

The way to a better future

Green, Social & Sustainability Funding Impact Report

August 2020



Our commitment to sustainability

We are committed to delivering balanced and sustainable outcomes for our stakeholders

Our approach is guided by evolving global practices and feedback from our stakeholders on material matters



Our policies and targets

We develop policies and targets to drive progress on our commitments.

Key policies include:

- Environmental and Social Policy (see overleaf for highlights)
- Supplier Code of Conduct
- Diversity & Inclusion Policy



Global principles and goals

We are signatories to international initiatives, principles and goals



Providing transparency

We report our progress in line with global frameworks and standards



Assessing our performance

We benchmark our progress using leading sustainability indices and surveys



Our commitment to sustainability

Our purpose is to improve the financial wellbeing of our customers and communities. Our Environmental & Social (E&S) Framework provides a reference point for our people and stakeholders on the minimum standards we seek to abide by, the targets and commitments we are working towards, and the governance and oversight in place to support our endeavours.



Climate change

- Continuing to reduce our exposures to thermal coal mining and coal fired power generation, with the view to exiting the sector by 2030, subject to Australia having a secure energy platform
- Only providing Banking and Financing activity to New oil, gas or metallurgical coal projects if supported by an assessment of the environmental, social and economic impacts of such activity, and if in line with the goals of the Paris Agreement
- \$15 billion of funding available to Low Carbon Projects by 2025 (FY20 \$5.37bn)
- Sourcing renewable electricity for 100% of our Australian power needs by 2030 (achieved 2020)
- Transitioning to hybrid and battery powered business-related motor vehicles



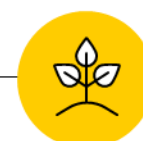
Human rights

- Open, fair, inclusive workplace regardless of age, gender, culture, race, ability, religion or beliefs
- Subjecting business lending decisions and investment processes to human rights standards
- Treating all customers fairly
- Taking steps to support customers and communities in times of hardship



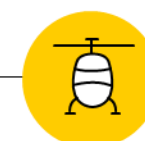
Biodiversity

- Complying with, or exceeding, the requirements of environmental legislation relevant in all areas in which we operate
- Ensuring that our business lending does not result in the irrevocable damage of World Heritage sites, or other high value conservation areas
- Increasing our waste recycling rate to 80% in commercial office spaces by 2025
- Reducing water consumption of our retail branches and commercial offices over time



Agriculture, forestry & fisheries

- Keeping abreast of advances in industry sustainability standards, certifications and schemes and encouraging customers to gain relevant certifications
- Improving awareness around biodiversity
- Continue to reduce exposure to the growing and manufacturing of Tobacco-based products



