Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we .... [name of 'shareholder']

of ....

.. [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) .... [HIN or SRN]

in respect of any holding of the shareholder's Commonwealth Bank of Australia ('CBA' or 'the company') ordinary fully paid shares;

hereby give notice to the company in accordance with sections 249N & P of the CA of: the following resolutions (1: Amendment to the Constitution, 2: Transition Planning Disclosure) the shareholder proposes to move at a general meeting of the company; and request in accordance with section 249P that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

…………………………………………………	…………………………………………………
(Signature of individual Shareholder† /company director)	(Signature of second shareholder in a joint holding/for a company second director or company secretary)

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution
Insert into the Constitution in clause 9 'Meetings of members' the following new sub-clause: "The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company."

Resolution 2 – Transition Planning Disclosure
Shareholders note the company's stated support for the goal of achieving net-zero emissions globally by 2050,[1] along with the publication of the International Energy Agency's Net Zero by 2050 scenario.[2] Shareholders therefore request the Company disclose, in subsequent annual reporting, information demonstrating how the Company will manage its Fossil Fuel[3] exposure in accordance with a scenario in which global emissions reach net zero by 2050. This information should include:

- A commitment to no longer provide Financing[4] where use of proceeds are explicitly intended for new Fossil Fuel projects; and
- Targets to reduce Fossil Fuel exposure consistent with net zero by 2050.

(Commonwealth Bank of Australia's Notice of 2021 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)

[1] 2020 Annual Report, Commonwealth Bank of Australia, p.38
[2] 'Net Zero by 2050', International Energy Agency, May 2021
[3] Upstream, midstream and downstream oil and gas; coal mining and transport (including haulage and ports); coal, oil and gas power generation
[4] Direct corporate lending, project finance, trade finance, IPOs and their distribution, as listed by Commonwealth Bank (accessed 10 August 2021):
https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf

Supporting Statement 1
Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of CBA is not conducive to the rights of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of CBA, our board and all CBA shareholders.

Passage of this resolution – to amend the CBA constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Supporting Statement 2
Despite committing to the climate goals of the Paris Agreement and achieving net zero emissions by 2050, CBA is aligning its investment practices and policies with the failure of these goals, resulting in our company falling behind rapidly evolving investor and regulator expectations, and the practices of other financial institutions.

<u>Paris and net zero: implications for fossil fuel finance</u>
To align with the Paris Agreement and net zero emissions by 2050, CBA's lending must reflect the trajectory of the energy transition required to achieve these outcomes. The IPCC's Special Report on Global Warming of 1.5°C demonstrates that the role of gas for primary energy must decline globally by 25% by 2030 (from a 2010 baseline), with oil's role in primary energy falling 37% over the same timeframe.[5] Meanwhile, analysis from the International Energy Agency (IEA),[6] peer-reviewed scientific research[7] and analysis[8] drawing upon data from organisations including Rystad Energy, IEA and IPCC has confirmed the Paris climate goals leave no room for new fossil fuel projects.

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[5] https://www.ipcc.ch/sr15/
[6] https://www.iea.org/reports/net-zero-by-2050
[7] https://www.nature.com/articles/s41586-019-1364-3;
https://iopscience.iop.org/article/10.1088/1748-9326/aabc5f/meta
[8] http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf (p.6);
https://priceofoil.org/2018/10/17/the-skys-limit-ipcc-report-15-degrees-of-warming/

In November 2018, the IEA's Executive Director said achieving the Paris Agreement means "we have no room to build anything that emits CO_2 emissions".[9] More recently, the IEA has confirmed achieving net zero by 2050 means "no new coal mines or mine extensions", "no new oil and gas fields" and "huge declines in the use of coal, oil and gas".[10]

<u>Policy changes fail to align lending with climate goals</u>
In July 2021, 115 investors with US$4.2 trillion in assets under management and/or stewardship wrote to 63 global banks, calling on them to integrate the IEA's Net Zero by 2050 findings into their climate strategies.[11] CBA's current policies and practices fall well short of this demand.

CBA continues to finance companies and projects that expand the scale of the fossil fuel industry. This is contrary to its commitment to the Paris Agreement and net zero emissions by 2050, and the bank's own policy.

In June 2020, shareholders noted CBA's subsequent participation in deals that expand the global gas sector and queried[12] whether the loans were supported by an assessment demonstrating them to be *"in line with the goals of the Paris Agreement"*,[13] as required under the bank's policy.

One of the projects funded is the 692km Permian Highway Pipeline in Texas,[14] which would enable an estimated 1 billion tonnes of CO_2 over its lifetime, equivalent to two years of Australia's total greenhouse gas emissions.

