Commonwealth Bank of Australia - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Commencing operations in 1912, the Commonwealth Bank Group (the Group) is Australia's leading provider of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, investment and share broking products and services. With operations across 11 countries, we employ more than 49,000 people globally who serve 16.1 million customers.

Structure:
As at 30 June 2019, the Commonwealth Bank has five customer-facing business divisions, designed to align product development and service delivery more fully with customer segments. The businesses are: Retail Banking Services, Business and Private Banking, Institutional Banking and Markets, Wealth Management and International Financial Services.

Purpose:

Our purpose is to improve the financial wellbeing of our customers and communities.

Corporate responsibility and climate change strategy:
Through our corporate responsibility programs, we aim to deliver balanced and sustainable outcomes across our key stakeholder groups: our customers, our community, our people and our shareholders. Guided by the Group's purpose we actively consider the environmental, social and economic impacts and influences of our activities and look for ways to make a positive contribution beyond our core business.

The Group corporate responsibility strategy is a two-part strategy looking at The Way We Do Business (part 1) and Our Role In Society (part 2) to support the Group in the management of Environmental, Social and Governance (ESG) matters. It provides a clear frame of reference for Business Units to address issues that matter most and in so doing create economic and societal value over the long term.

ESG-related risks that were once considered emerging are now far more common and prevalent, requiring businesses to take a more active role in understanding and addressing them. The community has very high expectations of the Group and is looking for us to take leadership positions on issues to drive positive societal impacts. Climate change is one such issue.

Climate change poses a significant risk to our environment, our economy and our society. We consider climate change to be a significant long term driver of both financial (credit, market, insurance) and non-financial (operational, compliance, reputation) risks. We are committed to playing our part in limiting climate change to well below two degrees in line with the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050.

In 2017, we developed our first Climate Policy Position Statement which outlines our view on climate change and our approach to managing our response. In line with the recommendations by the Taskforce on Climate-Related Financial Disclosures (TCFD), we are undertaking scenario analysis to inform and guide our longer term strategy. Among other initiatives, we have set a 2025 target of $15 billion for funding low carbon projects such as renewable energy generation, energy efficiency projects and low carbon transport. We have reported on our climate-related governance, strategy, risk management and metrics and targets in accordance with the TCFD recommendations in our FY18 Annual Report.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	July 1 2017	June 30 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Australia
China
China, Hong Kong Special Administrative Region
France
Germany
Indonesia
Japan
Malta
Netherlands
New Zealand
Singapore
South Africa
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Other, please specify (Board/Executive board)	The Climate Policy Position Statement has been endorsed by the Board and signed by the Chairman. The Board's role is to oversee and monitor the effectiveness of the Group's Climate Policy in the context of the Group's corporate responsibility strategy. Climate change is embedded in our corporate strategy and risk management approach in line with a clear understanding that the long-term sustainability of our business is tied to climate related risks and opportunities. Because of this, there is a shared responsibility between all directors to understand and challenge the business' approach to the management of climate risks and opportunities. The business sets targets on climate related issues and expects directors to have oversight on how the business, as well as their portfolios, are positioned to meet these targets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Board oversees and monitors the effectiveness of the Climate Policy Position Statement. The Board takes overall accountability for reviewing and approving climate-related financial disclosures as part of the Annual Report, encompassing our progress against our strategy, governance, risk management, metrics and targets. The Corporate Responsibility team provides strategic advice to the Group on ESG issues, oversees ESG governance and facilitates ESG reporting internally and externally. The Board is informed about climate-related issues half-yearly, or as necessary, and consider climate-related issues when reviewing strategy and risk management policies, as well as when setting the Group's performance objectives.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (● Executive Leadership Team (ELT) chaired by the Chief Executive Officer)	Both assessing and managing climate-related risks and opportunities	Quarterly
Risk committee	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The way we consider, manage and report on the Environmental, Social and Governance (ESG) impacts of our activities is an important integrity measure that underpins our social licence to operate and provides demonstrable commitment to our purpose, "to improve the financial wellbeing of our customers and communities". Climate has both financial and non-financial implications and is covered as a specific aspect of Strategic Risk.

Due to their significance to our ability to do business and the strategic decisions made about our lending and investment portfolios, the Board directly oversees the management of the Bank's climate-related risks and strategies. The Group's approach to managing Strategic Risks is to select a strategy that is expected to maximise long-term value for shareholders. Climate opportunities (e.g. transition to renewables) as well as climate risks (e.g. risk management in our lending portfolio) are key determinants of business decision-making. While considering Group and BU strategic plans as part of their organisational roles and responsibilities, the Board considers the most significant risks (current and emerging) arising from these plans, which includes transitional and physical climate-related risks. Strategic risk is assessed by using scenario analysis and stress testing to understand the potential impacts of changes in the external operating environment. The findings from these assessments are used to inform mitigating actions, including incorporating contingency (where appropriate) into the strategic and financial plans. We have identified that potential adverse climate change impacts are key to our strategic planning and our ability to measure and manage them an outcome of all other material risks.

The Board is responsible for the following:

- Receiving reports on ESG risks in business lending and stranded asset risks
- Considering the results of climate scenario analysis undertaken in FY18 for transition and physical risks and opportunities
- Approving the Bank's Climate Policy Position Statement, which outlines our approach to climate-related risks and opportunities
- Setting, and monitoring performance against, our climate-related goals and targets
- Reviewing and approving the climate-related disclosures in our Annual Report

The Executive Leadership Team (ELT) is our highest level of management representing the top of the organisation and all business units. Responsibility for climate-related issues lies with the ELT and by extension the CEO who is charged with the day-to-day management of the Group's business.

The ELT is responsible for:

- Directing the development and implementation of ESG policies, including climate
- Oversight of progress, performance and reporting on climate
- Leading external engagement, advocacy and helping customers on climate-related matters.

The Bank has recently established a new risk management committee for oversight of non-financial risks. This risk committee, which we have called explicitly 'Non-Financial Risk Committee' (NFRC), operates complementary to the financial Risk Committee and focuses on non-financial risks, including culture, conduct, governance, compliance, operational risk management and accountability. Climate change related issues have equally been identified as a significant long-term driver of both financial and non-financial risks. The ELT has delegated responsibility to the Non-Financial Risk Committee for overseeing climate risks, thus elevating the stature of our compliance function.

As an organisation, we are committed to limiting climate change in line with the Paris Agreement and the responsible global transition to net zero emissions by 2050. As outlined above, we develop scenario analyses to understand the impacts of both transition and physical climate-related risks in our business and the implications for strategic and tactical portfolio decisions; we have developed strong policy frameworks which consider ESG issues, including climate change impacts in assessing our relationships with customers and suppliers.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?
Board/Executive board

Types of incentives
Recognition (non-monetary)

Activity incentivized
Behavior change related indicator

Comment
The Board is responsible for • Approving the Climate Policy Position Statement • Reviewing and approving the climate-related disclosures in the Annual Report.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Recognition (non-monetary)

Activity incentivized
Behavior change related indicator

Comment
The Executive Leadership Team (ELT) is responsible for directing the development and implementation of ESG policies, including climate, and oversight of progress, performance and reporting on climate. Our senior leaders are also expected to develop and lead a culture of genuine risk ownership, consistent with the Group Risk Appetite Statement.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (KPIs linked to RLIF related activities)

Comment
In the context of the Responsible Lending and Investing Frameworks (RLIF), staff in client facing-related functions consider climate change risks and opportunities in policy setting, lending and investment management and monitoring, lending and investment risk management and disclosure, product development and climate change advocacy. Activities for 2018 include tracking, reporting and reducing the carbon footprint of our portfolios, developing low-carbon and green bond products, allocating to renewable infrastructure and developing thought leadership.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Across the Group environmental/sustainability managers as well as operational employees are expected to meet tailored environmental objectives including meeting emissions reduction and/or energy reduction targets. These targets have been set as part of the Group's Property Sustainability Strategy 2015 which was endorsed by the Executive Leadership Team. This strategy sets out emissions reduction targets for the Group to be realised by 2020.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	10	We have developed a range of strategies and devised initiatives and plans to be realised in the period from 2015 to 2025: Sustainable Property Strategy 2016-2020: We have been measuring, reducing and reporting on our environmental footprint since 2001. Formalised in 2016, the Sustainable Property Strategy covers a number of energy and climate related targets to 2020. Released in 2017, our Climate Policy Position Statement outlines our commitment to limiting climate change to well below two degrees and our responsible lending approach will contribute to this commitment. This includes a commitment of $15 billion funding to low carbon projects by 2025.
Medium-term	10	20	Scenario analysis has been undertaken to consider the transition risks to our business lending portfolio and Australian equity portfolios as well as physical risks to our home lending and insurance portfolios. These consider climate risk through to 2050, and are available on page 52 of our FY18 Annual Report (https://www.commbank.com.au/content/dam/commbank/about-us/shareholders/pdfs/results/fy18/cba-annual-report-2018.pdf).
Long-term	20	35	As part of our 2050 scenario analysis, Strategic Responses to our physical and transition risks include the: - Consideration of business and customer implications and emerging insurance product needs - Exploration of approaches to risk mitigation - Consideration of customer awareness and engagement options - Development of management approach of current and future portfolio in high risk areas - Consideration of asset allocations - Consideration of further scenario analysis for global portfolios - Update of our ESG risk assessment tool - Exploration and development of low carbon products and services, and - Client engagement and capacity building.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Strategic Risk is the risk of material value destruction or less than planned value creation arising from changes in the business environment or internal weaknesses. Climate change is a key ESG issue affecting our strategic risks. We identify, assess and manage climate risk in the context of our continuous ESG risk management. Extreme weather events and the legal, market, policy, technology and reputational impacts of transitioning to a low carbon economy have the potential to affect our customers' ability to repay their loans. For Wealth Management, ESG risk management policies require the assessment of climate risks in conjunction with business as usual investment reviews. These activities are conducted annually at a minimum, and apply for the relevant expected investment time horizon (from 1 to 20+years). Monitoring of the carbon footprint of our investment portfolios is being conducted from 2016 onwards on a monthly basis and reported to relevant investment committees quarterly.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Comprehensive policy frameworks

We have a comprehensive set of policy frameworks that govern our approach to climate risk management, cascading down from Group-level framework to sector/ portfolio controls, through to specific transaction and client level consideration of ESG risks.