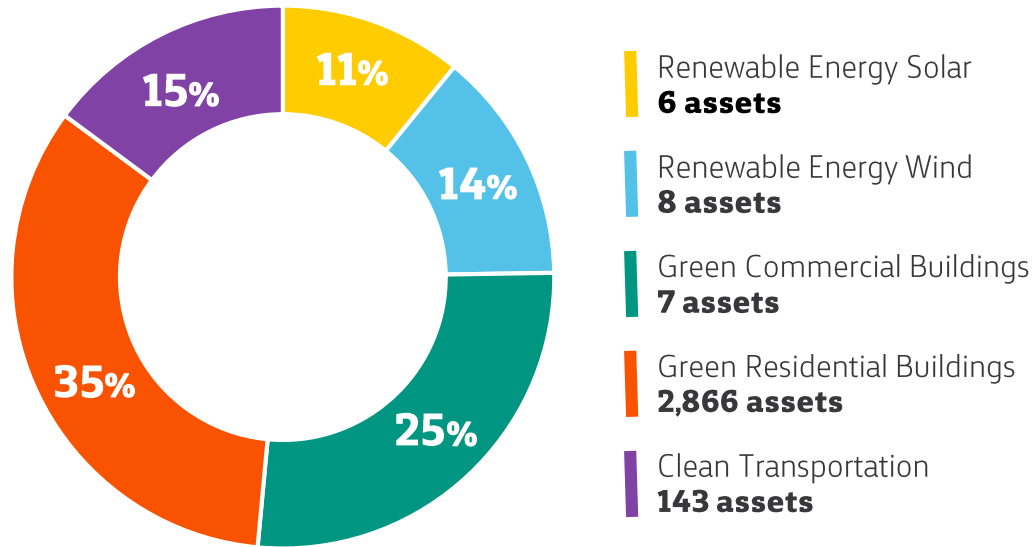
Defence

- We will not knowingly support, invest in, or provide financial services to customers that buy, sell, manufacture or store:
 - Controversial Weapons banned under international agreements to which Australia is a party; or
 - Nuclear weapons outside NATO country government-controlled programs that are authorised under the Nuclear Non-Proliferation Treaty

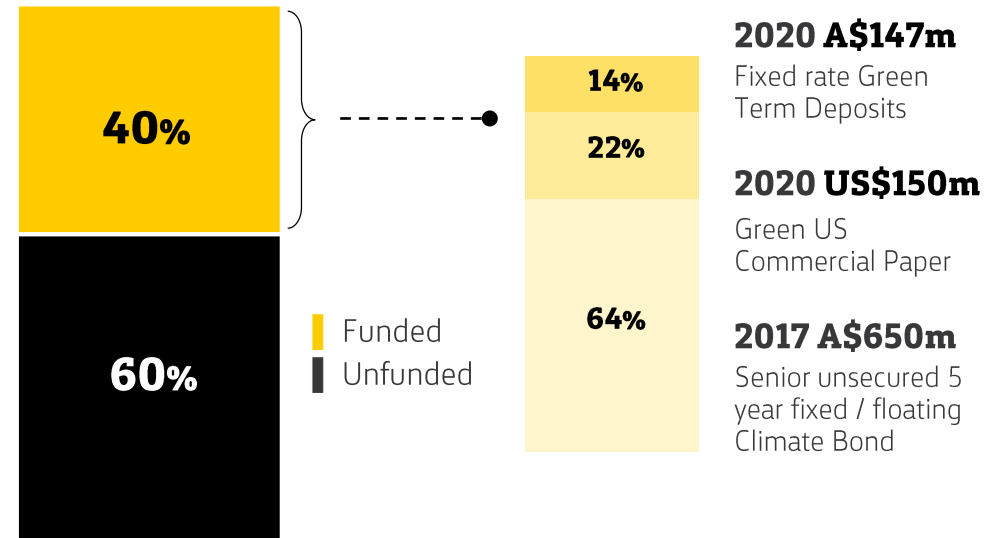


Eligible Asset Allocation Report

Eligible assets by category (A\$2.5bn)



Eligible asset pool funding (outstanding sustainable funding A\$1.0bn)



Asset eligibility is set out in CBA's Green, Social and Sustainability Funding Framework February 2020