In 2020 CBA co-funded[15] Santos' acquisition of a 37.5% interest in the huge Barossa gas field proposal,[16] which Santos sanctioned in March 2021. According to process engineer and industrial economist John Robert, *"the Barossa to Darwin LNG project looks more like a CO_2 emissions factory with an LNG by-product"*.[17]

Since January 2019, CBA has funded numerous ASX300 companies with business plans consistent with the failure of the Paris Agreement, including AGL Energy, Aurizon, Mineral Resources, Origin Energy and Santos.[18]

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9 https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea
10 https://www.iea.org/reports/net-zero-by-2050
11 https://shareaction.org/investors-call-on-banks-to-strengthen-climate-ambitions-before-cop26/
12 https://www.theguardian.com/news/2020/jun/26/commonwealth-bank-activist-shareholders-call-out-company-for-financing-new-gas-projects
13 https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf
14 https://ijglobal.com/data/transaction/48041/permian-highway-pipeline-692km
15 https://www.ifre.com/story/2588133/santos-lifts-bridge-takeout-to-us750m-l4n2he1zj
16 https://www.santos.com/wp-content/uploads/2021/02/2020-Annual-Report.pdf (p.115)
17 https://ieefa.org/ieefa-santos-barossa-gas-field-emissions-create-major-risks-for-shareholders/
18 https://www.marketforces.org.au/campaigns/super/outofline/

CBA's intention to align it's "glide paths" with the IEA Sustainable Development Scenario (SDS) further underscores the malalignment of our company's commitments and practices. The SDS is aligned with a net-zero by 2070 outcome, meaning our company is stating its commitment to net-zero by 2050, but aiming for its failure.

Our company is also offering companies with business plans aligned with the failure of the Paris Agreement another four years before Transition Plans are required of them. This fails to appreciate the near-term nature of climate-related financial risks, and the longer-term financial risks from the physical impacts of climate change, which will be exacerbated as companies seek to expand fossil fuel production even further.

<u>CBA being left behind</u>

Other financial institutions have placed more effective restrictions on finance for oil and gas, leaving CBA's clearly ineffective policy behind.

In 2020 Suncorp ruled out underwriting new oil and gas production assets, committing to "not directly invest in, finance or underwrite...new oil and gas exploration or production", and will phase out underwriting for the sector by 2025 and direct investment by 2040.[19] Similarly, IAG "committed to ceasing underwriting entities predominantly in the business of extracting fossil fuels, and power generation using fossil fuels, by 2023".[20]

As of March 2021, major Nordic investor Nordea Asset Management has excluded fossil fuel producers without a clear plan for complying with the Paris Agreement in 213 of its 368 funds, stating "no oil and gas producers and of course coal miners live up to these requirements at present".[21] In March 2021, Danske Bank committed to immediately end direct finance for expansion of oil and gas exploration and production worldwide,[22] while NedBank,[23] SEB,[24] and NatWest[25] have made similar commitments.

<u>Financial risks and regulatory scrutiny</u>

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19 https://www.suncorpgroup.com.au/corporate-responsibility/sustainable-growth/responsible-banking-insurance-investing

20 https://www.iag.com.au/sites/default/files/Documents/Safer%20Communities/FY20-Climate-related-disclosure.pdf

21 https://www.nordea.com/en/news/140-nordea-funds-tighten-requirements-for-investments-in-fossil-fuels

22 https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/5/danske-bank-position-statement-fossil-fuels.pdf

23 https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/Information%20Hub/Integrated%20Report/2021/Nedbank%20Group%20Energy%20Policy.pdf

24 https://webapp.sebgroup.com/mb/mblib.nsf/dld/80AF6A2E5F88CDC2C12586B1002E33C2?opendocument

25 https://www.natwestgroup.com/content/dam/natwestgroup_com/natwestgroup/pdf/oil-and-gas.pdf

In April 2021, the Australian Prudential Regulation Authority (APRA) published draft Prudential Practice Guide 'CPG 229 Climate Change Financial Risks', "designed to assist APRA-regulated entities in managing climate-related risks and opportunities".[26]

APRA's Guide states:

"Where an APRA-regulated institution has identified material climate risks, a prudent institution would establish and implement plans to mitigate these risks and manage its exposures, as well as regularly review and assess the effectiveness of those plans."

Clearly, in order to comply with APRA's guidance, CBA should disclose targets to manage down exposure to gas, oil and coal sub-sectors, in line with the carbon constraints that can be anticipated as the global economy transitions to net zero emissions by 2050.

Investor support required

Despite its stated support for the Paris Agreement, and net zero emissions by 2050, CBA remains an active investor in fossil fuel expansion and is aiming to miss the 2050 goal for net-zero emissions, further exposing shareholders to financial risks associated with the energy transition required to meet the Paris climate goals.

We urge shareholders to vote in favour of this resolution, and expect the many institutional investors already outspoken on this issue to offer their support.

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26 https://www.apra.gov.au/consultation-on-draft-prudential-practice-guide-on-climate-change-financial-risks