**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: Climate Risk Safeguarding) 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)

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**Resolution 1 – Amendment to the Constitution**
Insert into the constitution in clause 6 'General meetings' 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 – Climate Risk Safeguarding**
Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. We also note our company's support for the Paris climate change agreement and the goal of net-zero emissions by 2050. Shareholders therefore request the company disclose, in subsequent annual reporting, information demonstrating how the company's financing[1] will not be used for the purposes of new or expanded fossil fuel projects.

*(Commonwealth Bank of Australia's Notice of 2022 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)*

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[1] Financing defined as per the CBA Environmental and Social Framework (https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf): The provision of direct corporate lending, project finance or trade finance to a Client.

**Supporting Statement 1**

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. 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. Typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian counterparts 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. However, 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, its board and 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 1.5ºC global warming limit of the Paris Agreement, and net-zero global emissions by 2050, CBA's financing continues to undermine these goals, exposing our company to increased transitional, physical and legal climate risks, all of which amount to financial risks ultimately borne by shareholders.

<u>Paris-aligned financing means no new fossil fuels</u>

The International Energy Agency's (IEA) Net Zero by 2050 scenario (NZE2050)[2] states "no new coal mines or mine extensions", "no new oil and gas fields" and "huge declines in the use of coal, oil and gas" are needed to achieve net zero emissions by 2050. It further states "also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage".

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 NZE2050 findings, including the need for no new fossil fuels, into their climate strategies.[3] CBA's current policies and practices fall well short of this demand.

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[2] https://www.iea.org/reports/net-zero-by-2050

[3] https://shareaction.org/investors-call-on-banks-to-strengthen-climate-ambitions-before-cop26

As early as 2018 the IEA's Executive Director said limiting global warming to less than 2ºC means "we have no room to build anything that emits $CO_2$ emissions".[4] This conclusion has been confirmed by peer-reviewed scientific research[5] and analysis[6] drawing upon data from organisations including Rystad Energy, IEA and IPCC.

<u>CBA continuing to finance fossil fuel expansion</u>
Despite these ever-growing calls to end fossil fuel expansion, CBA continues to finance projects and companies doing exactly that.

In July 2022, CBA was reported as a lead arranger of a loan to Santos,[7] refinancing and extending a 2020 deal related to the new Barossa gas field Santos is currently developing,[8] which one economist has described as "a $CO_2$ emissions factory with an LNG by-product".[9] Barossa is one of multiple projects Santos includes in plans to increase oil and gas production by at least 17% from 2020 to 2030.[10]

Throughout FY2022, CBA funded multiple other companies pursuing new oil and gas projects that are incompatible with the Paris climate goals, including Origin Energy, Beach Energy and Harbour Energy. Since the signing of the Paris Agreement, CBA has also funded companies with business plans consistent with the failure of that agreement, including AGL and Aurizon.

<u>Physical and transitional climate risk exposure</u>
As an institution exposed across virtually the entire Australian economy, CBA should be extremely concerned about the financial impacts of physical, transitional, legal and reputational climate risks, which inevitably will be borne by shareholders.

A September 2021 report by the Reserve Bank of Australia (RBA) identifies mortgages as a source of financial risk, stating: "housing prices could decline, leaving banks with less protection than expected against borrower default".[11] A May 2022 Climate Council study found one in 25 Australian homes would be uninsurable by 2030.[12]

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[4] https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea
[5] https://www.nature.com/articles/s41586-019-1364-3; https://iopscience.iop.org/article/10.1088/1748-9326/aabc5f/meta
[6] 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/
[7] Refinitiv LPC, 'Santos drills for A&E of 2020 facility', 6 July 2022
[8] https://www.santos.com/news/santos-executes-new-us750-million-syndicated-debt-facility/
[9] https://ieefa.org/ieefa-santos-barossa-gas-field-emissions-create-major-risks-for-shareholders/
[10] Market Forces analysis of Santos and Oil Search (now merged) combined production projections: https://www.santos.com/wp-content/uploads/2021/11/211111-Oil-Search-and-Santos-merger-update-Court-approves-distribution-of-Scheme-Booklet-and-convening-of-Scheme-Meeting.pdf
[11] https://www.rba.gov.au/publications/bulletin/2021/sep/climate-change-risks-to-australian-banks.html
[12] https://www.climatecouncil.org.au/resources/australian-homes-uninsurable-2030-climate-risk-map/

CBA has itself drawn attention to climate risks in agriculture, reporting in 2019 that grain growing regions risk productivity declines of up to 50% below the 2018 baseline by 2060, attributed to changes in rainfall.[13]

Our exposure to these and other sectors means CBA is itself on the front lines of climate impacts. For a company so widely exposed to physical and transitional climate risk to be willing to worsen the problem by enabling fossil fuel expansion amounts to our company shooting itself in the foot.

CBA being left behind

Financial institutions are placing more effective restrictions on finance to companies and projects expanding fossil fuels, leaving CBA's clearly ineffective policy behind.

In August 2022 industry super fund NGS divested from numerous oil and gas producing companies due to the risk of stranded assets.[14]

In March 2022:

- Dutch bank ING announced it would "restrict dedicated upstream finance (lending or capital markets) for oil and gas fields approved for development after 31 December 2021",[15]
- European reinsurer Hannover RE announced its facultative division "will no longer take on any new covers for project policies associated with the exploration and/or development of new oil and gas reserves (upstream) or for project policies that exclusively support the transportation and storage (midstream) of new oil and gas reserves", and
- MAPFRE ruled out insuring or investing in any coal, oil or gas company that had not committed to an energy transition plan that allows global warming to be maintained at around 1.5ºC.[16]

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 phase out underwriting for the sector by 2025 and direct investment by 2040.[17]

Since March 2021, 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".[18] In March 2021, Danske Bank committed to immediately end direct finance for expansion of oil

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[13] https://www.commbank.com.au/content/dam/commbank-assets/about-us/2019-08/CBA-2019-Annual-Report-Risk-management.pdf

[14] https://www.ngssuper.com.au/articles/sustainability/ngs-divests-major-fossil-fuel-companies

[15] https://www.ing.com/Sustainability/Our-Stance/Oil-gas-industry.htm

[16] https://www.mapfre.com/media/shareholders/2022/06-integrated-report-2021.pdf

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

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

and gas exploration and production worldwide,[19] while NedBank,[20] SEB,[21] and NatWest[22] have made similar commitments.

Regulatory and legal risk

In November 2021, the Australian Prudential Regulation Authority (APRA) published its Prudential Practice Guide 'CPG 229 Climate Change Financial Risks'.[23]

It states that where an institution is unable to adequately address climate risk facing its customers through other measures, it may need to consider "the institution's ability to continue the relationship" with the customer.

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, 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.

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

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

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

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

23 https://www.apra.gov.au/sites/default/files/2021-11/Final%20Prudential%20Practice%20Guide%20CPG%20229%20Climate%20Change%20Financial%20Risks.pdf