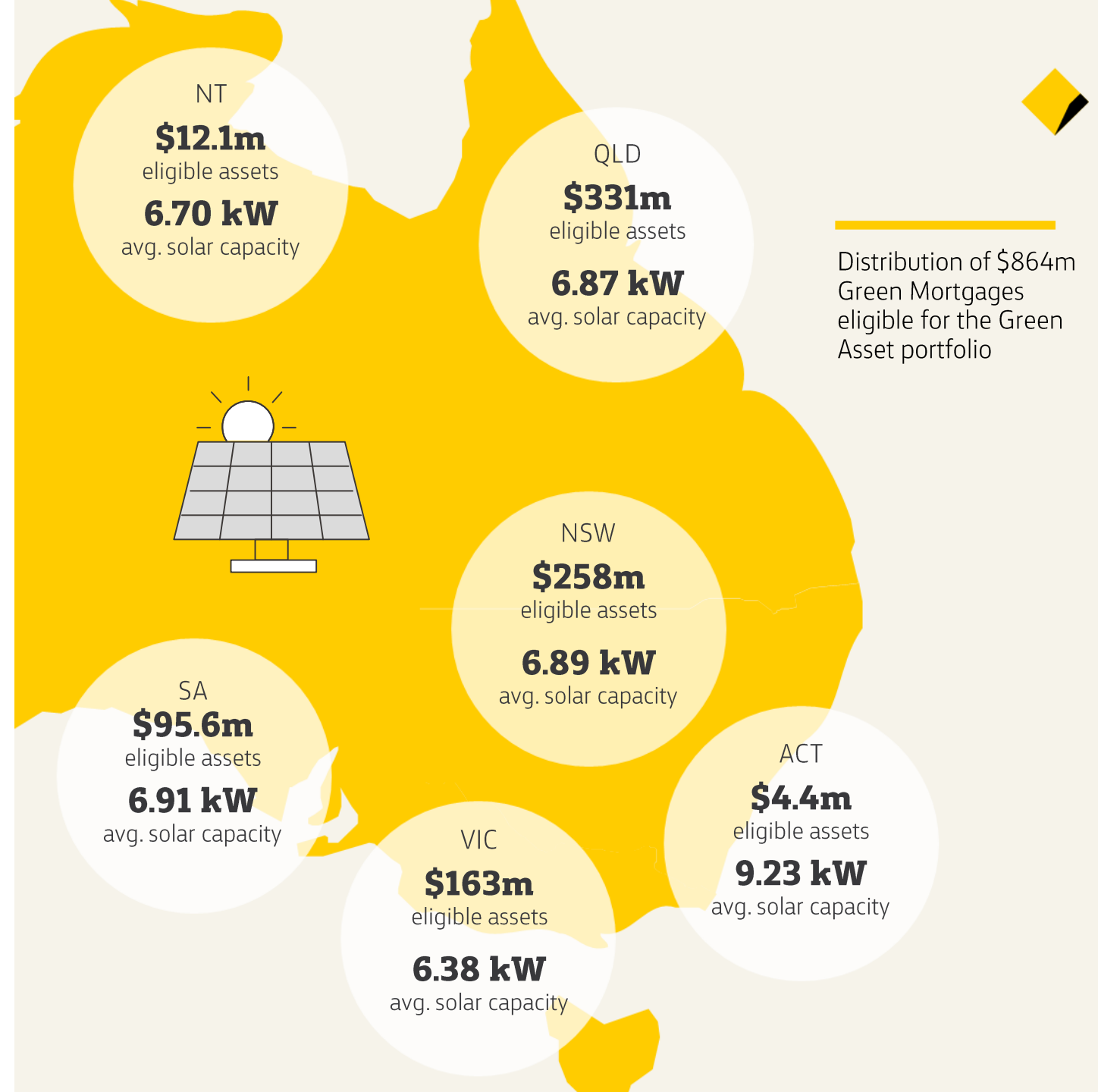


CBA's green mortgage initiative

Pioneering Australia's first green mortgage initiative

- Pilot launched in August 2019 for a six-week offer period
- \$500 cash-back to our retail customers with an installed and certified solar PV system of five kilowatts (kW) or greater
- 4,703 customers took up the offer and the initiative prompted 16% of participating customers to install new solar panels
- \$864m of fulfilled orders included in the Green Eligible Asset portfolio, in line with the Climate Bond Standards for residential buildings with solar rooftop installations

To be included in the eligible asset pool, mortgages could not be otherwise securitised and also had to meet criteria in accordance with Climate Bond Standards for Australia. Data shown is as at 30 June 2020