Climate risk is largely a credit risk for the Bank, which given the nature of our business may lead to material financial impacts. Extreme weather events and the legal, market, policy, technology and reputational impacts of transitioning to a low carbon economy have the potential to disrupt business activities, affect the value of assets held and our customers' ability to repay their loans on property, businesses and projects. Additional credit risk could arise from the occurrence of stranded assets, if this is not sufficiently identified and managed through our risk management framework. Climate has both financial and non-financial implications and is covered as a specific aspect of Strategic Risk. Strategic risk is assessed by using scenario analysis and stress testing to understand the potential impacts of changes in the external operating environment. The findings from these assessments are used to inform mitigating actions, including incorporating contingency (where appropriate) into the strategic and financial plans.

Potential adverse climate change impacts are measured and managed as an outcome of all other material risks. In support of our commitment to limiting climate change in line with the Paris Agreement and the responsible global transition to net zero emissions by 2050 we:

· Have developed scenario analyses to understand the impacts of both transition and physical climate-related risks in our business and the implications for strategic and tactical portfolio decisions; and

· Have developed strong policy frameworks which consider ESG issues, including climate change impacts in assessing our relationships with customers and suppliers.

· Outlined our objectives for safeguarding the environment, whilst supporting economic growth and development

· Provided guidelines in monitoring and reducing our own greenhouse gas emissions and energy use.

Climate in our ESG risk assessment process

The Bank is a major global provider of lending services. Assessing potential transactions for ESG risks is a key step in our approach to credit risk due diligence for business lending. The significant volume of our lending, means that we undertake these ESG risk assessments on a frequent basis throughout the year. Large loans are subject to an ESG risk assessment before a loan can be priced. The process includes an initial ESG risk assessment based on country of operations and over 500 industry sectors. The overall ESG risk levels are aligned with the Equator Principles' risk categories A, B and C. Additional ESG due diligence is required for transactions with medium or high ESG risks identified in the initial assessment. Bankers are required to identify the key risks and mitigating factors that clients have in place across 8 key focus areas, including carbon & energy and physical climate risk. These assessments are reviewed and approved by risk executives and senior managers depending on the level of risk. The outputs of these assessments are integrated into the CBA credit risk decision process, ensuring ESG risk is considered when financing an activity.

In the Wealth portfolio, the Group uses a variety of tools to identify, measure and track ESG and carbon risk at the company, stock, bond, asset and investment strategy level. The identification and consideration of these risks are incorporated into various Investment Policies and Investment Governance Frameworks across the Wealth divisions as appropriate for the various investment processes in place. We are measuring the carbon emissions of our equity investments and portfolios, and investing in renewable energy generation and distribution assets and low-carbon and green bond investment strategies to offset and mitigate the carbon emissions our investment portfolios have exposure to. We are also factoring the emissions when valuing companies and allocating investment monies.

For medium and long-term risks and opportunities, scenario analysis is being undertaken to consider the transition impacts to our business lending portfolio and Australian equity portfolios as well as physical impacts to our home lending and insurance portfolios. The timeframe for analysis is to 2050 for transition risk, and to 2060 for physical risk. This is to account for the longer-term timeframe in which physical impacts occur. We are taking a phased approach to identifying and managing climate risk – focusing on having the right policy positions in place, understanding risk, developing and implementing strategic responses, building capability internally and with clients and contributing to economy-wide initiatives.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Existing regulation is considered as part of our ESG due diligence process, as regulatory non-compliance carries risks such as penalties and litigation. Further, consideration of current regulation has also been included as part of our scenario analysis.
Emerging regulation	Relevant, sometimes included	We monitor emerging regulation and take it into account as necessary. Emerging regulation changes present a strategic risk to the business with the potential to cause economic loss. For example, the Australian Prudential Regulation Authority (APRA) may require scenario and stress testing of climate change risks in the Group's portfolios and asset allocations. This risk is addressed within the Group's Risk Management Strategy (RMS) and managed by the Executive Leadership Team. Further, emerging regulation risks are assessed as part of our scenario analysis.
Technology	Relevant, always included	The Group is aware of the market shift towards lower emissions technologies such as renewable energy projects. The Group recognises new innovative technology may disrupt business as usual for organisation dependant on fossil fuels. As a financial institution, we have been supporting the shift in the Australian economy towards low carbon energy alternatives, with a movement in our lending to the energy value chain from coal towards renewables and gas as a transition fuel. Disruptive technological risks are assessed as part of our scenario analysis.
Legal	Relevant, always included	The Group is committed to compliance with environmental legislation relevant in all areas in which we operate. Compliance risks exist in the event the Group fails to comply with its obligations. For example, non-compliance with the Australian Government's National Greenhouse and Energy Reporting (NGER) Scheme could result in financial penalties to the Group as well as negative impacts on reputation. Legal risks are included in the Group's Compliance Risk Management Framework which sets out standards with respect to the understanding of obligations, establishing policies and procedures, managing non-compliance, monitoring and reporting. Further, legal risks are assessed through scenario analysis.
Market	Relevant, always included	The Group recognises that market rates and prices may change due to climate-related risks and that this may have an adverse effect on the profitability and/or net worth of the Group. Commodity prices, such as for fossil fuel goods, may vary as a result of change in consumer demand and technology. Business disruption and property damage due to physical climate impacts could affect the value of property as well as the ability of customers to repay their loans. Market risks are assessed through scenario analysis and the Group Market Risk Policy.
Reputation	Relevant, always included	Reputational risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant stakeholders of the Group. There is the potential reputational risk associated with the change in stakeholders' perception of how the Group is responding to climate change. This risk is addressed within the Groups Risk Management Strategy (RMS) and managed by the Executive Leadership Team. To enhance the visibility of the Group's engagement in sustainability and climate change related matters, the Group produces climate-related disclosures in its Annual Report, and a report to the National Greenhouse and Energy Reporting (NGER) Scheme, which discloses the Group's GHG emissions portfolio. Outside of this reporting period, the Group again reported its Financed Emissions', i.e. emissions arising from the Group's business lending exposures.. The Group is also committed to ongoing reporting as and when matters arise.
Acute physical	Relevant, always included	Acute physical risks, such as increased severity of extreme weather events, have been identified by the Group as a climate-related risk which carries operational risks such as disruption in business activities, security of supply for goods and services used by the Group as well as damages in occupied real estate. Acute physical risks also affect the value of investments as well as our lending portfolio customers' ability to repay their loans on property, businesses and projects. This risk is assessed through scenario analysis.
Chronic physical	Relevant, always included	Chronic physical risks, such as changes in temperature extremes, have been identified by the Group as a climate-related risk and assessed through scenario analysis. From an operations perspective, Group assets are exposed to changes in temperature extremes, which may put excess demand on the Group's Heating, Cool and Air Conditioning (HVAC) units which in turn may reduce their efficiency and effective operating life. Chronic physical risks also affect our downstream value chain. To understand the potential credit implications of the physical impact of climate change, we analysed the annual average loss in our home lending portfolio associated with incremental changes in climate, such as increasing temperatures and sea level rise. Our modelling shows that coastal inundation losses could increase by 71% by 2060. On a similar line, chronic physical risks challenge our agribusiness lending as the impact of increasing mean temperatures, continuously changing weather patterns and drought affect our customers' creditworthy. There is still considerable work that needs to be completed to better understand the physical impacts of climate on agricultural industries and implications for our portfolio. The physical risk analysis for agriculture will be undertaken in the 2019 financial year. We will start training our agribusiness teams to support customers by increasing their awareness of the issue.
Upstream	Relevant, sometimes included	Upstream climate-related risks identified include goods and services utilised by Group operations not supporting a low carbon economy. This may put security of supply of goods (or utilities) at risk, or may increase supply costs. To manage this risk the Group has included climate-related considerations in contracts of upstream suppliers, for example fuel efficiency is considered in contracts for the Group's car fleet. Upstream risks are assessed through scenario analysis.
Downstream	Relevant, always included	We have developed an ESG Risk Assessment Tool (incorporated into our pricing tool) that is integral to the business lending decision process. The tool includes assessment of physical climate risk, climate and energy as well as other social and governance risks. This ESG risk assessment helps the Group cover downstream risks to the business such as credit risks from clients' ability to repay loans, as well as risk of stranded assets across our investment portfolio. Our employees have been trained in ESG fundamentals and how to apply the ESG Risk Assessment Tool and the Equator Principles III. They have also been trained to work with customers to identify and mitigate ESG risks.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The Group Risk Management Approach (RMA) documents the Group's key risk management practices across all major risk classes. The most material climate change risks and opportunities for the Group relate to the lending and investment portfolios. The Group Risk Appetite Statement (RAS) articulates the type and degree of risk the Board is prepared to accept (Risk Appetite) and the maximum level of risk that the institution must operate within (Risk Tolerances). The Group Risk Management Approach (RMA) describes how the Group ensures the comprehensive management of risks across the Group in support of achieving its strategic goals. The Group Business Plan (Plan) summarises the Group's approach to the implementation of its strategic objectives and opportunities. Considering climate-related risks as a key Strategic Risk, means we also incorporate climate-related opportunities within our strategic objectives, managed within the Plan. The Plan has a rolling three-year duration and reflects material risks arising from its implementation.

We have a comprehensive set of policy frameworks that govern our climate risk and opportunity management, such as our ESG Lending Commitments, Responsible Investing Framework, Climate Policy Position Statement, Environment Policy, and Various Business Unit level ESG Risk Management Policies.

