

**Joint Standing Committee on Trade and Investment Growth**

**Inquiry into the prudential regulation of investment in Australia's export industries**

**3 September 2021**

**Senator VAN:** With the rule around groups of 100 investors being able to put motions to your AGM, have you ever had motions brought by small-investor groups?

**Mr Hinchliff:** I believe we have. I can't talk to the specifics of it, but I believe we have.

**Senator VAN:** Would you take that on notice, please, and provide specifics on that?

**Mr Hinchliff:** Certainly

**Answer:** Under section 249N(1) of the *Corporations Act 2001*, members can move a resolution at a general meeting if:

- (a) those members have at least 5% of the votes that may be cast on the resolution;  
or
- (b) have at least 100 members who are entitled to vote at a general meeting,

Commonwealth Bank's most recent Annual General Meeting (AGM) took place on 13 October 2020. At this meeting one resolution was moved by members. This resolution related to: changing Commonwealth Bank's constitution to prevent it co-investing with the Australian Government on the Business Growth Fund.

Further information is available on our website:

<https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/cba-2020-notice-of-meeting.pdf>

The upcoming Commonwealth Bank AGM will take place on 13 October 2021 and details of member resolutions will be published on our website.

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**Senator VAN:** Yes, I have one. It's for the banks to take on notice, if they would. The evidence from APRA and ASIC was very clear that their expectations as regulators is that, when it comes to managing risk, that is their No. 1 direction. The risks need to be managed. They were very clear that they're not at all looking for banks to avoid risk. Yet what we've heard today is very clearly that the banks are trying to avoid climate change risk by not participating in fossil fuel industries into the future. Can you all answer on notice for me how you can reconcile those two different positions between what you're doing and what APRA expects you to do?

**Answer:** CPS220 *Risk Management* and CPG229 *Climate Change Financial Risks* set out the relevant regulatory framework. They require Commonwealth Bank to assess risks by conducting scenario analysis and to have effective risk management frameworks.

Commonwealth Bank is also taking part in APRA's Climate Vulnerability Assessments (CVA). APRA has said that:

- The CVA will measure the impact on individual institutions and the financial system of two different plausible future scenarios for how climate change, and the global response to it, may unfold.
- This analysis will provide insights into the potential financial exposure of institutions, the financial system and economy to the physical and transition risks of climate change.

The capabilities developed to undertake the CVA will enable portfolio level and Commonwealth Bank Group-wide scenario analysis. As our understanding of climate risk matures and climate science continues to evolve, we will use scenario analysis to inform our overall climate strategy by considering the results in:

- Risk management – selecting additional risk metrics and thresholds to calibrate the Bank's risk appetite, and further mature our approach to routinely identifying and measuring of our climate risk exposures.
- Business opportunities – identifying growth and mitigation opportunities to better serve our customers.

Commonwealth Bank does not seek to avoid all climate risks, but consistent with other regulatory obligations we seek to assess and manage climate risks.