

Dear Chairman and members of the board,

Last year, through a shareholder resolution, hundreds of us called on you to demonstrate that our bank will not finance fossil fuel expansion and actively make the climate crisis worse.

This year, acknowledging the progress CommBank has made on this issue, we would like to point out the need for further improvement in order to fully align with the bank's commitment to the climate goals of the Paris Agreement and net zero emissions by 2050.

We have seen a number of positive signs from CommBank recently. Market Forces reported that over 2021 and 2022 CommBank loaned the least to fossil fuels of the big four Australian banks, with the \$267 million loaned in 2022 a 92% decrease from its peak high of \$4 billion in 2018. However, major gaps in CommBank's fossil fuel lending policy had left us anxious about potential regression.

We were relieved to see this positive trend in lending behaviour reinforced in August when CommBank released its climate policy update.

We recognise CommBank's commitment to not finance the vast majority of fossil fuel companies from 2025 that do not have an independently verified plan to cut all emissions – including from the end use of their coal, oil, and gas – in line with the Paris Agreement's 'well-below 2°C' upper warming limit. We look forward to fossil fuel expanding clients like Santos, Beach Energy and Cheniere Energy no longer enjoying the financial backing of Australia's biggest bank.

But, we want to make it abundantly clear that the job of aligning our bank with its climate commitments is not done yet.

Firstly, with the transition plan assessment requirements only coming into effect from 2025, we will be closely watching to ensure the bank does not rush through any lending to companies undermining the Paris climate goals before then.

We are also deeply concerned by the bank's failure to commit to holding customers to a 1.5°C warming pathway, instead choosing the less ambitious and far more dangerous 'well below 2°C' requirement. The IPCC has made it clear that every fraction of a degree matters. Exceeding 1.5°C would accelerate species loss, increase the occurrence of extreme and dangerous droughts and floods and increase the risk of irreversible "tipping points" that accelerate climate change beyond our control. We call on you to bring your transition plan requirements into line with climate science and ambition, and ensure clients comply with a 1.5°C pathway.

The bank's failure to exclude direct finance for new or expanded liquefied natural gas (LNG) processing facilities, or even to assess such projects for alignment with the Paris Agreement is a disappointing departure from what is required to live up to your climate commitments. Given the scale of planned LNG expansion in our region and around the world, this is a significant policy gap. New or expanded LNG facilities are built to unlock additional gas supply, posing some of the greatest threats to curbing climate change globally.

Further, despite the International Energy Agency categorically stating that there is no room for new or expanded coal mines - metallurgical or thermal - in the pathway to net zero emissions by 2050, you have not categorically ruled out financing new and expanded metallurgical coal mines.

Finally, we want you to know that we stand in solidarity with Tiwi Islands Traditional Owners, who have been fighting Santos' Barossa project and filed a human rights complaint with CommBank. We were glad to see your offer to engage with the complainants on their Country but your rejection of their human rights complaint is unacceptable.

Corporate lending to clients like Santos can enable them to develop projects on the lands of communities that have not given free, prior and informed consent.

Gomeroi Traditional Owners continue their fight against Santos' planned Narrabri Gas Project, and we urge you to consider whether your relationship with Santos is worth more than the trust of First Nations communities.

We appreciate the progress our company has made on climate action, and are glad we do not have to lodge a shareholder resolution this year.

We urge you to continue to avoid such interventions by addressing the issues raised in this letter.

Respectfully,