Management and monitoring

To understand the concentration of carbon-related exposures, we measure:

- Energy Value Chain exposure – this identifies any significant concentration of exposure to carbon-related assets
- Assessed emissions in our business lending portfolio - we have been reporting carbon emissions of our Group's business lending portfolio since FY14
- In the Wealth portfolio, the Group uses a variety of tools such as MSCI ESG Manager and MSCI Barra Portfolio Manager which identify, measure and track ESG and carbon risk at the company, stock, bond, asset and investment strategy level
- Additionally, we have set ourselves a Low Carbon Target of $15 billion by 2025 as an indicator of our progress in managing opportunities to increase our presence in the ever-growing low-carbon market.

For most of these metrics, we publicly report on our performance and progress to hold ourselves accountable and demonstrate our commitment to reducing our exposure to carbon-related assets over time. Performance and our climate-related opportunity management approach is continuously assessed internally, at least on a six-monthly basis.

The Group-wide scenario analysis we have conducted is an example of how we apply our risk assessment and management to both transition as well as physical risks and opportunities. In a Group's-first, we have provided extensive disclosures on our scenario-analysis and climate risk and opportunity management within our FY18 Annual Report (e.g. refer to pages 50-60 of the report). Transition risk assessment has been conducted with a focus on business lending and physical risk analysis for retail lending and insurance. The expected impact of climate change may compound the existing issue of insurance affordability in areas with high risk of severe weather events. To counter this threat, we will consider the most effective approaches to mitigating against physical climate change risks. This will include consideration of our products and services through which there may be opportunities to assist or incentivise customers to make home resilience improvements. Our support for the transition to a low carbon economy, from an energy value chain perspective, is reflected in our declining exposure to coal and our growing exposure to renewables, and to gas as a transition fuel.

The process for assessing potential transaction for ESG risk includes an initial ESG risk assessment based on country of operations and over 500 industry sectors. The overall ESG risk levels are aligned with the Equator Principles' risk categories A, B and C. Further details on the process is included in the Group's FY17 and FY18 Annual Reports.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Exposure to litigation

Type of financial impact
Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description
Increased litigation related to identifying, managing and disclosing climate-related risks and opportunities

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Potential (estimated) cost of climate-related litigation claims, on the basis of historical costs.

Management method
• Identification of climate risks and opportunities through scenario analysis • Incorporation of climate into risk management, strategy and governance processes We have a comprehensive set of policy frameworks that govern our approach to climate risk management. The Risk Management Approach documents the Group's key risk management practices across all major risk classes. Additionally, our ESG training (ESG Fundamentals and the ESG Risk Tool) includes climate risk – physical and transition – to help identify the risks, as well as suggestions on the type of evidence that clients should provide. This approach is aimed to enhance risk identification and governance to reduce likelihood of climate-related litigations affecting our business. We have dedicated FTEs for the management of this risk and estimated related costs as the associated risk management costs.

Cost of management
500000

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Customer

Risk type
Transition risk

Primary climate-related risk driver
Market: Changing customer behavior

Type of financial impact
Re-pricing of assets (e.g., fossil fuel reserves, land valuations, securities valuations)

Company- specific description
Change to sectoral lending and investment exposures due to change in demand for customers' commodities e.g. coal

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1470000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
This is our total committed exposure (TCE) to coal mining and generation in FY18 Energy Value Chain.TCE is the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes gross settlement exposures on derivatives.

Management method
Scenario analysis looking at transition risks and opportunities across all sectors of the economy. The results of the scenario analysis inform our strategic management decisions, including our business lending decisions. Focusing our management of transition risks into enhancing our approach to sustainable finance: this financial year our lending exposure to the renewable energy sector grew to $3.7 billion, reflecting our expertise in this market. Similarly, we are managing transition risks related to stranded assets: the risk of obsolescence for all clients is managed through the origination and annual review process. Exposures identified as potentially being impacted by stranded asset risk, due to climate and other factors, are subject to heightened consideration and assessment in the credit process. We have dedicated FTEs for the management of this risk and estimated related costs as the associated risk management costs.

Cost of management
500000

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Customer

Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact
Other, please specify (Customer viability / business continuity)

Company- specific description
Increased severity and frequency of extreme weather events such as cyclones and floods has been identified by the Group to have a potential substantial financial impact on the business. These events could impact business continuity and/or viability and therefore, loan serviceability. This poses a credit risk to the Group.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
5016650000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial implication of increased severity of extreme weather events relates to loan serviceability (credit risk) when businesses and communities are impacted by weather related natural disasters. We have considered high risk to be properties where the increase in insurance costs from 2018 because of climate change have the potential to create financial strain for customers and their property values. High risk properties make up only 0.01% of our portfolio (by outstanding balance) in 2020. We have estimated the part of our current portfolio which may be high risk, where this is located and how it could change over time. Results of our estimation model shows that financial impact is approximately an annual loss of 1% of property value. FY18 value of our outstanding home lending portfolio was $501,665 million (see pg 71 of FY18 Annual Report). If we are to translate this 1% to our outstanding home lending portfolio, it results in annual losses of $5,017 million in property value.

Management method
Our approach to identifying and managing the physical climate-related risks to our retail and business lending includes scenario analysis which will then inform our strategic management response. Our ESG risk assessment tool has been updated for physical risk considerations. For our residential and small business customers, the Group provides support through our Disaster Relief and Hardship programs. These include emergency financial packages such as grants, repayment deferrals and on the ground support including providing access to cash. It is important for the Bank to consider the impacts and risks of physical climate changes on our customers as well as our insurance and residential lending portfolios. We will continue to develop our understanding of physical climate change and the locations and types of properties most affected by climate risk. Based on these learnings, we will build our capability to effectively respond, develop and implement business rules (such as maximum loan to valuation ratios or loan conditions) to protect both our customers and the Bank. We have dedicated FTEs for the management of this risk and estimated related costs as the associated risk management costs.

Cost of management
500000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Type of financial impact
Reduced exposure to future fossil fuel price increases

Company-specific description
The Group has committed to sourcing renewable energy for 25% of our power needs by 2020. In addition, we have installed solar panels on 47 branches Australia-wide. In FY19, the Group joined the RE100 initiative, as part of its commitment to source 100% of its energy consumption (across global operations) from renewables.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
270000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Annual savings from solar PV across 47 sites. Cost savings is based on actual utility invoices and currently electricity contracts.

Strategy to realize opportunity
Seeking and implementing initiatives to improve the energy performance and support transition to renewables in our own operations, led by our Property management group. For example, we have solar panels on 47 locations across Australia, with more than 500kW of capacity. Costs to realise this opportunity have been calculated on the basis of total project cost for solar PV installation across 47 sites. Moving forward, we will commence sourcing renewable energy through a renewable PPA which was negotiated during FY18 to provide power needs for the Group from 2019 onwards.

Cost to realize opportunity
1445000

Comment
Our employees, customers and the wider community can view the performance of this network through our real-time public portal cbasolarpower.com.au.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact
Increased revenue through demand for lower emissions products and services

Company-specific description
The Group notes an increasing demand for low emission energy sources in the market. This demand has provided opportunity to lend to the renewable energy market, in support of the transition to a low carbon economy. We have a $15b target by 2025.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3700000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Our lending exposure to renewable energy projects in the financial year.

Strategy to realize opportunity
Since 2004, the Group has consistently invested in the renewable energy sector, both locally and internationally. The Group reports its lending portfolio exposure to projects in the wind power, solar power and hydro power annually. We are working towards increasing our lending exposure to the renewable energy sector.

Cost to realize opportunity
400000

Comment

For the year ended June 2018, Commonwealth Bank ranked number one for Mandated Lead Arranger financing roles of renewables projects in Australia and ranked 18th globally.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Type of financial impact
Increased diversification of financial assets (e.g., green bonds and infrastructure)

Company-specific description
Changing consumer behaviour and increased demand for low carbon products provides the Group with the opportunity to develop and issue products such as climate bonds or low carbon funds. In May 2019 we announced a new reward scheme for energy efficient home owners. Our Green Mortgage initiative is an example of actions that CBA is undertaking to encourage home owners to make greener choices.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
2000000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We have increased diversification of financial assets, with the $2 billion capital raised through climate bonds in FY18.

Strategy to realize opportunity
The Group uses market engagement to understand consumer demand and has identified that there is investor demand for climate bonds. We have also set up a Sustainable Finance team within our Institutional Bank with a mandate to develop solutions for our clients and to focus on identifying other low carbon opportunities, such as climate, green and sustainable loans.