Case Study

Sapphire Wind Farm

Included in CBA's Eligible Asset Register - \$46.4m drawn¹

- Sapphire Wind Farm is the largest wind farm in NSW, located in the New England region of Northern NSW
- It will generate enough energy to power an estimated 115,000 households and offset 700,000 tonnes of carbon emissions per year
- Construction on the greenfield 270MW project commenced in January 2017 and the asset was fully operational from November 2018
- Sapphire Wind Farm consists of 75 wind turbines, has an operating life of 25 years and generated 150 new jobs
- The project cost ~\$588m and the debt facility size is \$339m
- As well as being a key financier to the Sapphire Wind Farm Project, in November 2018 CBA signed a 12 year Power Purchasing Agreement with the project. This will contribute to reducing CBA's energy costs and lowering its carbon emissions in line with the Group's target of sourcing 100% of its electricity consumption from renewable energy



Portfolio impact assessment



Green Residential Buildings

7.16 kW

Weighted average capacity of the rooftop solar systems installed

18,882 kW

Total installed capacity of the rooftop solar systems installed

128,926 tCO₂e

Estimated quantity of greenhouse gas emissions avoided per annum



Green Commercial Buildings

5 star

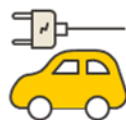
Weighted average NABERS energy rating of the low carbon buildings – above the 4.3 average

1,426 tCO₂e

Estimated quantity of greenhouse gas emissions avoided per annum

145,004 sqm

Net lettable area



Clean Transportation

17.1 million

Annualised number of passengers carried



Renewable Energy Solar

151 MW

Renewable energy capacity of the solar projects

59,603

Equivalent number of households powered by solar energy

171,874 tCO₂e

Estimated quantity of greenhouse gas emissions avoided per annum



Renewable Energy Wind

177 MW

Renewable energy capacity of the wind projects

105,094

Equivalent number of households powered by wind energy

444,710 tCO₂e

Estimated quantity of greenhouse gas emissions avoided per annum



1. All metrics are based on CBA proportion of project
2. Some metrics are supplied by third parties

Eligible asset pool

Renewable Energy Solar	Facility maturity	CBA share of total capital	Financed vs Re-financed	Facility drawn (\$m)	Facility limit (\$m)	Energy capacity (MW)	Annual GHGs avoided (tCO ₂ e)	CBA Proportion Annual GHGs avoided (tCO ₂ e)	CBA share of equivalent houses powered
Solar Farm 1a	Apr-22	19%	Financed	36.3	36.7	-	87,069	16,374	10,431
Solar Farm 1b	Jul-22	18%	Financed	35.3	38.5	-	87,654	15,391	9,805
Solar Farm 2	Apr-23	21%	Financed	23.1	23.1	-	70,430	14,458	3,831
Solar Farm 3	Dec-23	12%	Financed	45.3	53.3	-	483,822	58,151	11,988
Solar Farm 4	Feb-25	33%	Financed	56.1	56.1	-	63,844	21,281	13,557
Solar Farm 5	Apr-33	18%	Financed	67.5	67.5	-	259,282	46,219	9,992
Solar Farm 6	Nov-27	100%	Financed	6.3	6.5	-	N/A	N/A	N/A
Total				270.0	281.6	694	1,052,102	171,874	59,603

Renewable Energy Wind	Facility maturity	CBA share of total capital	Financed vs Re-financed	Facility drawn (\$m)	Facility limit (\$m)	Energy capacity (MW)	Annual GHGs avoided (tCO ₂ e)	CBA Proportion Annual GHGs avoided (tCO ₂ e)	CBA share of equivalent houses powered
Wind Farm 1	Feb-23	8%	Financed	70.4	70.4	-	1,680,511	139,388	31,557
Wind Farm 2	Apr-23	15%	Financed	29.5	37.1	-	191,361	29,288	6,631
Wind Farm 3	Jun-23	11%	Financed	30.7	30.7	-	279,647	29,374	6,055
Wind Farm 4a	Jul-23	4%	Financed	24.1	24.1	-	621,306	26,238	5,409
Wind Farm 4b	Jul-33	8%	Financed	46.3	46.3	-	621,306	50,516	10,414
Wind Farm 5	Oct-23	13%	Re-financed	40.7	40.7	-	449,171	56,146	14,880
Wind Farm 6	Dec-23	10%	Financed	55.6	55.6	-	514,836	51,330	13,603
Wind Farm 7	Feb-30	46%	Financed	51.4	51.4	-	136,715	62,430	16,545
Wind Farm 8	Feb-23	100%	Financed	9.0	10.7	-	N/A	N/A	N/A
Total				357.7	367.0	1,441	3,873,549	444,710	105,094

