from retail branches are excluded.	• HVAC contractors	kg (refrigerant)

Scope 2 emissions

Scope 2 *operational emissions* are *indirect emissions* from the generation of purchased energy consumed by a company. For example, emissions from electricity CBA buys from the grid for use in our ATMs, branches and commercial office buildings. The table below outlines Scope 2 *operational emission* sources reported within our Annual Report.

Australia

In Australia, we use a location-based and market-based reporting approach. Location-based methodology reflects the average *emissions intensity* of grids on which energy consumption occurs, while a market-based methodology reflects emissions from electricity that we have purposefully chosen.

Scope category	Description	Data source	Units
Purchased electricity – property portfolio	Indirect emissions from the electricity used by ATMs, retail, commercial and residential properties under the Group's operational control in Australia and charging of Australian EVs.	• Invoice PDFs/EDIs from electricity retailer • Odometer estimates and OEM efficiency rating	kWh
Purchased electricity – data centres	Indirect emissions from the electricity used by data centres under the Group's operational control in Australia.	• Invoice PDFs/EDIs from electricity retailer	kWh

New Zealand

Scope category	Description	Data source	Units
Electricity consumption	Indirect emissions from the electricity used by ATMs, retail, corporate and data centre properties in New Zealand under ASB's operational control.	• Invoice PDFs/EDIs from electricity retailer	kWh

Scope 3 emissions

Scope 3 *operational emissions* are all other *indirect emissions* (not included in Scope 2) that occur in the value chain of the reporting company. For example, for CBA, emissions from business flights or employees working from home. The table below outlines all selected Scope 3 *operational emission* sources reported within our Annual Report. Our reporting boundary does not currently include all *indirect emissions* and will evolve over time.

For a reconciliation between Scope 3 *operational emissions* reported in our Annual Report and those within our Scope 3 target, see page 113.

For information on CBA's *financed emissions* methodology, see pages 78–85.

Australia

Scope category	Description	Data source	Units
Purchased electricity – data centres	Indirect emissions from the electricity in the Group's Australian data centres not under the Group's operational control.	• Invoice PDFs from landlord/retailer	kWh (electricity)
Natural gas and diesel stationary	Indirect emissions associated with the use of diesel and natural gas in retail, commercial and data centre properties in Australia under the Group's operational control.	• Diesel usage reports • Natural gas usage invoices	L (fuel) MJ (gas)
Transport	Indirect emissions from rental car and taxi use, business use of private vehicles, business flights, and indirect emissions from business use of our tool of trade vehicle fleet.	• Monthly flights report • CBA operating expense management system • Monthly transactions report	Flight ticket class/airport codes $ (expenditure) L (fuel)
Hotel accommodation	Indirect emissions from hotel accommodation used by employees and calculated based on the duration of stay and average hotel star rating on accommodation.	• Monthly hotels report	Days/nights stay
Transmission and distribution losses	Indirect emissions associated with the electricity used by ATMs, retail, commercial, data centre and residential properties under the Group's operational and non-operational control in Australia.	• Invoice PDFs/EDIs from electricity retailer	kWh (electricity)
Office paper	Indirect emissions generated from the Group's use of office paper in the Group's commercial operations and retail branches under the Group's operational control in Australia.	• Monthly paper transactions report	GSM (paper weight)
Base building	Indirect emissions generated from CBA's proportion (by net lettable area) of base building electricity and natural gas usage for the Group's Australian commercial offices.	• Landlord utilities invoices/reports	kWh (electricity) MJ (natural gas)
Waste (commercial operations)	Indirect emissions generated from our waste to landfill, from commercial properties under our operational control in Australia.	• Cleaning contractor waste report • Landlord/base building waste report	Tonnes (waste) kg (waste)
Water	Indirect emissions generated from the water usage at our commercial and retail properties, and data centres under our operational control in Australia.	• Utility bills • Landlord bills • Water meter reading report	kL (water)
Employees commuting	Indirect emissions generated by employees commuting to offices.	• CBA Group FTE report • CBA speedgate data • HR employee leave data • CBA commercial offices parking bay data	FTE (employees)
Working from home emissions	Indirect emissions generated by number of employees working from home.	• CBA Group FTE report • CBA speedgate data • HR employee leave data	FTE (employees)
Freight	Indirect emissions generated from Australian courier contracts. Reported as per courier emissions report.	• Quarterly courier emissions report	tCO_2-e (courier)
Annual and Climate Report production	Emissions related to the design, print, distribution and disposal of Group Annual and Climate Reports.	• Supplier spend invoices	$ (AUD)
Annual General Meeting	Emissions related to Group's Annual General Meeting.	• Supplier spend invoices	$ (AUD)

New Zealand

Scope category	Description	Data source	Units
Transport	Indirect emissions from business flights, business use of private vehicles, rental car and taxi use.	• Monthly travel report • ASB's operating expense management system	Flight ticket class/airport codes $ (expenditure for taxi and rental car)
Hotel accommodation	Indirect emissions from hotel accommodation used by employees and calculated based on the duration of stay.	• Monthly travel report	Days/nights stay
Transmission and distribution losses	Indirect emissions associated with the generation of electricity purchased and natural gas that are consumed in transmission and distribution.	• Emissions calculated from Scope 1 natural gas and Scope 2 electricity	kWh (electricity and gas)
Office paper	Indirect emissions generated from ASB's use of office paper in commercial operations and retail branches under ASB's operational control and are sourced from ASB's major paper suppliers.	• Monthly paper transactions report from three major suppliers	kg (paper)
Waste (commercial operations)	Indirect emissions generated from waste to landfill from properties under ASB operational control.	• Landlord/base building waste report, ASB's employment record, construction waste report	kg (waste to landfill)
Working from home emissions	Indirect emissions generated from ASB staff working from home.	• ASB's employment record for FTE, premise access percent and leave taken	FTE (employees) and number of working days
Freight	Indirect emissions generated from outbound freight services.	• Mail volume report • Transactional listing	Postage volume $ (expenditure)