Cost to realize opportunity
200000

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	The Bank considers the credit risk of every lending decision it makes. We believe we should also consider the environmental, social and governance (ESG) risks and opportunities of our lending decisions, as these can impact the long-term viability of a customer or project. We are a signatory to the Equator Principles and use the standards they set to assess, mitigate, manage and monitor ESG risk for project finance loans. Other business loans are assessed under our own ESG policies, systems and processes. We have a compulsory ESG risk assessment process for all Institutional Bank loans, and for large loans in other business units. The process includes an initial ESG risk assessment based on country of operations and over 500 industry sectors, and the client's capacity and strategy to manage risks is also considered. Additional ESG due diligence is required for transactions which have medium or high ESG risks identified in the initial assessment. Loans with high ESG risk are escalated to senior management for further interrogation and decision. Outputs from ESG assessments are used as a key input into the credit decision process. We provide wealth management services in Australia and globally and integrate ESG risks and opportunities into our investment processes. This is governed by our Responsible Investing Framework, and is consistent with delivering long-term investment outcomes for our customers and clients. Some segments of our portfolios will be increasingly impacted by climate change e.g. properties/assets in high risk areas for climate impacts; carbon intensive sectors such as coal; opportunities around sustainable finance e.g. low carbon transport, renewable energy, green buildings. In Wealth, certain investment strategies are more impacted than others depending on asset class and underlying portfolio holdings/asset types. This is being measured by carbon footprinting, transition risk and physical scenario analysis and managed by divestment, investment in mitigation assets such as green bonds and renewable infrastructure.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	The Group is proactive in measuring and reducing its environmental footprint, with the aim of procuring products and services that have the least possible negative environmental impact. We expect that suppliers to the Group will: ● Meet all relevant local and national environmental protection laws, regulations and standards as well as strive to comply with international environmental protection standards ● Actively manage the environmental impact of their operations, and take responsibility for minimising the negative impact of their product and services throughout their lifecycle ● Establish environmental targets and report regularly in the public domain on progress towards these ● Have an Environmental Management System (EMS) aligned to ISO 14001, or plan, to identify and manage environmental risks (such as energy usage, water usage, waste and emissions) ● Have suitable sustainable certification related to the primary materials in their product (e.g. sustainable forestry certification for paper products) ● Have reporting capability on energy consumption and greenhouse gas emissions ● We continued to embed the management of ESG risks and opportunities within our supply chain into the activities of our procurement staff and buyers ● To enhance our ESG capability across the Bank, we have developed a responsible procurement training module for procurement staff and buyers. This training details the ESG risks that can exist in supply chains and the processes for mitigating or managing these risks. This is now being rolled out across these stakeholders ● We continued to identify ESG risks within our supply chain through spend categories assessments. We assess for the presence of ESG risk, likelihood of occurrence and presence of mitigations and controls. We use this approach to focus resources on market engagements to assess and mitigate potential or perceived risks with our suppliers ● We are assessing the climate impacts associated with our lending and insurance portfolios through scenario analysis.
Adaptation and mitigation activities	Impacted	The Group recognises the need to adapt to transition risks such as changes in demand for customers' commodities e.g. coal. Adaptation and mitigation activities within the business are increasingly geared towards growing the financing of renewable energy projects. In the 2017 financial year we set ourselves a Low Carbon Target of $15 billion by 2025. Our progress to date shows our exposure to low carbon projects as at 30 June 2018 is $4.6 billion.
Investment in R&D	Impacted	The Group continuously scans and identifies gaps in the market for low-carbon products and investment opportunities. Aware of the opportunity for business development, the Group has developed and offers low-carbon ethical superannuation funds, and green bond investment fund. Specifically, customer testing identified gaps in the superannuation product investment menus and retail distribution team product strategy which has been filled by identifying an institutional green bond investment manager, whom we have developed a distribution partnership with.
Operations	Impacted	We have installed solar PV systems on our branches Australia-wide to reduce exposure to fluctuating market electricity prices. To date (FY18) we have achieved a capacity of 750 kWh. This investment reduces operational costs as the business is less exposed to future fossil fuel price increases, specifically the rising cost of electricity. Further, the Group closely manages its Scope 2 electricity consumption through robust data management processes. 'Envizi' (the Group's centralised and dedicated energy and greenhouse gas management software) houses data relating to energy costs, tariffs and consumption periods to facilitate regular data validation.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	We continue to expand our exposure to sustainable financing including climate bond arrangement, renewable energy, low carbon transport and energy efficient buildings. For wealth, current product revenues are not expected to be major impact and new products with new sources of revenue are being developed.
Operating costs	Impacted for some suppliers, facilities, or product lines	Additional analysis and data collection requirements are adding increasing operational costs in legal, research, analysis and data subscription fees to some areas of the business. Rising electricity prices are relevant to our facility operations and have been factored into our financial planning for operating costs. The Group closely manages its electricity consumption through robust data management processes such as Envizi. We have installed solar panels on 47 branches Australia-wide to reduce exposure to fluctuating market electricity prices. The payback period of these solar panels is 4.5 years.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	The Group has allocated capital towards the implementation of our Sustainable Property Strategy 2016-2020. We made a commitment to generating our own electricity at our retail branches and have installed 750 kW of solar panels across 47 sites in Australia as at end of FY18. The impact in terms of the environmental benefits and financial savings from retail operations is significant, with some sites producing up to 40% in energy savings and 60% in cost savings. Up to the end of FY19, the solar panels have saved more than 2,300 tonnes CO2. More specifically during FY18 solar panels were installed on 13 sites adding 242kW capacity. The capital expenditure relating to these sites was $522k. The real time solar panel portal can be accessed at: http://cbasolarpower.com.au/
Acquisitions and divestments	Not impacted	The Group acquired Aussie Home Loans and eChoice during FY18. Climate was not a driving factor in the acquisition process. Nevertheless, the Group has identified, assesses and continuously manages climate change risks of our home lending portfolio. This includes an ongoing scenario analysis and a physical risk assessment of our high-risk properties.
Access to capital	Impacted	Environmental, social and corporate governance (ESG) investing is becoming an increasingly important consideration in the investment decision making process among institutional investors, asset owners and for some retail customers and shareholders.
Assets	Impacted for some suppliers, facilities, or product lines	Most of the Group's assets are financial assets, over 75% of which are loans to customers. We have been supporting the shift in the Australian economy towards low carbon energy alternatives, with a significant movement in our lending to the energy value chain from coal towards renewables and gas as a transition fuel. Our lending exposure to renewable electricity generation continues to increase. In support of the renewable energy market, in the past year, we have completed significant and landmark transactions in Australia and overseas. In the 2018 financial year, we arranged $2 billion of climate bonds. For the year ended June 2018, Commonwealth Bank ranked number one for Mandated Lead Arranger financing roles of renewables projects in Australia and ranked 18th globally. The Group does not own a material number of physical assets and we have not identified any relevant climate-related risks and opportunities which impact the financial planning related to these. Our operations efficiency initiatives and opportunities (e.g. solar panels and PPA) relate to buildings and fleet vehicles which are all leased.
Liabilities	Not impacted	The Group has not identified any relevant climate-related risks and opportunities which may impact the financial planning related to our liabilities at this stage.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Climate change poses a significant risk to our environment, our economy and our society. Commonwealth Bank is committed to playing our part in limiting climate change to well below two degrees in line with the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050.

As a provider of financial services including lending, insurance and wealth management, climate change presents both physical and transition risks and opportunities to our business.

We are acting on climate change to:

- Better understand the impacts of climate change on the Bank
- Increase the resilience of the Bank to climate risks
- Take advantage of opportunities created by climate change
- Support our customers and people in the transition to a low carbon economy.

We are focusing on having the right policies in place, understanding risk, developing and implementing strategic responses, building internal and customer capability, and contributing to economy-wide initiatives. In response we have decided to implement key changes to our business policies, Colonial First State (CFS) has updated its ESG Risk Management and Proxy Voting Policy, and Investment Governance Framework; Commonwealth Private has adopted the Responsible Investing Framework and created an ESG Policy; and CommSec is incorporating ESG and climate risk criteria into its Investment Policy.

To understand potential climate impacts, risks and opportunities for the Bank, and to build the resilience of our business, we have commenced company-wide scenario analysis. We have prioritised analysis of areas that are most material given the size of our portfolios. We have already assessed preliminary results of our scenario-analysis and taken the business decision to incorporate the results of our scenario analysis into our client-level due diligence process. Our initial focus will be on sectors most likely to be impacted by climate change.

In FY17, we released our Climate Policy Position Statement which outlines our strategic approach to climate change. The results of our scenario analysis will help to inform the evolution of our Climate Policy Position Statement. Our Climate Policy Position Statement is available here: https://www.commbank.com.au/about-us/opportunity-initiatives/policies-and-practices.html

We report regularly on key metrics in order to measure our progress and hold ourselves accountable to our stakeholders with regard to climate risks and opportunities. Our Climate Policy Position Statement commits us to a number of targets.

- Low carbon target: $15 billion by 2020
- Emission-reduction target in our own operations as a result of sourcing renewable energy for our power needs: 25% of our energy need to be sourced from renewables by 2020
- Emissions intensity reduction – emissions per FTE (Australia): 2.0 tCO_2e by 2020
- Solar panel in branches: 1,250 kWh by 2020
- Assessed emissions in our business lending portfolio: An average emissions intensity decreases of our business lending portfolio consistent with our commitment to a net zero emissions economy by 2050.

We provide detailed information on our climate governance, strategy, risk management and metrics and targets in our FY18 Annual Report, available here: https://www.commbank.com.au/about-us/investors.html

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
DDPP RCP 4.5 RCP 8.5 Other, please specify (IEA 2DS)	We provide an extensive detailed description of inputs, assumptions, methodologies, outputs, implications and next steps of our Group-wide scenario analysis in a dedicated chapter 'Climate related financial disclosures' within our FY18 Annual Report. Investors can extract all relevant and expected information from the dedicated chapter in our Annual Report. A summary provided below, for any additional information refer to our Annual Report FY18. Three climate scenarios were modelled, based on reference scenarios with several out of model adjustments. All scenarios included the use of the Deep Decarbonisation Pathways Project as the reference scenario for our transition analysis. For our physical risk analysis, we used the RCP4.5 and RCP 8.5 reference scenarios. In addition, the Global Coordination scenario used IEA 2DS as a reference scenario and the Policy Inertia scenario used IEA 4DS. The out of model adjustments relates to carbon price; international energy demand; domestic energy use; carbon offset market activity; materials efficiency; and new business models. To understand potential impacts, risks and opportunities for the Bank we have conducted Group-wide scenario analysis. To do this, we have chosen two scenarios with a two-degree ambition and one scenario with a three-degree ambition. The Global Coordination and Disruptive Decarbonisation scenarios reflect global ambition on climate action, but are achieved through different pathways. The Policy Inertia scenario more closely reflects the current trajectory, given the state of policy settings, and provides us with insights into the more significant physical impacts associated with a higher level of warming. The timeframe for analysis is to 2050 for transition risk, and to 2060 for physical risk. This is to account for the longer-term timeframe in which physical impacts occur. Transition risks in our business lending portfolio Results The modelling found that the economy grows across all scenarios and timeframes through to 2050. Emissions fall under all three scenarios; however Australia only meets its existing international emissions commitments under the Global Coordination and Disruptive Decarbonisation scenarios. Analysis of our business lending portfolio shows that a significant majority (97 per cent) of our business lending portfolio sits within sectors that continue to grow under all scenarios. There is a small portion of our portfolio – less than two per cent - which sits in sectors that contract under all scenarios. And the remainder of our portfolio (1 per cent) sits across sectors which grow under one or two scenarios and declines under other scenarios. Strategic response: Further details on the process, outcomes and strategic management response are included in the climate-related financial disclosures in our FY18 Annual Report. We are using the results of our scenario analysis to take action on climate change to: • Better understand the impacts of climate change on the Bank • Increase the resilience of the Bank to climate risks • Take advantage of opportunities created by climate change • Support our customers and people in the transition to a low carbon economy. Two sectors which contract under all scenarios, and which we identified as climate-sensitive, are coal-powered electricity and coal mining. This aligns with our continuing commitment to reducing our exposure to coal over time. We will incorporate the transition risk analysis results into our client-level due diligence process, with an initial focus on carbon-intensive sectors. We will incorporate relevant questions into the process to allow us to understand their exposure and strategy to respond to climate risk. This will help us to determine our clients' resilience and inform our lending decisions.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Scope 1

% emissions in Scope
83.72

Targeted % reduction from base year
52.7

Base year
2009

Start year
2016

Base year emissions covered by target (metric tons CO2e)
10931

Target year
2020

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved
76

Target status
Underway

Please explain
CBA Scope 1 2020 target. Following the Bank's successful 20% reduction target achieved in 2013, the Group set a new Scope 1 emissions target for FY20. During FY18 we reduced our Scope 1 emissions by 1.4% and remain on track to meet and exceed our 2020 target.