Clean Transportation	CBA share of total capital	Financed vs Re-financed	Facility drawn (\$m)	Facility limit (\$m)	Annualised number of passengers carried (m)
3 major rail assets	13-14%	Financed	372.6	372.6	17.1
140 Electric Passenger Vehicles	100%	Financed	12.9	16.2	N/A
Total			385.5	388.8	17.1



Eligible asset pool

Green Commercial Buildings	Facility start date	Facility maturity	CBA share of total capital	Financed vs Re-financed	Facility drawn (\$m)	Facility limit (\$m)	NABERS energy rating	Annual GHGs avoided (tCO ₂ e)	CBA Proportion Annual GHGs avoided (tCO ₂ e)	Net lettable area
Low Carbon Building 1	Sep-15	Sep-20	55%	Financed	101.4	101.4	5	262.6	143.9	19,941
Low Carbon Building 2 (portfolio)	Mar-18	Mar-23	3%	Re-financed	90.0	90.0	5.5	666.2	21.5	44,987
Low Carbon Building 3	May-10	Aug-23	31%	Re-financed	37.9	37.9	5	407.0	127.0	15,071
Low Carbon Building 4 (portfolio)	Mar-18	Mar-24	2%	Re-financed	50.0	50.0	5.5	666.2	11.9	44,987
Low Carbon Building 5	N/A	Aug-22	100%	Financed	150.0	150.0	5	192.8	192.8	15,025
Low Carbon Building 6	N/A	Jun-22	100%	Financed	156.1	162.5	5.5	906.0	906.0	41,711
Low Carbon Building 7	N/A	May-23	100%	Financed	51.0	51.0	5	22.8	22.8	8,270
Total					636.4	642.8	5	2,457.3	1,425.9	145,004

Green Residential Buildings	Facility start date	Facility maturity	State	CBA share of total capital	Facility drawn (\$m)	No. of loans	Total installed capacity (kW)	Average installed capacity (kW)	Annual GHGs avoided (tCO ₂ e)
Solar mortgages	Sep-19	Various	ACT	100%	4.4	12.0	110.8	9.23	786
			NSW	100%	258.4	724.0	4,775.5	6.89	33,885
			NT	100%	12.1	39.0	254.6	6.70	1,383
			QLD	100%	330.8	1,176.0	7,881.1	6.87	55,921
			SA	100%	95.6	413.0	2,772.7	6.91	10,444
			VIC	100%	162.6	502.0	3,087.7	6.38	26,507
Total					863.8	2,866.0	18,882.3	7.16	128,926





Notes to impact assessment

Definitions

Assurance

Ernst & Young has provided independent reasonable assurance over the content of this report. A copy of EY's independent reasonable assurance statement can be found [here](#).

Renewable Energy Solar / Renewable Energy Wind

Solar and Wind Emissions Avoided Calculation

State-based emissions intensity data is sourced from publicly available information from the Australian Energy Market Operator (AEMO) and the Clean Energy Regulator (CER). A state-specific emissions intensity factor is calculated based on the electricity generation profile of that state in the preceding calendar year. The appropriate emissions intensity factor (depending on the state in which the project is located) is then multiplied by the total MWh p.a. generated by each renewable energy asset. The MWh p.a. generated (solar and wind) is based on actual (where available) or forecast generation data. The data is sourced from the project's financial or operating reports, management accounts, due diligence reports, or origination documentation.

No. of houses supplied with power (Solar and Wind)

Equivalent number of houses supplied with 100% renewable energy from wind and solar farms is calculated by dividing the total MWh produced by the solar/wind farm by the average household electricity use. The average household electricity usage by state is obtained from [Australian Energy Regulator](#). The national electricity usage figure is used if the asset is in WA or mixed states.