Reconciliation of 2024 Group operational emissions reporting

(tCO_2-e)	As reported in the 2024 Annual Report on pages 48–49	Emissions represented within our operational reduction targets as reported on page 75	Reason for difference
Scope 1	7,258	6,724	Other overseas is calculated based on FTE intensity estimates in the Annual Report. Other overseas and India emissions are excluded from the *operational emissions* target baseline as we were unable to source reliable data at the time.
Scope 2 (market-based)	33	18	ASB offsite ATMs were reclassified as Scope 2 in FY23. They are reported under Scope 3 in the target for baseline comparison purposes. *RECs* could not be purchased due to metering limitations.
Scope 3	63,858	29,640	Other overseas emissions are based on FTE intensity in the Annual Report. The *operational emissions* target excludes emissions where we cannot influence reductions or emissions that are based on estimates in the Annual Report. *Operational emissions* target excludes electricity emissions where we are sourcing the equivalent of 100% of our electricity needs from renewable sources.

10. Policy priorities through direct government engagement or through our industry memberships

CBA engages governments directly, as well as indirectly through our industry memberships, in relation to climate and sustainability. Over the past year, we have focused on the following policy areas:

	Housing	Measurement and reporting
Key policy issue	• Insurance availability • Home energy efficiency	• Sustainable Finance Strategy • Sustainable finance taxonomy • Mandatory climate-related financial disclosures • Australian Sustainability Reporting Standards • Sector transition pathways • Data availability
Where it may impact our strategy	• Our retail customers	• Our retail, business, agriculture and institutional customers • Our operations
How we engage	• ABA	• ABA • Business Council of Australia (BCA) • ASFI • Direct engagement

Reviewing our E&S commitments against industry association commitments

CBA E&S public commitments[1]	CBA	ABA position	BCA position
Supports net zero by 2050	✓	✓	✓
Supports action required to limit global temperature	✓	✓	✓
Supports implementation of mandatory climate reporting	✓	✓	✓
Supports development of a sustainable finance taxonomy	✓	✓	✓
Supports development of sectoral pathways	✓	✓	✓

In addition to our membership with the ABA and the BCA, we also contribute to a variety of other industry groups or organisations which are focused on the transition to net zero by 2050 and climate-related advocacy. This includes our membership of ASFI, where we have contributed to its Taxonomy Technical Expert Group. The expert group is providing strategic direction over, and input into, the development of an Australian sustainable finance taxonomy for consideration by government. We are also a member of the GBCA, which is focused on leading the sustainable transformation of the built environment, and the Electric Vehicle Council, which aims to increase certainty for investment through policy.

1 While we have identified alignment to the high-level objectives, our views may differ on the specific policies, technologies and actions required to achieve these objectives.

11. Glossary of terms

Term	Definition
2020 financed emissions	Our estimate of the Bank's financed emissions as at 30 June 2020. Our calculations cover 87% of our drawn lending exposures, of which 80% is aligned with the PCAF Standard. Refer to the 2022 Climate Report for more information.
Absolute emissions	GHG emissions, expressed in terms of weight of CO_2 (e.g. tCO_2) or weight of CO_2 equivalent (tCO_2-e) for a given scope/s.
ACCU	Australian Carbon Credit Unit.
Acute physical risk	Event-driven risks, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.
AEMO	Australian Energy Market Operator.
AEMO ISP	Australian Energy Market Operator 2024 Integrated System Plan.
Annual GHGs avoided (tonnes of CO_2-e)	Formula for calculating tonnes of CO_2 saved, grams/kilometres (average petrol or diesel vehicle emissions – average electric vehicle emissions) x average kilometres travelled per year x number of electric vehicles/1,000,000 (grams/tonnes). Energy used is sourced from NABERS website for base building. Emissions avoided is calculated by multiplying emissions target set out in CBI criteria and net lettable area and deducting the actual emissions of the base building.
ANZSIC	Australian and New Zealand Standard Industrial Classification (1993).
Attribution factor or attribution share	The share of total GHG emissions of the borrower or investee that are allocated to the loan or investments.
Bond facilitation	The arranging or lead management of primary market debt securities issuance. This does not include secondary trading of debt securities.
Biodiversity	The variability among living organisms from all sources, including among other things, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.
Carbon capture and storage	A process in which a relatively pure stream of carbon dioxide from industrial and energy-related sources is separated (captured), conditioned, compressed and transported to a storage location for long-term isolation from the atmosphere.
Carbon capture	A process in which carbon dioxide is captured.
Carbon credit	An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry.
Carbon sequestration	The capture and secure storage of carbon dioxide from the atmosphere. In agriculture, this occurs via photosynthesis by trees and plants and into soils as a carbon sink.
CBA share of total capital	CBA share of total capital is calculated as the CBA drawn debt amount as a proportion of the total capital with each asset obtained from the GSSF Framework available at commbank.com.au/gssframework.
Cementitious	Materials having the characteristics of cement.
Chronic physical risk	Long term shifts in climate patterns that may cause sea level rise or chronic heat waves.
Client	A customer who is relationship managed by the Group's Institutional Banking & Markets or Business Banking divisions with financing transactions $5 million or greater.
Climate Active	Climate Active is an ongoing partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active is the only government accredited carbon neutral certification scheme in Australia.