Target reference number
Abs 2

Scope
Scope 2 (location-based)

% emissions in Scope

85

Targeted % reduction from base year
57.4

Base year
2009

Start year
2016

Base year emissions covered by target (metric tons CO2e)
139303

Target year
2020

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved
87

Target status
Underway

Please explain
CBA Scope 2 2020 target. Following the Bank's successful 20% reduction target achieved in 2013, the Group set a new Scope 2 emissions target for FY20. During FY18, we reduced our Scope 2 emissions by 6.9% and remain on track to meet and exceed our 2020 target.

Target reference number
Abs 3

Scope
Scope 1

% emissions in Scope
16.28

Targeted % reduction from base year
70.9

Base year
2009

Start year
2016

Base year emissions covered by target (metric tons CO2e)
2126

Target year
2020

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved
95

Target status
Underway

Please explain
Bankwest Scope 1 2020 target. Following the Bank's successful 20% reduction target achieved in 2013, the Group set a new Scope 1 emissions target for FY20. During FY18, we reduced our Scope 1 emissions by 8% and remain on track to meet and exceed our 2020 target.

Target reference number
Abs 4

Scope
Scope 2 (location-based)

% emissions in Scope
15

Targeted % reduction from base year
60

Base year
2009

Start year
2016

Base year emissions covered by target (metric tons CO2e)
24586

Target year
2020

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved
100

Target status
Achieved

Please explain
Bankwest Scope 2 2020 target. Following the Bank's successful 20% reduction target achieved in 2013, the Group set a new Scope 2 emissions target for FY20. During FY18, we reduced our Scope 2 emissions by 24.1% and have exceeded our 2020 target.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

Targeted % reduction from base year
34.4

Metric
Metric tons CO2e per unit FTE employee

Base year
2015

Start year
2016

Normalized base year emissions covered by target (metric tons CO2e)
3.05

Target year
2020

Is this a science-based target?
Yes, this target has been approved as science-based by the Science Based Targets initiative

% of target achieved
70.53

Target status
Underway

Please explain
We set an emissions intensity target for Australian operations in 2015 to reduce Scope 1 and 2 emissions intensities expressed in FTE by 34.4% between 2015 and 2020. The final target is to reduce emissions to 2.0 Tonne CO2-e/FTE by FY20. We are on track to meet and exceed this target.

% change anticipated in absolute Scope 1+2 emissions
31.3

% change anticipated in absolute Scope 3 emissions

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Other, please specify (Renewable energy - solar PV installation)

KPI – Metric numerator
kWh

KPI – Metric denominator (intensity targets only)
N/A

Base year
2015

Start year
2016

Target year
2020

KPI in baseline year
0

KPI in target year
1250

% achieved in reporting year
60

Target Status
Underway

Please explain
CBA Group initiated onsite solar PV rollout in 2015. During FY18, installation was completed at 13 retail branches across the CBA and Bankwest portfolio. Total installed capacity reached 750 kWp. FY19 target is 1,000kWp. 2020 target is 1,250 kWp.

Part of emissions target
Abs-1 and Abs-2

Is this target part of an overarching initiative?
Other, please specify (Yes, Property Sustainability Strategy)

Target
Renewable electricity production

KPI – Metric numerator
MWh

KPI – Metric denominator (intensity targets only)
N/A

Base year
2015

Start year
2016

Target year
2020

KPI in baseline year
0

KPI in target year
1500

% achieved in reporting year
51

Target Status
Underway

Please explain
CBA Group initiated onsite solar PV rollout in 2015. Onsite renewable energy production is increasing year on year as more systems are installed and commissioned. FY18 production increased to 770.8 MWh compared to 376.5 for FY17.

Part of emissions target
Abs-1 and Abs-2

Is this target part of an overarching initiative?
Other, please specify (Yes, Property Sustainability Strategy)

Target
Other, please specify (Low carbon target)

KPI – Metric numerator
$ billion

KPI – Metric denominator (intensity targets only)
N/A

Base year
2017

Start year
2017

Target year
2025

KPI in baseline year
0

KPI in target year
15

% achieved in reporting year
49

Target Status

Underway

Please explain
CBA Group has set a target of $15 billion in funding for low carbon projects in FY2025. As of FY18, CBA had already reached $4.6bn.

Part of emissions target
N/A

Is this target part of an overarching initiative?
Other, please specify (Yes, Climate Policy Position Statement)

Target
Other, please specify (Sourcing renewable energy)

KPI – Metric numerator
%

KPI – Metric denominator (intensity targets only)
N/A

Base year
2017

Start year
2017

Target year
2020

KPI in baseline year
0

KPI in target year
25

% achieved in reporting year
0

Target Status
Underway

Please explain
CBA Group has commenced sourcing 65% renewable electricity from 1 Jan 2019. RE100 commitment is to reach 100% by 2030.

Part of emissions target
N/A

Is this target part of an overarching initiative?
Other, please specify (Yes, Climate Policy Position Statement)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	30	600
To be implemented*	127	860
Implementation commenced*	100	2000
Implemented*	512	6857
Not to be implemented	15	300

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Office Consolidation)

Estimated annual CO2e savings (metric tonnes CO2e)
103

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
Reduction in natural gas usage.

Initiative type
Other, please specify (Energy Efficiency: Transport Fuel. Reduction in fleet usage.)

Description of initiative
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
51

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
Reduction in fleet services due to office relocations.

Initiative type
Energy efficiency: Building services

Description of initiative
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
528

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
180000

Investment required (unit currency – as specified in C0.4)
1080000

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
Security and lighting interface upgrades across 150 CBA and 30 BW retail sites.

Initiative type
Low-carbon energy installation

Description of initiative
Other, please specify (Low carbon energy installation)

Estimated annual CO2e savings (metric tonnes CO2e)
406

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
118320

Investment required (unit currency – as specified in C0.4)
542999

Payback period
4 - 10 years

Estimated lifetime of the initiative
21-30 years

Comment
Solar PV installation at 11 CBA and 2 BW retail sites for on-site renewable energy generation.

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
228

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
210000

Investment required (unit currency – as specified in C0.4)
1040061

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
LED lighting upgrade across 33 CBA retail sites and 4 BW retail sites.

Initiative type
Energy efficiency: Building services

Description of initiative
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
24

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
45000

Investment required (unit currency – as specified in C0.4)
215890

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
HVAC upgrades across 5 CBA retail sites.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (UPS Upgrades)

Estimated annual CO2e savings (metric tonnes CO2e)
848

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
226590

Investment required (unit currency – as specified in C0.4)
1020000

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
UPS upgrades for 201 Sussex St and 101 George St commercial offices.

Initiative type
Other, please specify (Site Closures: ATM Closures)

Description of initiative
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
459

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
184 ATM closures across CBA and BW portfolio.

Initiative type
Other, please specify (Site Closures: Branch Closures)

Description of initiative
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
1753

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
47 retail branch closures across CBA and BW portfolio.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Energy Efficiency)

Estimated annual CO2e savings (metric tonnes CO2e)
1617

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
215000

Investment required (unit currency – as specified in C0.4)
860000

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
Energy efficiency across 43 commercial sites for CBA and BW sites.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Office Consolidation)

Estimated annual CO2e savings (metric tonnes CO2e)
994

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
Office consolidation across commercial portfolio.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	A dedicated budget is allocated for managing and reporting in line with the regulatory requirement in relation to National Greenhouse and Energy Reporting (NGERs).
Dedicated budget for energy efficiency	A dedicated budget is specifically set aside to achieve the Group's carbon reduction target established in July 2015. This target was set as part of the Property Sustainability Strategy and is aimed at Group Property reaching a carbon intensity of 2 tCO2-e / FTE by 2020 for the Group's domestic property portfolios. Emissions reductions for this reporting period included identifying and evaluating several potential reduction activities. As an example, during the FY18 reporting period initiatives included: 1. Energy efficiency projects in commercial and retail portfolios, including but not limited to, lighting upgrades, HVAC replacements, HVAC controls and security and lighting interfaces, 2. The Relocation of employees from inefficient buildings to energy efficient properties, and 3. Installation of solar panels on retail branches. New emission intensity targets will continue to drive investment in emissions reduction activities.
Dedicated budget for low-carbon product R&D	A dedicated budget is allocated to each property team annually for innovation, test and learn, including PPA.
Employee engagement	Group wide communications is issued to all employees for: - Property Sustainability Strategy - Emissions reduction target and progress - Major milestones - Renewable energy and power purchase agreement - World Environment Day, Earth Hour and day light savings, etc.
Other (Engagement with building services maintenance contractors)	Sustainability forums are held with relevant building services maintenance contractors and client relationship managers to discuss Property Sustainability Strategy, projects and progress. Property data and insights are shared as required.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Product

Description of product/Group of products
In the 2017 financial year we set ourselves a Low Carbon Target of $15 billion by 2025. Our progress to date shows our exposure to low carbon projects as at 30 June 2018 is $4.6 billion. Eligible projects include renewable energy, 6-star rated commercial green buildings, energy efficiency and low carbon transport.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

Comment
Breakdown of our low-carbon progress: - This financial year our lending exposure to the renewable energy sector grew to $3.7 billion. - We have also set up a Sustainable Finance team in the Institutional Bank to focus on identifying other low carbon opportunities such as climate, green and sustainable loans. - This year we led more than $2 billion of green or sustainability notes.

