

## **Communication on Progress (COP) for the Commonwealth Bank of Australia**

For the period June 2018 to June 2019

### **Statement of continued support**

Improving the financial wellbeing of our customers and the communities we serve is at the heart of our purpose at the Commonwealth Bank of Australia ('CBA'). When we act in the best interests of our stakeholders, and do business in a way that is fair and sustainable, we earn the community's trust.

Over the June 2018 to June 2019 period, we have made substantial progress with our strategy to become a simpler, better bank, and continue to deliver against a number of our environmental and social commitments, for example, through our diversity and inclusion strategy, Reconciliation Action Plan, drought and emergency assistances packages, and our new Green Mortgage Initiative.

As such, I am pleased to reaffirm CBA's support of the Ten Principles of the UN Global Compact ('Global Compact') on human rights, labour, the environment, and anti-corruption. In this annual COP, we outline the actions we have taken over the reporting period to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders in an open, transparent and timely manner.

Yours sincerely,

**Kylie Macfarlane**

General Manager, Group Corporate Responsibility  
Commonwealth Bank of Australia

## Description of actions

### 1. Human rights

Respect for human rights underpins the way we do business. We respect human rights, as set out in the International Bill of Human Rights, International Labour Organisation Declaration on Fundamental Principles and Rights at Work, and at a minimum, abide by the human rights-related laws of the countries where we operate.

Our commitment to respect human rights is guided by the United Nations Guiding Principles on Business and Human Rights. According to these principles, governments possess the primary duty to protect human rights; our responsibility is to respect human rights.

We respect human rights and seek to manage the risks of human rights abuses through our direct and indirect operations and supply chains in the following ways.

- We respect the human rights of our employees, contractors, customers, secondees, visitors and volunteers.
- We respect human rights in our business relationships.
- We expect our customers, suppliers and other business partners to identify, manage, monitor, and redress any adverse impacts on human rights where their business is involved, in line with international legislation.
- We respect the human rights of customers and communities.

#### Further details

For details on how we enact the above mentioned policy commitments, please refer to our [Environmental & Social Framework](#) (page 9), which was launched in August 2019.

#### Other supporting documents

- Sustainability Reporting (pages 20-39) in the [2019 Annual Report](#)
- [CBA Supplier Code of Conduct](#)
- [Reconciliation Action Plan](#)
- [Accessibility & Inclusion Plan](#)
- [FY18 Modern Slavery & Human Trafficking Statement](#)
- [FY18 Equator Principles III Report](#)
- [CBA Inclusion & Diversity Spotlight FY18](#)

### 2. Labour

To deliver our strategy we must have an energised and accountable team that cares deeply about our customers and is committed to our purpose and values.

- We have a range of policies and implement programs to support an inclusive workplace, including our [Diversity & Inclusion strategy](#), [Accessibility & Inclusion Plan](#), [Reconciliation Action Plan](#), our

[Health & Safety Policy Statement](#), and our mandatory Workplace Conduct training module and associated Workplace Conduct Policy.

- We monitor and review the effectiveness of relevant internal policies and programs to assess how these have been implemented across the business.
- Our employees and our suppliers have access to the Group's [SpeakUP hotline](#), an external telephone and email service staffed by independent consultants, providing an avenue for our employees, or our suppliers and their employees, to anonymously report or raise any concerns or suspected unethical or corrupt behaviour.
- We offer an employee wellbeing program and maintain seven permanent health and wellbeing hubs in our offices. We provide a confidential telephone-based service, called My Coach, which provides our people and their immediate family members with access to a team of professional coaches who are trained to assist with a wide range of issues including family and relationship problems, challenges at work, dealing with grief, managing stress and guidance on parenting.
- Our online wellness portal, Thrive, also offers personalised support, resources and information for physical and psychological health and wellbeing, including financial wellbeing.