Clean Transportation

Annualised number of passengers carried

The annualised number of passengers carried via Low Carbon Transport (Electrified Metro or Suburban Rail). Data has been obtained from most recent available operating report.

Green Commercial Buildings

NABERS energy rating

NABERS (National Australian Built Environment Rating System) used to measure building's energy efficiency and carbon emissions. CBA includes buildings rated 5 stars and above.

Annual GHGs avoided (tCO₂e)

Energy used is sourced from NABERS website for base building. Emissions avoided is calculated by multiplying emissions target set out in CBI criteria and Net Lettable Area and deducting the actual emissions of the base building. In order to calculate CBAs share of emissions avoided, CBA's debt to total capital for the asset ratio is multiplied by the total avoided emissions of the base building.

Net Lettable Area (NLA)

This is a square metre measure of total occupiable floor space of the base building.

Green Residential Buildings (Solar Panels)

Mortgage loans for property that has a renewable energy output of 5kW or the minimum set for the postcode of the property in accordance with Climate Bonds Standards Simplified Solar Rooftop Proxy.

Energy capacity (kW or MW)

Certification of solar panels capacity has been carried out by qualified technicians on each property.

Annual GHGs avoided (tCO₂e)

Formula for calculating tonnes of CO₂e saved ((Energy Generation (kWh) x Emissions Factor (kgCO₂/kWh))/1000 (kg/tonne)).

Emissions Factor

Emissions factor is obtained from [The National Greenhouse and Energy Reporting \(Measurement\) Amendment \(2020 Update\) Determination 2020](#) corresponding to the state the solar panel is installed in.

Other definitions

CBA share of total capital

CBA share of total capital is calculated as the CBA drawn debt amount as a proportion of the total capital with each asset.

Financed versus Re-financed

Financed is lending to new asset. Re-financed is lending to an existing asset.

Facility Drawn (\$m)

The value of CBA's proportion of debt facility that is currently drawn as of reporting date (30 June 2020).

Facility Limit (\$m)

The maximum available to be drawn.

Note about CBA Debt to Total Capital

Data reflects most appropriate data available as at 30 June 2020.



Important Notice

The distribution of this document and of the information it contains may be the subject of legal restrictions in some countries. Persons who might come into possession of it must make inquiries as to the existence of such restrictions and comply with them.

The information contained in this material does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter a legally binding contract.

The information in this document contains general commentary only and does not constitute investment or financial product advice. The information contained in this document should be regarded as indicative and for illustrative or discussion purposes only, and does not bind the Bank. It has been prepared without taking account of your objectives, financial situation or needs. No person should act on the basis of any information contained in this document without considering, and if necessary taking appropriate professional advice upon, his or her own particular circumstances.

Although CBA has made every effort to ensure the information in this document is free from error, none of CBA or its related entities, nor any of their respective employees or any other person, warrants the accuracy, adequacy or completeness of the information in this document.

To the extent permitted by law, none of CBA or its related entities, nor any of their respective employees or any other person accepts any liability for any claim in respect of anything, and of the

consequences of anything, done or omitted to be done by any person acting in reliance, whether wholly or partially, upon the information in this document.

The information in this document may reference or contain material provided by third parties. While such material is published with the necessary permission none of CBA or its related entities, nor any of their respective employees or any other person, accepts any responsibility for the accuracy or completeness of any such material.

This document may contain statements about future events and expectations that are forward looking statements, none of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumption, fully stated in the document. The information in this document is subject to change without notice and none of CBA or its related entities, nor any of their respective employees or any other person, is under any obligation to update the information, correct any inaccuracy which may become apparent at a later date or amend the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.



Enquiries & feedback

commbank.com.au/sustainabilityinstruments



CBAFixedIncomeInvestors@cba.com.au

Sydney: +61 2 9118 7113

Singapore: +65 6349 7081