Term	Definition
CO_2-e	Carbon dioxide equivalent (CO_2-e) is a measurement used to compare emissions from various GHGs based on their global warming potential. Other gas amounts are converted into the equivalent amount of carbon dioxide to provide a single emissions metric. Conversion factors vary based on the underlying assumptions.
Corporate or trade finance	The provision of corporate or trade finance including: • corporate loans including acquisition, trade and bridge finance and reserve-based lending; and • export credit finance, to a client.
CRREM	Carbon Risk Real Estate Monitor.
CSIRO	Commonwealth Scientific and Industrial Research Organisation.
Decarbonise/ decarbonisation/ decarbonising	The process of reducing or eliminating the emission of carbon dioxide and other greenhouse gas emissions into the atmosphere.
Delayed transition scenario	A scenario used to test our resilience to high transition risk. This scenario assumes new climate policies are not introduced until 2030, with strong policies needed thereafter to limit warming to below 2°C. This leads to a rapid and disorderly transition, and medium physical risk.
Direct emissions	Emissions from sources that are owned or controlled by the reporting entity and/or the borrower.
E&S Framework	The E&S Framework provides a reference point for our people and stakeholders on the minimum standards we seek to abide by, the targets we seek to implement, and the governance and oversight in place to support our endeavours. Our E&S Framework is underpinned by our internal Group Environmental and Social Policy and relevant business unit specific procedures. Our E&S Framework is available at commbank.com.au/policies.
Energy efficient/ efficiency	Using less energy, or reducing the energy used, to perform the same task or work.
Energy efficient commercial buildings	Energy Efficient Commercial Buildings category refers to assets defined as set out in the Green Eligible Assets description on page 4 of the GSSF Framework available at commbank.com.au/gssfframework.
Embodied carbon	The carbon emissions associated with materials and construction processes throughout the lifecycle of a building. Includes carbon released during extraction, manufacturing, transportation of materials, and construction practices used to construct the building.
Emissions	The release of greenhouse gas emissions.
Emissions factor	A figure provided by a credible third party that provides an estimated amount of CO_2 emitted for a specific activity (e.g. emissions per barrel of oil combusted). These can be multiplied with production figures to estimate emissions.
Emissions intensity metric	Emissions per a specific unit. There is a difference between economic intensity (e.g. tCO_2-e/$million financing, tCO_2-e/$million company revenue) and physical intensity which compares emissions to a unit of output (e.g. tCO_2-e/MWh, tCO_2-e/t-steel produced).
Emissions scopes	The GHG Protocol Corporate Standard classifies an organisation's GHG emissions into three scopes – Scope 1, Scope 2 and Scope 3 emissions. See glossary definitions for each on page 119.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) is a tool to help users better understand and visualise the impact of environmental change on the economy. ENCORE was developed by the Natural Capital Finance Alliance in partnership with United Nations Environment Programme World Conservation Monitoring Centre.
ESG risk assessment tool	The ESG risk assessment tool is used by Institutional Banking & Markets and Business Banking to identify and assess the ESG risks customers are exposed to, assess the mitigating actions taken by customers to manage ESG risks and assess how lending to our customers aligns to the commitments made in our E&S Framework.
Facilitated emissions	The GHG emissions associated with capital market issuances.
Facility start date	The date that CBA's debt facility became available to client.

Term	Definition
Facility drawn	The amount of CBA debt that is drawn as at reporting date.
Facility limit	The maximum amount available to be drawn under the loan agreement.
Financed emissions	The emissions financed by a financial institution's loans and/or investments. They are estimated based on an attributed proportion of the financial institution's customers' emissions. These financed emissions are part of the financial institution's Scope 3, Category 15 emissions.
Financed versus refinanced	Financed represents a new lending exposure for the Bank. Refinanced represents re-lending to an existing exposure.
Firming capacity	Firming describes a mechanism for achieving reliability of supply by supplementing variable renewable energy.
Firming technology	Technologies that provide firming capacity, such as natural gas, solar thermal, stored hydrogen, batteries and pumped hydro.
Fossil fuel extraction	For the Bank, this includes exposures to upstream oil and gas exploration and production, thermal coal mining, and metallurgical coal mining.
Fossil fuel financing-related commitments	Fossil fuel financing-related commitments refers to the 11 commitments, the compliance with which we will report upon annually, as stated on pages 6–7 of our 2023 E&S Framework. Our E&S Framework is available at commbank.com.au/policies.
Gentailers	Combined retail and power generation companies.
Glidepath	A tool to set and articulate interim and long-term aspirations with respect to emissions as they relate to a bank's financing activities.
GHGs	Greenhouse gases (GHGs) are the six gases listed in the Kyoto Protocol being carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).
Green, Social and Sustainability Funding Framework (GSSF)	The GSSF relates to funding instruments issued by Commonwealth Bank of Australia (CBA) that meet the green, social and sustainability funding requirements of the International Capital Market Association. The Framework leverages the CBI taxonomies in defining eligible asset categories. Our GSSF Framework is available at commbank.com.au/gssframework.
Harder-to-abate	Sectors where the reduction of carbon emissions or the transition to net zero by 2050 is either technologically or financially difficult.
Hydrogen electrolysers	A hydrogen electrolyser is a device that produces hydrogen by splitting water into hydrogen and oxygen using electricity.
IEA	International Energy Agency.
IEA NZE	The Net Zero Emissions by 2050 Scenario as published in the IEA's World Energy Outlook.
IEA SDS	The Sustainable Development Scenario as published in IEA's World Energy Outlook until 2021.
Indirect emissions	Emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity.
In-scope drawn lending	Drawn lending which excludes exposures in the finance and insurance, and government administration and defence ANZSICs. Portfolios not assessed include consumer finance (excluding Australian motor vehicle finance) and commercial property outside of Australia and New Zealand.
IPR RPS	Inevitable Policy Response Required Policy Scenario.
IPCC	Intergovernmental Panel on Climate Change.
Kunming-Montreal Global Biodiversity Framework	The Kunming-Montreal Global Biodiversity Framework was adopted during the fifteenth meeting of the Conference of the Parties (COP 15) and sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050. Among the Framework's key elements are four goals for 2050 and 23 targets for 2030.
Land use change	Land use change involves a change from one land use category to another.

