

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Commonwealth Bank of Australia

CBA27QW:

(a) Regarding the statement from APRA that “it is estimated that in order to have a two-in-three chance of keeping global warming below two degrees we need to restrict future global emissions to around 800 gigatons of CO₂”, given the bank’s commitment to keeping global warming below two degrees, does the bank agree with the carbon budget set out by APRA?

(b) If the bank does agree, what does the bank consider to be the implications for Australia’s fossil fuel consumption and exports? Does this pose any risk for the bank?

(c) If not, why not and what global carbon budget does the bank consider to be consistent with the two degree limit endorsed by the bank?

Answer:

Commonwealth Bank has publicly committed to playing a role in limiting climate change to two degrees and are in the process of completing a detailed climate policy review which when approved by the Board will be publicly available.

Commonwealth Bank takes a robust, responsible and merit-based approach to the projects we lend to, and environmental, social and governance (ESG) standards are incorporated into our business lending decisions.

We strongly support the growth of the renewable energy sector and are financing a number of renewable energy projects in Australia and the rest of the world.

Strict environmental, social and governance standards are incorporated into our business-lending decisions. We will only fund projects that meet our strict ESG lending commitments. We take a robust, responsible and merits-based approach to any project that comes to us. We assess a project’s ESG risks in strict accordance with our nine ESG Lending Commitments, and where appropriate, the Equator Principles III.

ESG considerations are also integrated into our investment decision-making and active ownership practices.