Level of aggregation
Product

Description of product/Group of products
For Wealth Management, AIM Global Bond Fund is a global green bond investment fund utilising ESG criteria and an environment impact screen.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year
0

Comment
This year we have received $15m in flows into the AIM Global Bond Fund, and earned revenue of $120,000 on the product over the past financial year. For further information, please refer to: https://www3.colonialfirststate.com.au/adviser/investments-adviser/investment-solutions/fixed-income/affirmative-global-bond-fund.html

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
July 1 2008

Base year end
June 30 2009

Base year emissions (metric tons CO2e)
13057

Comment
Scope 1 carbon emissions relate to the consumption of gas and fuel by domestic retail, commercial properties and the business use of our domestic tool-of-trade vehicle fleet.

Scope 2 (location-based)

Base year start
July 1 2008

Base year end
June 30 2009

Base year emissions (metric tons CO2e)
163889

Comment
Scope 2 carbon emissions relate to the electricity use by domestic retail and commercial properties and domestic ATMs and certain residential properties.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.
Australia - National Greenhouse and Energy Reporting Act
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
8740

Start date
July 1 2017

End date
June 30 2018

Comment
As at 30 June 2018, our total Scope 1 Greenhouse Gas Emissions was 8,740 tonnes. It comprises the sum of: • Scope 1 Greenhouse Gas Emissions (Australia): Scope 1 Greenhouse Gas Emissions relate to the consumption of natural gas and stationary fuel used in retail and commercial properties. It also includes the business use of our domestic tool-of-trade vehicle fleet. Source of emissions factors: NGA Factors (2016). • Scope 1 Greenhouse Gas Emissions (New Zealand); Scope 1 Greenhouse Gas Emissions relate to the consumption of gas and fuel by ASB and Sovereign in domestic operations. It includes both retail and commercial properties and business use of domestic tool-of-trade vehicle fleet. Source of emissions factors: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016) and • Scope 1 Greenhouse Gas Emissions (Other) which is estimated for regions other than Australia and New Zealand. This has been estimated by multiplying the Scope 1 Emissions per FTE in Australia by the number of FTEs in regions outside of Australia and New Zealand.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

Our Scope 2 Greenhouse Gas Emissions are reported as a location-based figure. We do not report market-based Scope 2 emissions due to the extent of our operations. For example, we have operational control of ATMs in buildings but are unable to determine market-based emission factors associated with those facilities.

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

87277

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

July 1 2017

End date

June 30 2018

Comment

As at 30 June 2018, our total Scope 2 Greenhouse Gas Emissions was 87,277 tonnes. It comprises the sum of: • Scope 2 Greenhouse Gas Emissions (Australia) Scope 2 Greenhouse Gas Emissions relate to the electricity use by domestic retail, commercial, ATMs and certain residential properties. Source of emissions factors: NGA Factors (2016); • Scope 2 Greenhouse Gas Emissions (New Zealand) Scope 2 Greenhouse Gas Emissions relate to the electricity use by ASB and Sovereign’s domestic retail properties, commercial properties and domestic ATMs. Source of emissions factors: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016); and • Scope 2 Greenhouse Gas Emissions (Asia) – emissions relate to electricity use by the Group’s commercial offices in China, India, Singapore, Japan, Vietnam, as well as the retail branches in China and Indonesia. Data excludes joint ventures. Source of emissions factors: International Energy Agency - World CO2 Emissions from Fuel Combustion database (2016). • Scope 2 Greenhouse Gas Emissions (Other) which is estimated for regions other than Australia, New Zealand and Asia. This has been estimated by multiplying the Scope 2 Emissions per FTE in Australia by the number of FTEs in regions outside of Australia, New Zealand and Asia.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
46345.51

Emissions calculation methodology
These emissions relate to the Group's material purchases of goods and services, excluding capital goods purchases which are included under the Capital Goods section of this question. Data Centres: In Australia the data centres are managed by a third party and fall outside the Group’s operational control. The Group’s two major data centres are located in Sydney. The full-fuel cycle emissions factor for electricity in NSW was applied to this extrapolated figure to account for the supplier's direct and indirect emissions to determine total Scope 3 emissions for outsourced data centres. The emissions from combustion of diesel used in the backup generators have also been included. Paper Related Emissions: These emissions relate to the production of the office paper purchased by the Group in both Australia and New Zealand. Purchasing records for the reporting period were provided by the Group's paper suppliers summarising the quantity (tonnage) of paper purchased and the paper type (i.e. recycled, non-recycled, and carbon neutral). As the Group bought a mixture of recycled and non-recycled paper, a conservative emissions factor for paper of 0.68kg of CO2-e per kg of paper was applied. Paper emissions is an estimate of multiplying the paper emissions per FTE in Australia by the number of FTEs as at 30 June 2018 of all the Group’s overseas offices (other than New Zealand). The Group's purchases of carbon neutral paper are not included in this calculation, because this paper is considered to be 'zero carbon'.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
Data Centre services and office paper purchasing have been identified as the two most significant products and services procured by the Bank and therefore emissions are considered material and have been reported. The Bank has worked with its paper suppliers to increase the accuracy of paper tonnage figures to determine reportable emissions. Additionally, the Bank is working to reduce paper consumption by both employees and customers. Employees working within our Commonwealth Bank Place offices use Activity Based Working which supports ‘Follow-You Printing’ (technology which only allows printing when a security code is entered into the printer), resulting in a reduction in printing. For customers, the Bank promotes paperless billing.

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
9

Emissions calculation methodology
The Scope 3 emissions from Capital purchases was estimated following the spend-based method as per the GHG Protocol's Guidance. We estimated the Australian emissions based on FY18 value of multifunction devices purchased in FY18 and an estimate of the embodied emissions in each based on the following assumptions. It was assumed that each MFD was made from 60% plastic and 40% aluminium. This is considered to be a conservative estimate, given the high carbon intensity of aluminium. Emissions were then calculated by applying an 'input/output' emission factors for plastic products (0.02 kgCO2-e/$) and aluminium (1.4 kgCO2- e/$), adjusted for inflation, provided in the Balancing Act study (CSIRO) to the total spend for the new photocopiers. Capital goods emissions from other regions (incl. New Zealand) were estimated by multiplying rest of the world FTE figure as at 30 June 2018 by the Australian emissions per FTE. In line with GHG Protocol's guidance we do not amortise or discount emissions from capital goods. Instead, associated emissions are reported in full for those major capital goods purchases in the year of acquisition.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
11486.38

Emissions calculation methodology
These emissions relate to indirect emissions of the Bank’s Australian and New Zealand Scope 1 and 2 emissions, attributable to the extraction, production, processing and transportation of fuels and the electricity lost in the transmission and distribution network, which have been calculated on the basis of actual consumption. Any reductions in Scope 1 and 2 emissions as part of the Bank's Targets Program will result in a commensurate reduction in these Scope 3 emissions sources. Emissions from other regions (excl. New Zealand) were estimated by multiplying rest of the world FTE figure as at 30 June 2018 by the Australian emissions per FTE.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
91

Explanation

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Upstream transport and distribution are not considered to be a relevant Scope 3 emission sources for the Bank. Unlike other industries, banking does not procure large quantities of goods requiring freight. Despite this, the Bank acknowledges the importance of its influence on its supply chain.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1677.37

Emissions calculation methodology

Our waste Greenhouse Gas Emissions relate to emissions generated from our waste to landfill and calculated on the basis of actual tonnes of waste to landfill generated per annum from CBA, Bankwest and AHL's commercial buildings under our operational control in Australia and are not retail branches. As at 30 June 2018, we occupied 50 commercial buildings across the states. As at 30 June 2018, 58% waste to landfill data is based on invoiced amounts, the remainder is estimated based on an average tonnes per m2 of net lettable area (NLA). Invoiced amounts are estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. We calculated emissions from waste to landfill using associated emissions factors from the NGA (2017). New Zealand's emissions were also calculated on the basis of actual tonners of waste to landfill with gas recovery from our ASB and Sovereign commercial buildings under operational control. Emissions from other regions were estimated by multiplying rest of the world FTE figure as at 30 June 2018 by the Australian emissions per FTE.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

92

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

28758.41

Emissions calculation methodology

These emissions relate to the Bank's Australian business flights, rental car and taxi use, business use of private vehicles, dedicated bus service, and indirect emissions from business use of our tool-of-trade vehicle fleet. Flight emissions are calculated based on data supplied from the Bank's travel suppliers AMEX for the reporting period on the number of flights, class and mileage. Flight emissions calculations are performed by multiplying distance travelled x 1.09 (9% uplift) x 1.9 (RFI) x factor (dependent on distance band) = total emissions. The 9% uplift factor accounts for take-off, circling and non-direct routes. Flight emissions distance bands are categorised as domestic, international short-haul and international long-haul and flight distance calculation methodology is based on the UK Department for Environment (Defra) conversion factors. Total spend from other land transport is obtained from the Bank's General Ledger. A 'cost per km' factor was applied to determine total distance travelled and then a factor was applied to determine total fuel. NGER emission factors were applied. A similar approach was undertaken for New Zealand. Emissions from other regions were estimated by multiplying rest of the world FTE figure as at 30 June 2018 by the Australian emissions per FTE.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

92

Explanation

Australian flight distance calculation methodology is based on the UK Department for Environment (Defra) conversion factors.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