Term	Definition
Land use change and removals emissions	Land use change emissions are biogenic CO_2 emissions resulting from carbon stock losses and other GHG emissions due to land use change. For example carbon stock losses from the conversion of forest to grassland or cropland (deforestation). Removals are net increases to storage in land carbon pools due to ongoing land management practices (e.g. soil sequestration, afforestation).
Low carbon transport	Low carbon transport category refers to assets dedicated to low carbon transport as set out in the Green Eligible Assets description on page 5 of the GSSF Framework available at commbank.com.au/gssframework.
MPP	Mission Possible Partnership.
NABERS	Natural Australian Built Environment Rating System.
NatHERS	Nationwide House Energy Rating Scheme.
National Greenhouse Accounts Factors	Provide emission factors and methods that help companies and individuals estimate greenhouse gas emissions.
Nature	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
Net lettable area	This is a square metre measure of total occupiable floor space of the base building.
NGFS	Network for Greening the Financial System.
Non-retail	This refers to our Institutional Banking & Markets and Business Banking portfolios.
Number of houses supplied with power (solar and wind)	Equivalent number of houses supplied with 100% renewable energy from wind and solar farms is calculated by dividing the total MWh produced by the solar/wind farm by the average household electricity use. The average household electricity usage by state is obtained from the Australian Energy Regulator. The national electricity usage figure is used if the asset is in WA, multiple states or is international.
NZBA	Net-Zero Banking Alliance is an industry led initiative run by the UN which brings together banks committed to aligning their portfolio with net zero emissions by 2050.
Operational emissions	Scope 1, 2 and selected Scope 3 emissions (excluding financed emissions) resulting from the operations of our business for the CBA Group, including ASB, CBA India and other overseas operations.
Paris Agreement	The Paris Agreement, adopted within the United Nations Framework Convention on Climate Change in December 2015, commits all participating countries to limit global temperature rise to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C, to adapt to changes already occurring, and to regularly increase efforts over time.
Passengers carried p.a.	The annual number of passengers carried via low carbon transport (electrified metro or suburban rail). Data has been obtained from latest operating reports.
PCAF	Partnership for Carbon Accounting Financials. A global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with their loans and investments.
Peril/peril events	'Natural perils' are all natural events, including, but not limited to, earthquakes, storms and conflagration as well as fire or surge following a natural peril, that affect property risks and other classes of business to which an institution is exposed.
Physical risks	Risks arising from extreme weather events (acute) such as floods, bushfires and cyclones, and longer term (chronic) shifts in precipitation and temperature and increased variability in weather patterns, such as sea level rise.
RAS	Group Risk Appetite Statement.
REC	Renewable Energy Certificate.
Reference scenario	A science-based decarbonisation pathway at the global, regional or national level.

Term	Definition
Revenue	Revenue as reported in a client's audited consolidated financial statements or in the absence of those, in other financial statements provided to the Bank.
Ruminant livestock	Herbivorous livestock species, such as cattle, buffaloes, sheep and goats, that digest their food multiple times, chewing and regurgitating grass or vegetation more than once and digesting it in various chambers of their stomachs.
Renewable energy (solar and wind)	Per the GSSF Framework, renewable energy solar and renewable energy wind categories refer to assets dedicated to renewable energy as set out in the Green Eligible Assets description on page 4 of the GSSF Framework available at commbank.com.au/gssfframework.
SAF	Sustainable aviation fuel (SAF) is an alternative fuel made from non-petroleum feedstocks that reduces emissions from air transportation.
SBTi	Science Based Targets initiative.
Scope 1 and 2 operational emissions target	The Scope 1 and 2 target is based on a 1.5°C trajectory, requiring a 4.2% annual linear reduction. Emissions relate to the consumption of natural gas, stationary fuel, refrigerant and electricity used in retail, commercial and data centre properties under the Group's operational control, and business use of tool of trade vehicles. Australian electricity emissions are calculated as zero as the equivalent of 100% of our Australian operational electricity needs have been sourced from renewable sources. Market-based reporting is used for New Zealand and other overseas electricity. Only electricity is included in other overseas emissions due to data limitations.
Scope 1 emissions	Greenhouse gas emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Scope 1 emissions are sometimes referred to as direct emissions.
Scope 2 emissions	Greenhouse gas emissions released to the atmosphere from the indirect consumption of an energy commodity.
Scope 3 emissions	Indirect greenhouse gas emissions other than Scope 2 emissions that are generated in the wider economy. They occur as a consequence of the activities of a facility, but from sources not owned or controlled by that facility's business.
Scope 3 operational emissions target	The Scope 3 target is based on a 1.5°C trajectory, excluding flight emissions which are based on a well below 2°C trajectory. The 1.5°C trajectory requires 4.2% annual linear reduction, whereas the well below 2°C trajectory, requires 2.5% annual linear contraction. To ensure the baseline is representative of a typical year, Scope 3 business travel emissions are adjusted to FY19 values to normalise for the impacts of the COVID-19 pandemic. Includes indirect GHG emissions as a result of sources outside the Group's operational control, but support the Group's business activities. Base building, business use of private vehicles and work from home emissions are excluded. Due to data limitations New Zealand emissions exclude upstream stationary and transport fuels, and freight emissions. Only flight emissions are included for other overseas due to data limitations.
Severe physical risk scenario	A scenario used to test our resilience to physical risk, where there is severe temperature increase resulting in severe physical risk.
Severe transition risk scenario	A scenario used to test our resilience to transition risk, where ambitious local and international climate regulation, social adaptation and technological innovation are introduced in an attempt to restrict GHGs, resulting in increased fossil fuel prices, devaluation or stranding of emissions-intensive organisations and those reliant upon them, and a tightening of financial conditions.
Sea level rise	Sea level rise is an increase in the level of the world's oceans due to the effects of global warming.
Solar PV systems	Solar photovoltaic systems – solar panels.
Sudden wake-up call scenario	Assumes an abrupt and unanticipated transition, arising from an event (for example, a severe natural disaster) that triggers a sudden change in policy stance. Governments hastily implement carbon policies to still reach net zero by 2050. This unanticipated change in policy leads to severe transition risks from the short term.
Supplementary cementitious materials	Materials that can partly replace clinker in cement or can be used in concrete to partially replace cement.