#### Further information

- 'Our People' (pages 30-33) in the [2019 Annual Report](#)
- Workforce metrics (pages 301-303) in the [2019 Annual Report](#)
- Human rights commitments (page 9) in the [Environmental & Social Framework](#).
- [Diversity and Inclusion strategy](#)
- [Accessibility & Inclusion Plan](#)
- [Reconciliation Action Plan](#)
- [Health & Safety Policy Statement](#)

### 3. Environment

#### Climate change

Climate change is a driver of both financial and non-financial risks and has the potential to impact the long term financial wellbeing of Australia. We are addressing climate change by:

- supporting our customers and people in the transition to a low carbon economy;
- better understanding the impacts of climate change on the Bank;
- increasing the resilience of our business to climate risks; and
- taking advantage of opportunities created by climate change.

We are committed to playing our part in limiting climate change in line with the goals of the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050. We are actively contributing to meeting these targets through our business practices in the following ways.

- We continuously reduce our own Australia-based emissions by investing in smart technologies and practices.

- We support and advocate for our stakeholders, including our customers, to transition to a net zero emissions economy and seek balanced risk/reward opportunities to invest in their mitigation and adaptation innovation.
- We ensure our business lending policies support the responsible transition to a net zero emissions economy by 2050.
- We report clearly and openly on how we manage climate-related risks, and track our performance over time.

## **Biodiversity**

Biodiversity underpins the wellbeing of our communities and the environment, and we recognise the risks associated with the degradation of ecosystems and natural resources. We respect the intrinsic, cultural, aesthetic, religious and economic value that biodiversity provides through healthy ecosystems.

- We are committed to conserving, protecting and where possible improving existing biodiversity through our business processes and working with customers, communities and suppliers in the following ways.
- We are committed to complying with, or exceeding, the requirements of environmental legislation relevant in all areas in which we operate.
- We do not provide project finance for the mining, exploration, or development of oil sands, or for oil and gas exploration and development in the Arctic.
- We ensure that our business lending does not result in the irrevocable damage of World Heritage sites, or other high value conservation areas defined by internationally recognised agencies.
- We continually reduce the environmental impact of our Australia-based operations.
- We recognise the challenges that water scarcity presents to Australia; we consider its impact as part of the environmental, social, and economic assessment of our banking and financing activity.

## **Agriculture, fisheries, and forestry**

We support our customers in the agriculture, fisheries, and forestry industries, and encourage them to keep abreast of advances in industry sustainability standards, certifications and schemes, improving awareness around sustainable practices in the production and processing of soft commodities. We undertake our commitments in the following ways.

- We are committed to keeping abreast of advances in industry sustainability standards, certifications and schemes.
- We are committed to improving awareness around biodiversity issues and mitigation
- We continue to reduce our exposure to the growing and manufacturing of Tobacco-based products.

## **Further details**

For details on how we enact the above mentioned policy commitments relating to climate change, biodiversity and agriculture, fisheries and forestry, please refer to our [Environmental & Social Framework](#) (page 8-10), which was launched in August 2019.

## Other supporting documents

- Sustainability Reporting (pages 20-39) in the [2019 Annual Report](#)
- Taskforce on Climate-related Financial Disclosures (TCFD) reporting (pages 55-63) in the [2019 Annual Report](#)
- [FY18 Equator Principles III Report](#)
- [FY18 CDP Reporting](#)
- [FY18 CBA Assessed Emissions Report](#)
- [CBA Supplier Code of Conduct](#)
- [CBA Solar Panel Dashboard](#)

## 4. Anti-Corruption

### Anti-money laundering and counter-terrorism finance

CBA is committed to meeting its regulatory obligations in identifying, mitigating and managing money laundering and terrorist financing risk. We seek to protect our customers, employees and the community from anti-money laundering ('AML') and counter-terrorism financing ('CTF') activities.

We continue to invest significantly in our AML/CTF compliance programmes. Recent projects have included upgrading and enhancing our AML/CTF technology, updating our AML/CTF policies and process documentation, investing in further resourcing and strengthening the training of its personnel. Please refer to our [Anti-Money Laundering and Counter Terrorism Policy Outline](#) for more information.

### Anti-bribery and corruption

We have zero risk appetite towards bribery, corruption and facilitation payments across CBA. Our [Anti-Bribery and Corruption Policy](#) applies to CBA and all controlled entities in Australia and overseas (the Group). All employees must undertake mandatory training on this policy, and those employees in high risk roles must undertake additional training on anti-bribery and corruption measures. The policy is applicable to all directors, employees, temporary staff, contractors, suppliers, service providers, agents and other third parties acting for or on behalf of the Group.