55826

Emissions calculation methodology

The emissions associated with employee commuting for the Bank's operations were estimated based on total FTE numbers in Australia, NZ and rest of the world. Our estimation was based on the average employee travelling 30km per working day to and from work. It was assumed that 90% of all FTEs use public transport and 10% drive. Based on these assumptions, factors for emissions per passenger kilometre were applied from the DEFRA average of bus and national rail, and the DEFRA average for cars. This methodology was applied to all employees and is considered to be conservative.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

This is not an applicable scope 3 emissions source as all property leased by the Bank is also under the Bank's operational control and therefore associated emissions are reported as part of scope 1 and scope 2 emissions.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
12619

Emissions calculation methodology
These emissions relate to the Bank's domestic Australian postage emissions and New Zealand ASB Bank Ltd's postage, courier and data mail emissions. Australian postage emissions were calculated using actual mail spend by the Commonwealth Bank and publicly available data from Australia Post which included total emissions and total revenue to give an emissions factor of 0.00012 kg CO2-e/$ spend. Note: Australian FY17 mail spend data has been applied to the calculation as FY18 data was not available. No material changes have occurred in relation to postage/courier services year on year, thus the FY17 data is deemed to be an appropriate reflection of FY18 operations. New Zealand courier emissions were calculated based on the overseas km tonnes (tonnes * km travelled) and local km travelled with different emission factors applied to each sourced from the NZ Ministry of Environment Guidance.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible and do not have any processing requirements.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible in nature.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
This is not a relevant emission source for the Bank. The Bank's products are financial instruments that are intangible.

Downstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
3862.13

Emissions calculation methodology
The Bank has a portfolio of commercial and retail properties which are leased to other parties. For FY18, the Group has sourced lease asset data for Australian and New Zealand operations, equating to approximately 38,996 m2. To determine emissions associated with these properties and their use, emissions were calculated using an updated proxy emissions intensity of 0.1 tCO2-e/m2 (on the basis of actual emissions from CBA occupied buildings)

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
This is not a relevant emission source for the Bank as the Bank does not have franchises.

Investments

Evaluation status
Relevant, calculated

Metric tonnes CO2e
30709045

Emissions calculation methodology
The financed emissions analysis was conducted by EY, as informed by the principles set out in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach draws on the emerging protocols being discussed through the Greenhouse Gas Protocol and United Nations Environment Programme Finance Initiative (UNEP FI) working group. For methodology and further details, please refer to: https://www.commbank.com.au/about-us/opportunity-initiatives/performance-reporting.html

Percentage of emissions calculated using data obtained from suppliers or value chain partners
18

Explanation
In 2019 we undertook a detailed assessment of the carbon emissions arising from the Group's business lending in FY18, providing the analysis and insights to identify and act on key opportunities to reduce these carbon emissions. In estimating the emissions arising from its lending activities, the Group used client-specific emissions where available, and modelled sector-specific emissions intensity data for its remaining lending exposures. Client-Specific Emissions - The Group focused on identifying client-specific emissions for those clients to which the Group has a material exposure, and for emissions-intensive industry sectors. Emissions data were sourced from the Australian National Greenhouse and Energy Reporting scheme, the Australian National Greenhouse Gas Inventory, publicly available reports and other company disclosures and known performance measures. The proportion of CBA debt exposure for which client-specific emissions data was available differed by sector.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
CBA Group has no other relevant emissions sources.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
CBA Group has no other relevant emissions sources.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000036743

Metric numerator (Gross global combined Scope 1 and 2 emissions)
96017

Metric denominator
unit total revenue

Metric denominator: Unit total
26132000000

Scope 2 figure used
Location-based

% change from previous year
12

Direction of change
Decreased

Reason for change
Emissions reduction activity Solar, energy efficiencies in – intensity reduction

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Intensity figure
2.19

Metric numerator (Gross global combined Scope 1 and 2 emissions)
96017

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
43771

Scope 2 figure used
Location-based

% change from previous year
6

Direction of change
Decreased

Reason for change
Emissions reduction activity Solar, energy efficiencies – intensity reduction

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C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	8703	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1	IPCC Second Assessment Report (SAR - 100 year)
N2O	36	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	7257
New Zealand	733
Indonesia	430
United Kingdom of Great Britain and Northern Ireland	113
South Africa	54
China, Hong Kong Special Administrative Region	52
United States of America	31
Singapore	30
Viet Nam	20
China	13
Japan	4
Malta	2
Germany	0.6
Netherlands	0.2
France	0.2

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Bankwest	570
Business and Private Banking	678
Digital Channels	52
Enterprise Services	1578
Financial Services	361
Group Corporate Affairs	56
Group Marketing and Strategy	93
Human Resources	133
IFS Asia	492
Institutional Banking and Markets	296
New Zealand	1058
Retail Banking Services	2313
Risk Management	246
Wealth Management	812
Better Risk Outcomes Program	2

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	76866	0	93694	0
New Zealand	2462	0	19716	0
Indonesia	4549	0	6545	0
United Kingdom of Great Britain and Northern Ireland	1191	0	1713	0
South Africa	576	0	828	0
China, Hong Kong Special Administrative Region	555	0	799	0
United States of America	327	0	470	0
Singapore	323	0	465	0
Viet Nam	208	0	299	0
China	140	0	202	0
Japan	42	0	60	0
Malta	23	0	33	0
Germany	7	0	10	0
Netherlands	4	0	6	0
France	4	0	6	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Bankwest	5690	
Better Risk Outcomes Program	17	
Business and Private Banking	6768	
Digital Channels	518	
Enterprise Services	15747	
Financial Services	3599	
Group Corporate Affairs	564	
Group Marketing and Strategy	927	
Human Resources	1327	
IFS Asia	4915	
Institutional Banking and Markets	2952	
New Zealand	10557	
Retail Banking Services	23085	
Risk Management	2460	
Wealth Management	8101	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	771	Decreased	0.73	One of the reasons that led to the reduction in gross Scope 2 emissions was the increase in solar panels installed in branches during FY18. The calculation for change in renewable energy consumption is as follows: change in emissions (771) divided by total Scope 1 and 2 emissions in prior year (106,289)
Other emissions reduction activities	4028	Decreased	3.79	The bank has undertaken a range of emission reduction activities which accounted for savings of 4,028 tonnes CO2-e particularly in Scope 2 emissions and represents a saving of 3.79% based on total Scope 1 and 2 emissions in prior year (106,289)
Divestment	2212	Decreased	2.08	There has been a divestment of 47 Retail Branches and 184 ATMs. Calculation used: change in emissions (2,212) divided by total Scope 1 and Scope 2 emissions in prior year (106,289)
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	3261	Decreased	3.07	The remaining gross global Scope 1 and 2 emissions which could not be classified has been amalgamated and recorded under 'Unidentified'. Emissions value has been calculated consistent with those in rows above: change in emissions (3,261) divided by total Scope 1 and 2 emissions in prior year (106,289)
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	41541	41541
Consumption of purchased or acquired electricity	<Not Applicable>	0	124846	124846
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	771	<Not Applicable>	771
Total energy consumption	<Not Applicable>	771	166387	167158

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
13797

MWh fuel consumed for self-generation of electricity
170

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
2990

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Fuels (excluding feedstocks)
Petrol

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
24754

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Fuels (excluding feedstocks)
Other, please specify (Ethanol (E10))

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
3388

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
2.72

Unit
kg CO2e per liter

Emission factor source
National Greenhouse and Energy Reporting Scheme Measurement. Technical Guidelines for the estimation of emissions by facilities in Australia. (Oct 2017). Indirect Factor - NGA workbook (where applicable), published July 2017.

Comment
Average emission factor for Diesel Stationary - Scope 1 and Diesel Transport - Scope 1

Natural Gas

Emission factor
51.53

Unit
kg CO2e per GJ

Emission factor source
National Greenhouse and Energy Reporting Scheme Measurement. Technical Guidelines for the estimation of emissions by facilities in Australia. (Oct 2017). Indirect Factor - NGA workbook (where applicable), published July 2017.

Comment

Petrol

Emission factor
2.31

Unit
kg CO2e per liter

Emission factor source
National Greenhouse and Energy Reporting Scheme Measurement. Technical Guidelines for the estimation of emissions by facilities in Australia. (Oct 2017). Indirect Factor - NGA workbook (where applicable), published July 2017.

Comment
Emission factor for Petrol Transport post-2004 - Scope 1

Other

Emission factor
2.08

Unit
kg CO2e per liter

Emission factor source
National Greenhouse and Energy Reporting Scheme Measurement. Technical Guidelines for the estimation of emissions by facilities in Australia. (Oct 2017). Indirect Factor - NGA workbook (where applicable), published July 2017.

Comment
Ethanol E10 Transport post-2004 [L]

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	771	771	771	771
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type
<Not Applicable>

Region of consumption of low-carbon electricity, heat, steam or cooling
<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling
<Not Applicable>

Emission factor (in units of metric tons CO2e per MWh)
<Not Applicable>

Comment
CBA Group is rolling out solar PV systems on retail branches. Our installed capacity reached 750 kW in FY18. FY19 target is 1,000 kW and 2020 target is 1,250kW. CBA Group commenced sourcing 65% renewable electricity from 1 Jan 2019. RE100 target is 100% by 2030.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
1892

Metric numerator
tonnes

Metric denominator (intensity metric only)

% change from previous year
49

Direction of change
Increased

Please explain
Prior year reporting for 9 commercial buildings. FY18 reporting on 42 commercials buildings.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
CBA Annual Report 2018.pdf

Page/ section reference
pg. 79-80

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
CBA Annual Report 2018.pdf

Page/ section reference
pg. 79-80

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
CBA Annual Report 2018.pdf

Page/section reference
pg. 79-80

Relevant standard
ASAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C5. Emissions performance	Change in Scope 1 emissions against a base year (not target related)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C5. Emissions performance	Change in Scope 2 emissions against a base year (not target related)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C5. Emissions performance	Change in Scope 3 emissions against a base year (not target related)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C6. Emissions data	Year on year change in emissions (Scope 3)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.
C7. Emissions breakdown	Year on year change in emissions (Scope 3)	Australian Standard on Assurance Engagements (ASAE) 3000	All the Environmental metrics (excluding the low carbon transition metrics) reported in pages 75 and 76 of the 2018 Annual Report have been verified by PwC. See assurance statement on pages 79-80. PwC provides third party assurance over the Group's global GHG emissions metrics, data and methodology. The assurance covers verification of the reduction in GHG emissions for Scopes 1, 2, and 3 directly related to the Bank's carbon emissions reduction targets.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Code of conduct featuring climate change KPIs

% of suppliers by number
8

% total procurement spend (direct and indirect)
8

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
During issuing of RFP suppliers must complete a Sustainability Questionnaire. This document requests information on monitoring carbon emissions and setting reduction targets for Scope 1, 2 and 3 emissions. All suppliers are issued the Supplier Code of Conduct, which includes expectations on minimising environmental impacts and reporting energy use and carbon emissions.