Term	Definition
Tank-to-wake	In the shipping and aviation sectors, 'tank-to-wake' emissions refer to emissions generated from the combustion of fuel.
Thermal efficiency	A measure of the thermal performance of a building, based on the amount of heating and cooling required to keep it at a comfortable temperature.
TNFD	Taskforce on Nature-related Financial Disclosures.
Toitū Envirocare	A provider of environmental certifications in New Zealand.
Toitū net carbonzero certification	ASB achieved this certification in FY23. Toitū facilitates offsetting entities' remaining emissions through verified carbon credits to achieve a neutral balance through Toitū net carbonzero certification.
TCE	Total committed exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Transition Plan	A plan that, at a minimum: • contains a time-bound decarbonisation plan which is aligned to the goal of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels; and • includes the client's Scope 1, 2 and 3 emissions. CBA will engage a third party to assess applicable clients' Transition Plans against the above two requirements.
Transition risks	Risks arising from transitioning to a low carbon economy due to changes in domestic and international policy and regulatory settings, technological innovation, social adaptation and market changes, which can result in changes to costs, income and profits, investment preferences and asset viability.
Transmission infrastructure	The infrastructure (towers and wires, underground cables, transformers, switching equipment, reactive power devices, and monitoring and telecommunications equipment) that is used in the transmission network.
Water stress	Water stress was informed by the World Resources Institute's baseline water stress model. Water stress is calculated from the ratio of total surface and groundwater withdrawals to available renewable water. Baseline year of this model is 2014.

12. Sources

We have referred to external sources throughout our report to inform our views.

Page 9	**1.** Australian Energy Market Operator (AEMO): 2024 Integrated System Plan for the National Electricity Market.
Page 10	**1.** Electricity, Buildings & houses, Transport: AEMO: 2024 Integrated System Plan for the National Electricity Market. Heavy industry: Reedman, L.J., Gordon, J., Murugesan, M., Croser, L., Li, M., Hayward, J.A., Khandoker, T., Brinsmead, T.S. and Havas, L. 2022. Multi-sector energy modelling 2022: Methodology and results: Final report, CSIRO Report No. EP2022-5553, Australia. Agriculture: Climate Change Authority (CCA): 2024 Issues Paper Targets, Pathways and Progress.
Page 16	**1.** https://www.dcceew.gov.au/energy/energy-efficiency/buildings/residential-buildings (accessed July 2024). **2.** AEMO: 2024 Integrated System Plan for the National Electricity Market and CCA: 2023 Annual Progress Report. **4.** SBTi Buildings Target-Setting Tool, Draft for Public Consultation, Version 1.
Page 18	**1.** https://www.dcceew.gov.au/energy/energy-efficiency/buildings/commercial-buildings (accessed July 2024). **4.** SBTi Buildings Target-Setting Tool Draft for Pilot Testing, Version 0.2.
Page 19	**2.** SBTi Buildings Target-Setting Tool Draft for Pilot Testing, Version 0.2.
Page 20	**1.** Department of Climate Change, Energy, the Environment and Water (DCCEEW): Australian National Greenhouse Gas Accounts, Paris Agreement Inventory.
Page 22	**1.** DCCEEW: Australian National Greenhouse Gas Accounts, Paris Agreement Inventory. **4.** International Energy Agency (IEA) World Energy Outlook 2021.
Page 23	**5.** DCCEEW (2024): Australian Energy Statistics 2022-2023.
Page 24	**1.** DCCEEW: Australian National Greenhouse Gas Accounts, Paris Agreement Inventory. **2.** DCCEEW: National Inventory Report 2022. **4.** https://www.dcceew.gov.au/energy/transport (accessed July 2024). **7.** United Nations Principles of Responsible Investment Inevitable Policy Response (IPR) Required Policy Scenario (RPS) (2021).
Page 26	**2.** IEA: Net Zero by 2050 - A Roadmap for the Global Energy Sector (2021).
Page 27	**1.** DCCEEW: Australian National Greenhouse Gas Accounts, Paris Agreement Inventory. **4.** SBTi Steel Draft for Public Consultation Target-Setting Tool, Version 2.2.
Page 28	**2.** Mission Possible Partnership (MPP): Making Net-Zero Aluminium Possible. **3.** SBTi Cement Target-Setting Tool, Version 2.1.2.
Page 30	**1.** DCCEEW: Australian National Greenhouse Gas Accounts, Paris Agreement Inventory. **2.** Wood Mackenzie (2022): How will oil and gas companies get to Scope 3 net zero?. **3.** https://www.iea.org/countries/australia/oil (accessed July 2024). **4.** Bioenergy Australia: Transitioning Australia's Liquid Fuel Sector: The Role of Renewable Fuels. **7.** IEA: World Energy Outlook 2021.
Page 31	**3.** IEA: World Energy Outlook 2021.
Page 33	**1.** DCCEEW: Australian National Greenhouse Gas Accounts, Paris Agreement Inventory. **4.** IEA: World Energy Outlook 2021.
Page 79	**1.** United Nations Environment Program Finance Initiative: (UNEP FI) NZBA Guidelines for Climate Target Setting for Banks, Version 2.
Page 84	**1.** Bureau of Infrastructure and Transport Research Economics (BITRE), Road Vehicles, Australia January 2023. **2.** https://www.glassguide.com.au/ and https://www.greenvehicleguide.gov.au (accessed February 2024). Content © Commonwealth of Australia is incorporated here. The Green Vehicle Guide data has been used with permission from the copyright owner, who has not evaluated the Green Vehicle Guide data as altered and incorporated, and therefore gives no warranty regarding its accuracy, quality, timeliness, completeness, currency or suitability for any particular purpose. **3.** BITRE: Australian Infrastructure and Transport Statistics Yearbook 2023. **4.** https://www.commbank.com.au/personal-loans/green-loan-discount.html (accessed July 2024). **6.** BITRE: Australian Infrastructure and Transport Statistics Yearbook 2023.
Page 88	**1.** BITRE: Australian Infrastructure and Transport Statistics Yearbook 2022.
Page 89	**3.** https://worldsteel.org/steel-topics/sustainability/sustainability-indicators (accessed July 2023). **4.** https://www.iea.org/reports/iron-and-steel (accessed July 2023).
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Important notices