### CBA Code of Conduct

In 2018, we launched a new [CBA Code of Conduct](#), which brings together the policies and standards of behavior that help us deliver better outcomes for all stakeholders. The Code guides how we act, solve problems and make decisions, includes our 'Should We?' test, and outlines to how speak up and get help. The Code of Conduct covers topics such as:

- Anti-Bribery and Corruption
- Anti-discrimination
- Privacy / confidentiality of information
- Conflicts of interest
- Anti-trust / anti-competitive practices

## Speaking up

Sometimes individuals speaking up may be concerned about being identified, or any potential repercussions that may come from reporting conduct. Our comprehensive [Group Whistleblower Policy](#) is designed to encourage and support individuals to report issues, knowing that it is safe to do so. The Group Whistleblower Policy provides protections to persons making reports under the policy.

Our Group Whistleblower Policy defines what type of conduct can be reported. This includes actions which are dishonest, fraudulent, corrupt, illegal, unethical, in breach of internal policy (including Code of Conduct), misconduct or an improper state of affairs in relation to a Group company, or a danger, or represents a danger, to the public or financial system.

CBA has a Whistleblower Protection Officer, whose role is to oversee the protection and wellbeing of whistleblowers. The Group's Misconduct Governance Committee, which includes senior executives who report to the CEO, oversees the effectiveness of the whistleblower program.

CBA has a dedicated SpeakUP Hotline, which is a service that is available to any individual who is, or has been a director, employee, secondee, contractor, consultant, supplier, service provider (or their employee or subcontractor), volunteers, licensee (or its authorised representative or their employee), broker or auditor of, or working with, CBA. Refer to the [SpeakUP hotline](#) webpage for more details.

## Further details

- Non-financial reporting metrics relating to conduct and whistleblowing can be found on page 304 of the [2019 Annual Report](#).
- [Anti-Money Laundering and Counter Terrorism Policy and Approach](#)
- [Anti-Bribery and Corruption Policy](#)
- [CBA Code of Conduct](#)
- Details on [SpeakUP hotline](#)
- View the Group's [Wolfsburg AML Questionnaire](#)
- View the Group's [USA Patriot Act Certification](#)
- [CBA Supplier Code of Conduct](#) (page 3, see 'governance')

## Measurement of outcomes

CBA's non-financial reporting metrics can be found on pages 279-315 of the [2019 Annual Report](#). Our Sustainability Reporting can be found on pages 20-39 in the [2019 Annual Report](#).

## Highlights include:

- Launching a new [Environmental & Social Framework](#) which, amongst a number of commitments, outlines our plans to:
  - exit thermal and coal fired power generation by 2030, subject to Australia having a secure energy platform

- only providing banking and financing activity to new oil, gas or metallurgical coal projects if supported by an assessment of the environmental, social and economic impacts of such activity, and if in line with the goals of the Paris Agreement; and
  - not provide project finance for the mining, exploration, or development of oil sands, or for oil and gas exploration and development in the Arctic.
- 2019 reporting in line with the TCFD recommendations on climate change-related physical risks in our Australian agribusiness portfolio in our [2019 Annual Report](#)
- Sourcing 65% of electricity from renewable energy for our operations, with a view to using 100% renewable energy by 2030 in line with our RE100 commitment.
- Supporting our community with \$281 million in community investment.
- Providing more than 18,000 hours of pro bono and volunteering activities.
- Committing \$30 million to our domestic violence and financial abuse package.
- Sending more than 20 million smart alerts on the Commbank app to help customers monitor cash flows, track spending, avoid fees and set savings goals.
- Embedding a more diverse and inclusive workplace with women comprising 45% of Manager roles and above.
- Offering a flexible and inclusive culture for our people, with 73.9% of employees working flexibly and 38.3% of those taking parental leave who are men.
- Recipient of the 'Best Health and Wellbeing Program' at the 2018 Australian Human Resources Awards.