Impact of engagement, including measures of success
Expectations set for suppliers that they must consider energy use and carbon emissions in their business, and the services that they provide the ban. As a result, we consider successful engagement where suppliers have incorporated climate chance initiatives into their service offering to the bank.

Comment
Supplier Code of Conduct is available at: https://www.commbank.com.au/personal/apply-online/download-printed-forms/Supplier-Code-of-Conduct.pdf

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Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Other, please specify (Climate change criteria-tender/contract)

% of suppliers by number
1

% total procurement spend (direct and indirect)
2

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
CBA engages with a variety of suppliers on innovation in their respective products and services. As reported in our FY18 Annual Report, CBA has committed to sourcing renewable energy, i.e. 25% of its operational power needs by 2020. However, in November 2018 CBA announced a PPA deal whereby we will source 100% of our electricity consumption from renewable sources by 2030. Per January 2019 the proportion of electricity supply coming from the PPA stood at 65%. CBA works with company fleet providers to monitor fleet fuel use and emissions and source fuel efficient vehicle options. CBA is working with construction and property companies for the delivery of a new office for 10,000 employees. This office space is being designed to a 6-star Green Star rating. This office was opened in April 2019.

Impact of engagement, including measures of success
When implemented this engagement will deliver an estimated reduction in Scope 2 emissions of more than 49,963 tonnes CO2-e, or a 57% reduction in Scope 2 emissions and a 7.6% reduction in Scope 3 emissions. Delivery of a 6-star Green Star rated office for 10,000 employees by 2019.

Comment
For further information, please refer to the 2018 Annual Report at: https://www.commbank.com.au/content/dam/commbank/about-us/shareholders/pdfs/results/fy18/cba-annual-report-2018.pdf

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C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
45

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
Our institutional banking clients have a significantly larger impact, in relation to carbon emissions, than the business has operational and that our suppliers have. CBA applies an ESG risk assessment process to all institutional banking customers. Potential lending to customers must undergo a risk assessment, which includes carbon and energy as one of its assessment criteria. Clients must show that they are aware of their climate risks and have programs to mitigate their impacts. CBA has committed to funding $15 billion to low carbon projects by 2025. CBA currently has $3.7 billion in exposure to renewable energy projects. One of our renewable energy customers is our preferred supplier to meet our target to source renewable energy for 25% of its operational power needs by 2020.

Impact of engagement, including measures of success
CBA’s lending to renewable energy projects has increased by 12.1%. We are tracking our progress towards the 2025 target. Emissions intensity of the lending portfolio decreased by 19.6% from FY14 to FY18.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Direct engagement with policy makers
Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The Group has been engaged with the Green Building Council of Australia (GBCA) for the development of rating tool for retail portfolio. Refer RE100 commitment. Refer to Power Purchase Agreement (PPA) Refer to CBA’s Net Zero commitment.	The Group supports the on-going operation and improvement of the rating tools being developed by GBCA. The rating tool will assist in lifting the performance of retail fitouts. All of the Group's future fitouts will be built to 5 Star standard design.
Energy efficiency	Support	The Group has been engaged with the CitySwitch Program since the program began and was awarded the National Signatory Award for its outstanding demonstration of countrywide sustainability action in 2018.	The Group supports the on-going operation and improvement of the City Switch Program. The data disclosed as part of annual reporting is key to establishing industry and sector benchmarks.
Mandatory carbon reporting	Support	The Group is committed to providing climate change information in mainstream reporting including NGER reporting and reporting to the CDP.	The Group supports carbon reporting through the National Greenhouse and Energy Reporting (NGERs) and has publically reported carbon metrics since 2009.
Cap and trade	Support	We have engaged with the Federal Government, both directly and through the Business Council of Australia, on its review of climate change policies.	Current policy offerings include the Emissions Reduction Fund.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Financial Services Council (FSC) Investment Committee

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The FSC does not outline their position on their website, but they have contributed to a report on ESG. This report includes references to climate change as important to investors. It encourages companies to look at the risks posed (i.e. damaging weather) to cater for the long-term consequences (i.e. higher costs, loss of market share and damage to physical assets).

How have you influenced, or are you attempting to influence their position?
The Group influenced the FSC through its ESG Working group heavily in late 2016 and early 2017. We put forward several ESG related pieces of work, including a proposal for an FSC guidance note on climate change risk assessment (pending the release of APRA regulation). Once the APRA regulation is released, further elaboration of the ESG risk assessment will be required in the APRA Superannuation Prudential Standard 530 (SPS530).

Trade association
Responsible Investment Association of Australia (RIAA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The RIAA purpose is to encourage the responsible investment of capital into sustainable assets. They have significant emphasis on climate change, as part of the sustainable investment approach.

How have you influenced, or are you attempting to influence their position?
The Group is a member of RIAA. We do not directly influence the position or direction of its work, however, as members we participate in its ongoing debates and policy developments.

Trade association
Principles for Responsible Investment (PRI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
PRI leads action on climate risk, and is the leading proponent of responsible investment. It works to understand ESG factors as an independent body, with ongoing engagement with policymakers and the UN.

How have you influenced, or are you attempting to influence their position?
The Group's climate stance is aligned with the PRI's current position.

Trade association
Carbon Market Institute

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Carbon Market Institute believes that market-based solutions are the most efficient policy mechanism to address the challenge of climate change.

How have you influenced, or are you attempting to influence their position?
The Group's climate stance is aligned with the Carbon Market Institute's current position and have sponsored the Carbon Market Institute Summit 2018.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

All direct and indirect activities that influence policy are consistent with the Group overall climate change and ESG related strategy which is integrated into a multi-disciplinary company-wide risk management process.

Processes in place to ensure all engagement is consistent with our overall climate change strategy include:
- The development of a Group-wide climate position statement and action plan, which is used as the framework on which our engagement activities are based. Before engaging in any activity or discourse we assess whether our participation (and the content) aligns with our Climate Change position as formalised in these documents.
- The Group overarching Risk Appetite Statement (RAS), which fundamentally guides the Group risk culture and sets out the boundaries of risk tolerance, which includes climate change and sustainability issues. We assess potential engagement activities through our RAS lens to determine whether they fit within our risk strategy (which includes climate change)
- Risk tolerance boundaries are defined by the principles and metrics, both quantitative and qualitative, that must be considered collectively and not in isolation.
- Group-wide Environment policy sets a foundation and creates a framework for understanding and managing the Group's direct and indirect activities that could influence policy are consistent with our climate change strategy.
- Development and execution on the Group's ESG Lending Framework and risk screening tool which assesses our indirect activities across seven ESG themes including biodiversity, water, climate and energy, pollution, labour & human rights, workplace health and safety and anti-corruption and bribery. Internal sector specific policies; the Group uses a number of ESG policies for high impact/sensitive sectors so as to ensure ESG risks and opportunities are considered at deal initiation and during the life of a transaction.
- Public disclosure of the Group's Environmental, Social and Governance nine (ESG) Lending commitments and progress toward meeting these commitments. This includes Equator Principles III training for staff, alignment of ESG lending framework with Equator Principles III to ensure consistency between policy and internal strategy.
- The Group uses a Responsible Investment Framework to guide investments on ESG decisions and commitments, through the guiding principles of integrity, balance and transparency.
- Group Environmental Management System (EMS) was certified to ISO: 14001 in FY19. The system provides a consistent approach to planning, implementing and reviewing the environmental management process. The system incorporates an Environmental Aspects and Impacts register, identifying environmental attributes of products, activities and services and their effects on the environment. This register provides a risk rating for each outcome and therefore provides the Group with relevant information for addressing policy matters.

The key elements of our Responsible Investment Strategy which are directly related to climate change are:
- Integration of carbon and other climate related data into our systems and reporting processes including portfolio assessments for climate change risks.
- Actively engaging with our clients to ensure we can anticipate and meet their needs now and into the future.
- Including climate change as part of our training program for example by inviting in external experts to present and engage with our investment teams.
- Improved disclosure of climate change as a material business and investment issues.
- Continued support of the Investor Group on Climate Change and other industry bodies who are working on climate change.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
CBA Annual Report 2018.pdf

Page/Section reference
Climate related financial disclosures chapter

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (Climate Policy Position Statement)

Status
Complete

Attach the document
CBA Climate Policy Position Statement.pdf

Page/Section reference
Whole document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (Group Environment Policy)

Status
Complete

Attach the document
Group Environment Policy.pdf

Page/Section reference
Whole document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (ESG Lending Commitments)

Status
Complete

Attach the document
Environmental, Social & Governance (ESG) Lending Commitments.pdf

Page/Section reference
Whole document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (Responsible Investing Framework)

Status
Complete

Attach the document
Responsible Investing Framework.pdf

Page/Section reference
Whole document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
Other, please specify (Emissions of business lending portfolio)

Status
Complete

Attach the document
FY18 Assessed Emissions Report.pdf

Page/Section reference
Whole document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer	Chief Financial Officer (CFO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms