

# Commonwealth Bank of Australia

## Shareholder resolutions and supporting statements

### **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,<sup>1</sup> along with the publication of the International Energy Agency’s Net Zero by 2050 scenario.<sup>2</sup> Shareholders therefore request the Company disclose, in subsequent annual reporting, information demonstrating how the Company will manage its Fossil Fuel<sup>3</sup> 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<sup>4</sup> 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.

---

<sup>1</sup> 2020 Annual Report, Commonwealth Bank of Australia, p.38

<sup>2</sup> ‘Net Zero by 2050’, International Energy Agency, May 2021

<sup>3</sup> Upstream, midstream and downstream oil and gas; coal mining and transport (including haulage and ports); coal, oil and gas power generation

<sup>4</sup> 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.