

GROUP ENVIRONMENT POLICY.

The Commonwealth Bank Group ('Group') is dedicated to securing and enhancing the financial wellbeing of people, businesses and communities. We know that our decisions can have direct and indirect impacts on the environment. Our objective is to ensure that we meet our responsibility to both safeguard the environment and support economic growth and development.

1. Managing climate change

- 1.1. We know that climate change will have serious environmental, economic and social impacts.
- 1.2. There is clearly a need to minimise and mitigate the impacts of climate change. International efforts to limit global warming to two degrees Celsius above preindustrial levels will require a transition from traditional economic models, and the world's current energy mix, to low carbon and renewable alternatives.
- 1.3. As a financial institution, we play a role in supporting the transition to a low carbon economy and will continue to actively seek opportunities to lend to, invest in, and support innovative technologies and businesses that decrease dependence on fossil fuels and mitigate the effects of climate change.
- 1.4. We will also continue to seek opportunities to assist our customers to meet their own environmental goals through the provision of appropriate financial products and services.

2. Managing direct environmental impacts within the Group

- 2.1. We are committed to assessing and reducing our direct environmental impacts by implementing the following practices:
 - Monitoring and reducing energy use and greenhouse gas emissions.
 - Investing in cost effective, energy efficient technologies.
 - Monitoring and reducing water usage.
 - Monitoring and minimising waste through recycling and more efficient use of resources.
 - Developing processes for assessing environmental impacts in our supply chain.
 - Following best practice environmental performance guidelines for the design, development, build and operation of premises the Group occupies.
 - Building the capacity of staff to understand, assess and manage environmental risks and opportunities.
 - Consistently developing and setting targets for our environmental objectives, and reporting our performance against those targets over time.
 - Ensuring compliance with environmental legislation in all areas in which we operate.

3. Managing indirect environmental impacts

- 3.1. We are in a position to influence the companies we lend to and invest in with regard to their impact on the environment.
- 3.2. We apply a comprehensive Environmental, Social and Governance (ESG) Risk Management Framework to manage environmental risk across our lending portfolio. To this end we:
 - Do business in sectors and with organisations that have well-established environmental management practices.
 - Consider environmental risks throughout our loan origination, credit approval and annual review processes.
 - Apply the principles of our Group Risk Appetite Statement throughout the credit review process.
 - Apply our Group ESG Lending Commitments across project finance and business lending.
 - For loans above a materiality threshold, assess clients' ability to manage their own environmental impacts and risks using our ESG risk assessment tools and processes, and engage with clients to assist them in managing and mitigating their impacts and risks.
 - Apply the Equator Principles III to all project related financing.
 - Identify and understand high-impact sectors and apply additional levels of due diligence to sectors and jurisdictions where environmental regulatory frameworks are not fully evolved and/or not best in class.
- 3.3. Where consistent with our fiduciary obligations and in accordance with our Wealth Management Responsible Investing Framework and the commitments we have made under the United Nations Principles for Responsible Investment:
 - We will integrate environmental considerations into investment products and services we create to help customers and clients meet their financial goals; and,
 - We will provide our customers and clients with the transparency and tools they need to make their own choices on environmental matters in connection with our investment products and services.

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4. Stakeholder engagement and reporting

- 4.1. We will engage with our customers, the community and other key stakeholders to promote a broader understanding, and more effective management, of environmental issues.
- 4.2. We commit to fully disclose our environmental performance through regular public reporting on environmental indicators and our management of material environmental risks and opportunities. Our reporting covers:
- Our direct environmental impacts, such as property emissions;
 - The indirect impacts of our lending; and,
 - Our obligations under relevant environmental legislation and the Equator Principles III.

Implementation

This policy covers the operations of Commonwealth Bank of Australia Group.

The governance for this policy is assigned as follows.

- The Board of Directors is responsible for overseeing adherence to the policy.
- The Executive Committee is responsible for integrating the policy into business and risk management processes in each business unit and function, and for ensuring relevant governance processes are embedded.
- Business and support units are responsible for the implementation of the policy and for providing adequate training, coaching and resources to ensure employees implement and comply with it.
- Corporate Responsibility within Group Corporate Affairs is responsible for:
 - influencing the successful implementation of the policy through the provision of strategic advice to business and support units;
 - responding to queries about the policy's operation and implementation;
 - updating the policy; and,
 - reporting to the Board and Executive Committee.
- Group Audit is responsible for providing assurance services to evaluate adherence to the policy.

This policy will be reviewed annually.

2015
David Turner, Chairman