Guidance on forward-looking statements and climate information

This report contains climate-related and other forward-looking statements and metrics, such as targets (including sector-level *financed emissions* targets, Scope 1 and 2 and Scope 3 *operational emissions* reduction targets and Sustainability Funding Targets), climate scenarios and *emissions intensity* pathways, estimated climate projections, forecasts and statements of the Group's current intentions. Any such forward-looking statements included in this report speak only as at the date of this report, 14 August 2024, and undue reliance should not be placed upon such statements. Although the Group currently believes the forward-looking statements have a reasonable basis, they are not certain and involve known and unknown risks and assumptions, many of which are beyond the control of the Group, which may cause actual results, performance, conditions, circumstances or the ability to meet commitments and targets set forth in the Group's forward-looking statements to differ materially from those expressed or implied in such statements. While the Group has prepared the information in this report based on its current knowledge and understanding and in good faith, it reserves the right to change its views in the future. Readers are cautioned not to place undue reliance on forward-looking statements particularly in light: of current economic uncertainties, the developing scientific understanding and methodologies related to climate change, geopolitical events, and global banking uncertainty including recent examples of instability in the banking system and regulatory, government and central bank responses.

Words or phrases such as 'anticipate', 'effort', 'estimate', 'believe', 'budget', 'continue', 'could', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'may', 'objective', 'outlook', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements or other similar words, and include statements regarding the Group's intent, belief or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements, whether as a result of new information, future events or results or otherwise, is disclaimed.

Forward-looking statements may also be made – verbally and in writing – by members of the Group's management, directors, officers or employees in connection to this document. Such statements are also subject to the same limitations, uncertainties and assumptions which are set out in this report.

This guidance should be read together with:

- Page 95, Addressing uncertainty in climate modelling; and
- Page 96, Key sources of uncertainty and limitations.

The measures and forward-looking statements in this report reflect best estimates, assumptions and judgements at the date of this report. There is a risk that these judgements, estimates or assumptions may subsequently prove to be incorrect. Subject to applicable disclosure requirements, the Group is under no obligation to update any of the forward-looking statements contained within this report, whether to reflect any change in our expectations regarding any forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise. Forward-looking statements may be affected by a number of uncertainties and factors, including but without limitation:

- the inherent limits in the current scientific understanding of climate change and its impacts;
- a lack of common definitions and standards for climate related-data;
- the availability and quality of historical emissions data;
- a lack of transparency and comparability of climate-related forward-looking methodologies;
- variation in climate-related approaches and outcomes;
- variations and other challenges in climate-related data and methodologies may lead to under or overestimates, and consequently present exaggerated indications of climate-related risks;
- limitations of climate scenario analysis and the models that analyse them;
- reliance on assumptions and future uncertainty (calculations of forward-looking metrics are complex and require many methodological choices and assumptions);
- uncertainty and changes to climate-related policy, laws and regulations including future legal proceedings and regulatory investigations;
- the complexity of calculations may require the assistance of one or more external data and methodology providers;
- climate data, modelling and methodology is rapidly evolving, and this may directly or indirectly affect the metrics and data points used in the preparation of this report, and the targets contained in this report; and
- changes arising out of market practices and standards, including emerging and developing ESG standards.

Other notices

The material in this report is general background information about the Group and its activities current as at the date of the report, 14 August 2024. It is information given in summary form and does not purport to be complete. Information in this report is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider these factors and consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

To the Board of Directors of the Commonwealth Bank of Australia

Independent Limited Assurance Report on selected Sustainability Funding Target and Sector-level Glidepath Subject Matter for the Commonwealth Bank of Australia (the Bank) and its controlled entities (together the Group) in its 2024 Climate Report

The Board of Directors of the Commonwealth Bank of Australia engaged us to perform an independent limited assurance engagement in respect of selected Sustainability Funding Target and Sector-level Glidepath Subject Matter (the **"Subject Matter Information"**) presented in the Group's 2024 Climate Report (the **"Climate Report"**).

Subject Matter Information and Criteria

The Subject Matter Information comprises the following metrics and management assertions:

1. New and incremental financing for the 12 months ended 30 June 2024 (**"FY24 contributions"**) of $9.5 billion to Sustainable Funding Target (SFT) by Asset Class as presented in the column entitled **"Of which: FY24 contributions"** in the table on page 71 of the Climate Report, with the exception of the "Energy Efficient Residential Buildings" asset class.
2. The following sector-level glidepath metrics presented on pages 16 to 33 of the Climate Report:
   a. Attributed emissions (Scope 1 and Scope 2) intensity for the preceding 12 months based on drawn lending exposure as at 30 June 2023 in the **Australian Housing sector** of 35.1 $kgCO_2$-e/m^2;
   b. Attributed emissions (Scope 1 and Scope 2) intensity for the preceding 12 months based on drawn lending exposures as at 30 June 2023 in the **Australian Commercial Property – Office sector** of 63.8 $kgCO_2$-e/m^2;
   c. Attributed emissions (Scope 1 and Scope 2) intensity for the preceding 12 months based on drawn lending exposures as at 30 June 2023 in the **Australian Commercial Property – Retail sector** of 76.0 $kgCO_2$-e/m^2;
   d. Attributed emissions (Scope 1 and Scope 2) intensity for the preceding 12 months based on drawn lending exposures as at 30 June 2023 in the **Australian Commercial Property – Industrial sector** of 19.8 $kgCO_2$-e/m^2;
   e. Attributed emissions (Scope 1) intensity for the preceding 12 months based on drawn lending exposure as at 30 June 2023 in the **Power Generation sector** of 124 $kgCO_2$/MWh;
   f. Attributed emissions (Scope 1) intensity for the preceding 12 months in the **Australian Road (passenger and light commercial vehicle finance) sector:**
      i. 251 gCO_2/Vehicle km based on drawn lending exposure as at 30 June 2022;
      ii. 245 gCO_2/Vehicle km based on drawn lending exposure as at 30 June 2023;
   g. Attributed emissions (Scope 1 for operators and Scope 3 for lessors) intensity for the preceding 12 months in the **Transport – Aviation sector:**
      i. 153 gCO_2/revenue passenger km based on drawn lending exposures as at 30 June 2022;
      ii. 103 gCO_2/revenue passenger km based on drawn lending exposures as at 30 June 2023;
   h. Attributed absolute emissions (Scope 1 for operators and Scope 3 for lessors) for the preceding 12 months in the **Transport – Shipping sector:**
      i. 0.91 $MtCO_2$ based on drawn lending exposure as at 30 June 2022;
      ii. 0.39 $MtCO_2$ based on drawn lending exposure as at 30 June 2023;
   i. The following management assertions regarding attributed emissions for the preceding 12 months:
      i. There was no drawn lending exposure to the **Steel sector** as at 30 June 2023;
      ii. **Alumina sector** emissions (Scope 1 and Scope 2) intensity was less than 1.7 tCO_2-e/tonne of aluminium production for drawn lending exposures as at 30 June 2023;
      iii. **Aluminium sector** emissions (Scope 1 and Scope 2) intensity was more than 10% above 8.1 tCO_2-e/tonne of aluminium production for drawn lending exposures as at 30 June 2023;
      iv. **Cement sector** emissions (Scope 1 and Scope 2) intensity was less than 0.7 tCO_2-e/tonne of cement production for drawn lending exposures as at 30 June 2023;

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO BOX 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

j. Attributed absolute emissions of 0.2 $MtCO_2$ for the preceding 12 months based on drawn lending exposure as at 30 June 2023 in the **Upstream Oil Extraction sector** comprising:
   i. Scope 1 and Scope 2 emissions of less than 0.1 $MtCO_2$; and
   ii. Scope 3 emissions of 0.2 $MtCO_2$;

k. Attributed absolute emissions of 0.4 $MtCO_2$ for the preceding 12 months based on drawn lending exposure as at 30 June 2023 in the **Upstream Gas Extraction sector** comprising:
   i. Scope 1 and Scope 2 emissions of less than 0.1 $MtCO_2$; and
   ii. Scope 3 emissions of 0.3 $MtCO_2$;

l. Attributed absolute emissions of less than 0.1 $MtCO_2$ for the preceding 12 months based on drawn lending exposure as at 30 June 2023 in the **Thermal Coal Mining sector** comprising:
   i. Scope 1 and Scope 2 emissions of less than 0.1 $MtCO_2$; and
   ii. Scope 3 emissions of less than 0.1 $MtCO_2$;

3. Partnership for Carbon and Accounting Financials (**"PCAF"**) data quality scores calculated for the following sectors and presented on pages 64 to 65 of the Climate Report:

Sector	Drawn lending exposures as at 30 June 2022	Drawn lending exposures as at 30 June 2023
Australian Housing	–	Scope 1 & 2: 4.3
Australian Commercial Property – Office	–	Scope 1 & 2: 5.0
Australian Commercial Property – Retail	–	Scope 1 & 2: 5.0
Australian Commercial Property – Industrial	–	Scope 1 & 2: 5.0
Power Generation	–	Scope 1: 2.0
Australian Road – passenger and light commercial vehicle finance	Scope 1: 3.9	Scope 1: 3.9
Transport – Aviation	Scope 1: 2.9	Scope 1: 3.2
Transport – Shipping	Scope 1: 3.6	Scope 1: 3.5
Heavy Industry – Steel	–	N/A
Heavy Industry – Alumina	–	Scope 1 & 2: 2.0
Heavy Industry - Aluminium	–	Scope 1 & 2: 2.0
Heavy Industry - Cement	–	Scope 1 & 2: 2.0
Upstream Oil Extraction	–	Scope 1 & 2: 2.4 Scope 3: 2.6
Upstream Gas Extraction	–	Scope 1 & 2: 2.4 Scope 3: 2.6
Thermal Coal Mining	–	Scope 1 & 2: 1.1 Scope 3: 3.0

The criteria used by the Group to prepare the Subject Matter Information is set out as follows (the **"Criteria"**):

1. In the Sustainability Funding Target table presented on pages 99 to 103 of the Climate Report; and
2. In the Methodology presented on pages 78 to 91 of the Climate Report as it relates to sector-level glidepath metrics and PCAF quality scores.

The maintenance and integrity of the Group's website is the responsibility of the Group's management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on the Group's website.

Our assurance conclusion is with respect to the years ended or periods as at, as outlined in the section 'Subject Matter Information and Criteria' above and do not extend to information in respect of earlier periods reported in the Climate Report.

Responsibilities of Management

Management of the Group is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to the Group and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls relevant to the preparation of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information*, or *Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Those standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria, for the years ended or periods as at, as outlined in the section 'Subject Matter Information and Criteria' above.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

The procedures we performed in carrying out our limited assurance engagement were based on our professional judgment and included:

- Undertaking enquiries with Management regarding the process and controls for capturing, collating and reporting the Subject Matter Information;
- Agreeing a sample of lending exposures and their categorisation back to source systems and documentation;
- Agreeing a sample of external data used in the estimation and attribution of emissions to third party sources (i.e. customers financial and non-financial data), however our scope did not include performing procedures over the underlying data provided by third-parties;
- Assessing the reasonableness of any material estimates made in preparing the Subject Matter Information;

- Reperforming a sample of calculations undertaken in preparing the Subject Matter Information and the appropriate application of the Criteria in those calculations;
- Reviewing the presentation and disclosure of the Subject Matter Information and Criteria in the Climate Report; and
- With respect to the Sector-level Glidepaths data, testing the application of PCAF scores to a sample of drawn lending exposures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter Information with the Criteria, as it is limited primarily to making enquiries of the Management and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

It is acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of emissions data from third parties, resulting in the extensive use of proxy and third-party data. In addition, the Partnership for Carbon Accounting Financials (PCAF) established a 'data quality score card' and associated guidance for entities to measure their own data quality per asset class. The application of this data quality score card to determine a data quality score per asset class is inherently subjective. It is anticipated that the principles and methodologies used to measure and report the Subject Matter Information will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

The uncertainties and limitations are laid out in more detail in the Criteria.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria for the years ended or periods as at, as outlined in the section 'Subject Matter Information and Criteria' above.

Use and distribution of our report

We were engaged by the Board of Directors of the Commonwealth Bank of Australia to prepare this independent assurance report having regard to the criteria specified by the Group and set out in this report. This report was prepared solely for the Directors for the purpose of providing limited assurance on the Subject Matter Information and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than the Group in connection with this report or to Group for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than Group and if anyone other than Group chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than Group receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Tomac

John Tomac
Partner

Sydney
14 August 2024

To the Board of Directors of the Commonwealth Bank of Australia

Independent Limited Assurance Report on selected Green, Social and Sustainability Funding Framework Subject Matter for the Commonwealth Bank of Australia (the Bank) and its controlled entities (together the Group) for the 12 months ended 30 June 2024.

The Board of Directors of the Commonwealth Bank of Australia engaged us to perform an independent limited assurance engagement in respect of the Subject Matter Information (**the Subject Matter Information**) for the Periods (**the Reporting Periods**) specified in Table 1 below in the Group's 2024 Climate Report (the **"Climate Report"**).

Subject Matter Information and Criteria

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria. The Subject Matter Information and the Criteria are as set out in the table below:

Table 1. Subject Matter Information & Criteria

Subject Matter Information	Criteria	Period
Whether proceeds from Sustainable Funding Instruments have been allocated to Eligible Assets in accordance with the requirements in the Group's Green, Social & Sustainability Funding Framework dated February 2022 (**the Superseded GSSF Framework**) during the specified reporting period.	The requirements as described on pages 7-12 in the Superseded GSSF Framework relating to: • Use of proceeds; • Process of asset evaluation and selection; and • Management of proceeds.	1 July 2023 to 29 February 2024.
Whether proceeds from Sustainable Funding Instruments have been allocated to Eligible Assets in accordance with the requirements in the Group's Green, Social & Sustainability Funding Framework dated February 2024 (**the Current GSSF Framework**) during the specified reporting period.	The requirements as described on pages 3-8 in the Current GSSF Framework relating to: • Use of proceeds; • Process of asset evaluation and selection; and • Management of proceeds.	1 March 2024 to 30 June 2024.
The total amount of **Eligible Asset Pool Drawn Lending** of $3.35b comprising the following Eligible Asset Pool categories as disclosed within the Climate report (page 72): • Renewable energy (69%) • Energy efficient commercial buildings (20%) • Low carbon transport (11%)	Eligible Asset Pool categories as described on pages 4-6 in the Current GSSF Framework.	As at 30 June 2024.

The maintenance and integrity of the Group's website is the responsibility of the Management of the Group (**Management**); the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on the Group's website.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO BOX 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Our assurance conclusion is with respect to the periods specified in Table 1 and does not extend to information in respect of earlier periods, or to any other information included in, or linked from, the Climate Report.

Responsibilities of Management

Management of the Group is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to the Group and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Criteria.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information*, or *Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria, for the periods specified in Table 1.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

In carrying out our limited assurance engagement we:

- made inquiries of the persons responsible for the Subject Matter Information;
- obtained an understanding of the process for collecting and reporting the Subject Matter Information;
- performed limited substantive testing on a selective basis of the Subject Matter Information to assess that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Subject Matter Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter Information with the Criteria, as it is limited primarily to making enquiries of Management and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Limited Assurance Subject Matter Information in Table 1 have not been prepared, in all material respects, in accordance with the Criteria for the periods specified in Table 1.

Use and distribution of our report

We were engaged by the Board of Directors of the Commonwealth Bank of Australia on behalf of the Group to prepare this independent assurance report having regard to the criteria specified by the Group and set out in this report. This report was prepared solely for the Directors to provide limited assurance on the Subject Matter Information in Table 1 and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than the Group in connection with this report or to the Group for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than the Group and if anyone other than the Group chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than the Group receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Tomac
Partner

Sydney
14 August 2024

Contact us

Registered office

Commonwealth Bank Place South
Level 1, 11 Harbour Street
Sydney NSW 2000

commbank.com.au

CBA Investor Relations

Telephone: +61 2 9118 7113
Email: cbainvestorrelations@cba.com.au

commbank.com.au/investors

CBA Fixed Income Investors

Telephone: +61 2 9118 7113
Email: CBAFixedIncomeInvestors@cba.com.au

commbank.com.au/sustainabilityinstruments

AFSL 234945

All other enquiries

commbank.com.au/contactus

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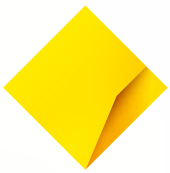

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