

Second-Party Opinion

Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework



Evaluation Summary

Sustainalytics is of the opinion that the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to the transition to a low-carbon economy, help support the socio-economic development of Australia and contribute to advance the UN Sustainable Development Goals (SDGs), specifically SDGs 2, 3, 4, 6, 7, 9, 11, 12 and 15.



PROJECT EVALUATION / SELECTION Commonwealth Bank of Australia's Green, Social and Sustainability Funding Steering Committee will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Committee is chaired by the Bank's Head of Term Funding and comprised of representatives from various departments, including Retail Banking Services, Business Banking, Institutional Banking & Markets, Investor Relations and Group Treasury. Commonwealth Bank of Australia Group's Environmental and Social Policy and its Risk Management Framework are applicable for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Commonwealth Bank of Australia's Post Deal Management Team (PDM) in its Treasury department will be responsible for the management and allocation of proceeds to eligible projects, under oversight from the Committee. The Bank will use its internal tracking system to track and report the allocation of proceeds, using a register of eligible assets and intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash, cash equivalents or other liquid marketable instruments. Sustainalytics considers this process to be in line with market practice.



REPORTING Commonwealth Bank of Australia intends to report on the allocation of proceeds in its Green, Social and Sustainability Report on its website annually until full allocation. Allocation reporting will include the net proceeds, breakdown by asset category and share of financing versus refinancing. In addition, Commonwealth Bank of Australia is also committed to reporting on relevant impact metrics. Sustainalytics views Commonwealth Bank of Australia's allocation and impact reporting as aligned with market practice.

Evaluation Date	February 01, 2022
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Issuer Location	Sydney, Australia
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Introduction

Commonwealth Bank of Australia ("CBA" or the "Bank") is a multinational bank with operations spanning across Australia, New Zealand and Asia. Headquartered in Sydney, Australia, the Commonwealth Bank Group employs approximately 50,000 people and provides retail, business and institutional banking services.

CBA has developed the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework, dated February 2022 (the "Framework"), under which it intends to issue sustainable finance instruments, such as bonds, asset-backed or residential mortgage-backed securities, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to contribute to the transition to a low-carbon economy and help support the socio-economic development of Australia.

The Framework defines eligibility criteria in nine green areas:

1. Renewable Energy
2. Green Commercial Buildings
3. Green Residential Buildings
4. Energy Efficiency
5. Clean Transportation
6. Sustainable Water and Wastewater Management
7. Pollution Prevention and Control
8. Environmentally Sustainable Management of Living Natural Resources and Land Use
9. Climate Change Adaptation

The Framework defines eligibility criteria in four social areas:

1. Health, Healthcare and Well-being
2. Education and Vocational Training
3. Affordable Housing
4. Affordable Basic Infrastructure

CBA engaged Sustainalytics to review the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework and provide a second-party opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).² The Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

¹ The eligible categories are: Renewable Energy, Green Commercial Buildings, Green Residential Buildings, Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Health, Healthcare and Well-being, Education and Vocational Training, Affordable Housing and Affordable Basic Infrastructure.

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

³ The Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework is available on Commonwealth Bank of Australia's website at: <https://www.commbank.com.au/sustainabilityinstruments>.

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11.2, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CBA's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. CBA representatives have confirmed (1) they understand it is the sole responsibility of CBA to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CBA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CBA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework

While the Framework also refers to deposits, Sustainalytics' opinion only refers to bonds, and asset-backed or residential mortgage-backed securities issued under the Framework.

Sustainalytics is of the opinion that the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of CBA's Sustainability Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Commercial Buildings, Green Residential Buildings, Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Health, Healthcare and Well-being, Education and Vocational Training, Affordable Housing and Affordable Basic Infrastructure – are aligned with those recognized by the GBP and SBP. Sustainalytics notes that the proceeds of the Framework are expected to contribute to the transition to a low-carbon economy and help support the socio-economic development of Australia.
 - CBA intends to use the proceeds to finance and refinance loans for existing assets and assets in construction, as well as CBA's own expenditures to social projects. CBA also finances general purpose loans under its social eligibility criteria to organisations that derive 90% or more of their

revenues from activities defined under the social eligibility criteria. Sustainalytics recognizes that the SBP favours project-based lending and financing, and that there is, in general, less transparency with non-project-based lending. The Framework allows for general purpose lending to pure play companies, however, Sustainalytics notes the high threshold (90% or more of their revenues from eligible activities) that CBA has established in order to deem a company eligible for inclusion. Sustainalytics notes that the social categories have clear target populations (see below) and considers organizations that are dedicated to the defined social categories to have a positive social impact.

- CBA does not indicate a look-back period in the Framework. However, Sustainalytics positively views CBA's efforts to transparently report on the portion of financing versus refinancing and encourages CBA to limit its refinancing of opex activities to those that are financed in the last 2-3 years.
- CBA confirmed that eligible operating costs will only include operating costs that directly add value or extend the life of eligible assets under the Framework. All day-to-day operating costs are excluded.
- In the Renewable Energy category, the Bank may finance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy projects, including solar photovoltaic, onshore and offshore wind power, hydro power, tidal energy, geothermal energy and electrochemical storage systems, such as batteries. Additionally, CBA may finance transmission infrastructure, which includes inverters, transformers and control systems dedicated to renewable energy sources. Sustainalytics considers these projects well suited for inclusion in the Framework, noting in particular the following:
 - For hydropower projects, CBA may finance projects whose power density is greater than 10 W/m² or whose emissions intensity is lower than 50 gCO₂e/kWh, as per the Climate Bonds Initiative criteria for hydropower.⁵ For new facilities, the Bank will require an environmental and social impact assessment by a credible body and is also committed to ensuring the absence of significant risk and expected negative controversies associated with the projects.
- Under the Green Commercial Buildings category, CBA may finance new and existing commercial buildings that have obtained green building certification schemes or the top 15% of the energy performance of similar building in the respective city in accordance with Climate Bonds Standards for Australia for commercial buildings.⁶ CBA uses credible third-party standards for green building certification, such as Green Star 5, NABERS 5, or BREEAM Excellent. Please refer to Appendix 1 for Sustainalytics' assessment of these schemes. Sustainalytics considers the expenses as credible and aligned to market practice.
- Under the Green Residential Buildings category, CBA may finance mortgage loans for renovation and construction of buildings in the top 15% residential buildings in terms of energy performance in Australia. The Framework also enables CBA to finance mortgage loans for new and existing buildings with a renewable energy output in accordance with Climate Bonds Standards for Australia and Green Building Council of Australia.
 - To identify the top 15% energy performing buildings in Australia, CBA uses the Climate Bond Standards for residential buildings⁷ in Australia, which is considered to be aligned with market practice. CBA also intends to use other Australian green building standards such as the Green Building Council of Australia and NatHERS. Sustainalytics considers using the Green Building Council of Australia's Green Star Homes certification to identify the top 15% energy performing buildings in Australia to be aligned with market practice as this scheme is approved as a proxy under the Climate Bonds Initiative for the Australian context and ensures low-carbon performance in terms of emissions

⁵ Climate Bonds Initiative, "The Hydropower Criteria for the Climate Bonds Standard & Certification Scheme", (2021), at: <https://www.climatebonds.net/files/files/Hydropower-Criteria-doc-March-2021-release3.pdf>

⁶ <https://www.climatebonds.net/standard/buildings/commercial/calculator#calculator>

⁷ <https://www.climatebonds.net/standard/buildings/residential/calculator>

- intensity.⁸ With regard to NatHERS, Sustainalytics notes that CBA intends to finance buildings with NatHERS 6 stars and above, which corresponds to the top 15% energy performing buildings in a few Australian jurisdictions, however, there is insufficient data available for Sustainalytics to verify its use in all of Australia.
- Regarding renovation projects, CBA may finance buildings that either will meet or have already met the aforementioned eligible criteria for energy performance. In the case of the latter, CBA confirmed to Sustainalytics it would limit financing to buildings that achieve a minimum of 20% emissions or energy performance improvement over baseline.
 - Regarding renewable energy output, CBA has communicated to Sustainalytics that financing is limited to new and existing buildings that are in compliance with the renewable energy requirements of the Australian residential rooftop solar proxy, simplified rooftop solar proxy or Green Star Homes. All these schemes are approved as a proxy under the Climate Bonds Initiative for the Australian context and Sustainalytics considers these investments to be aligned with market practice.
- In the Energy Efficiency category, CBA may finance energy efficiency upgrades for buildings as well as smart grid investments.
 - Regarding upgrades, CBA commits to financing projects that achieve at least 30% energy savings from the baseline. Examples may include retrofits, installation of LED lighting, thermal insulation and upgrade of heating and cooling systems. The Bank has confirmed to Sustainalytics that all energy efficient technologies, systems and products in this category will be either non-motorized or powered by electricity. Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installations of energy-efficient systems, equipment and technologies.
 - The Bank specified that smart grid related investments are intended to improve energy efficiency in electricity transmission and distribution and may include meter measurement tools for tracking energy usage information. Further, CBA confirmed that the proceeds will not be allocated to projects that facilitate new connections to fossil fuel power plants. Sustainalytics considers these investments to be aligned with market practice.
 - In the Clean Transportation category, CBA may finance the acquisition, development, manufacturing, construction, operation and maintenance of energy-efficient public and private transport and supporting infrastructure. Low-carbon transport assets may include electric or hybrid passenger, light commercial vehicles and heavy trucks, and buses, as well as electric rail and non-diesel rolling stock. Sustainalytics considers these investments to be aligned with market practice, noting the below:
 - For hybrid vehicles and non-diesel rolling stock, the Framework specifies emissions thresholds for low-carbon transport as follows: (i) hybrid passenger and light commercial vehicles below 75 gCO₂e/pkm, (ii) buses below 50 gCO₂e/pkm, (iii) commercial heavy trucks below 25 gCO₂/tkm, (iii) passenger rail below 50 gCO₂/pkm, and (iv) freight rail below 25 gCO₂/tkm. The Framework excludes investments in rolling stock and heavy trucks where fossil fuel freight represents more than 25% of the freight transported (tonne/km).
 - Supporting infrastructure may include financing charging stations for electric vehicles and plug-in hybrids, and expansion of electric rail networks, tracks, platforms and station upgrades.
 - In the Sustainable Water and Wastewater Management category, CBA may finance water treatment infrastructure, including wastewater treatment systems.⁹ Additionally, CBA may also finance water infrastructure for flood defence, storm water management and drought resilience.

⁸ Climate Bonds Initiative, "Climate Bonds Initiative recognises Green Star as a pathway to net zero buildings: Two new proxies available for Certification under the Low Carbon Buildings Criteria" (2021), at: <https://www.climatebonds.net/resources/press-releases/2021/11/climate-bonds-initiative-recognises-green-star-pathway-net-zero>

⁹ Eligible wastewater treatment projects exclude treatment reliant on fossil fuel and treatment of wastewater from fossil fuel operations.

The Bank specifies that the eligible projects will be substantiated with environmental assessments along with internal and external certifications. Sustainalytics further encourages CBA to identify projects based on vulnerability assessments as necessary adaptation projects which go beyond business-as-usual activities.

- Under the Pollution Prevention and Control category, CBA may finance the operation and upgrade of recycling and composting facilities, soil remediation, waste-to-energy power and landfill gas power projects. Sustainalytics views these expenses to be in line with market practice, noting in particular the below:
 - CBA may invest in physical recycling facilities for metals, plastic or paper, including waste collection that supports recycling and waste segregation at source. The Bank has also communicated that it may finance waste collection vehicles. CBA confirmed to Sustainalytics that the Framework limits financing of waste collection vehicles that meet one of the following criteria: (i) light commercial vehicles either electric or hybrid with direct emissions below 75 gCO₂e/pkm; and (ii) commercial heavy trucks with zero direct emissions or direct emissions below 25 gCO₂/tkm. Further, CBA has communicated to Sustainalytics that the Framework excludes financing of hazardous and electronic waste.
 - Regarding soil remediation projects, CBA has communicated to Sustainalytics that the Framework may finance soil remediation projects excluding those projects that offset contamination or negative environmental impacts from the Bank's borrowers' own activities.
 - The Framework may finance organic waste treatment, composting and waste-to-energy power projects, limited to projects using food waste, and forestry and agriculture residues as feedstock. CBA has communicated to Sustainalytics that the Framework excludes waste from non-RSPO¹⁰ certified palm oil operations.
 - Other eligible expenditures under this category include financing of landfill gas projects for energy generation from closed landfills with 75% or more gas capture efficiency. CBA has confirmed to Sustainalytics that plastics, rubber, tyre-derived fuels and landfill gas capture for flaring will be excluded.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, CBA may provide loans related to sustainable farming and land conservation and restoration projects, such as soil sequestration, development of carbon sinks, no-till farming, polyculture farming, extension of native forests, tree planting and installation of shelter belts. In addition, the Bank may include financing of rainwater harvesting, irrigation recycling and the installation of watering systems. CBA has confirmed to Sustainalytics that the loans provided under this category will not include general-purpose loans. Sustainalytics considers these projects well suited for inclusion in the Framework, noting in particular the following:
 - Regarding soil sequestration and carbon sinks projects, CBA has confirmed to Sustainalytics that loans will be limited to sequestration projects meeting the Carbon Credits (Carbon Farming Initiative) Act and Regulations, 2011^{11,12} for generating Australian Certified Carbon Units (ACCU).¹³ Examples of projects financed under this category may include nature-based solutions such as habitat restoration and conservation, afforestation, and land management practices to increase carbon content in soil through addition of biochar and crop rotation. Sustainalytics notes the exclusion of any general-purpose loans to ACCU owners or the purchase of ACCUs itself.

¹⁰ RSPO refers to Roundtable on Sustainable Palm Oil, a non-profit organization that has developed a set of environmental and social criteria which companies must comply in order to produce Certified Palm Oil (CSPO).

¹¹ Government of Australia, "Carbon Credits (Carbon Farming Initiative) Act 2011", at: <https://www.legislation.gov.au/Details/C2020C00281>

¹² Government of Australia, "Carbon Credits (Carbon Farming Initiative) Regulations 2011", at: <http://extwprlegs1.fao.org/docs/pdf/aus112295.pdf>

¹³ An ACCU is issued to a person by the Clean Energy Regulator and represents one ton of carbon dioxide equivalent net abatement (through either emissions reductions or carbon sequestration) achieved by eligible activities undertaken as part of the Australian Government's Emissions Reduction Fund. More information on ACCU is available at: <http://www.cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/australian-carbon-credit-units>

- Sustainalytics encourages CBA to promote the holistic deployment of conservation agriculture practices¹⁴ through the projects financed.
- For investments related to land conservation and restoration, CBA has confirmed its commitment to align its forestry activities with FSC/PEFC certified sustainable management plans. In addition, the Bank intends to ensure that only tree species that are well adapted to the local site conditions will be planted. Please refer to Appendix 2 for a detailed overview of these schemes.
- Under the Climate Change Adaptation category, CBA may finance upgrades or modifications to existing telecom infrastructure to make them resilient to extreme weather changes. In addition, the Bank specifies that projects financed under this category will be substantiated with vulnerability assessment and adaptation plans. Further, the Bank has confirmed the exclusion of business-as-usual renovations and fossil fuel related operations or activities. Sustainalytics considers these investments to be aligned with market practice.
- Sustainalytics notes that the Framework identified the following target populations for each of the social categories: those living below the poverty line, excluded and marginalized populations and communities, people with disabilities, migrants and displaced persons, undereducated people, underserved populations owing to lack of good quality access to essential goods and services, unemployed people, women and/or people discriminated on basis of their sexual orientation or gender, aging populations, vulnerable youth and other vulnerable groups such as victims of natural disasters. Sustainalytics positively views CBA's targeted approach.
- Under the Health, Healthcare and Well-being category, CBA aims to finance the acquisition, construction, equipment and operation of public and private not-for-profit hospitals, clinics, healthcare centres and public elderly care services. In addition, the Bank specifies that aged care services will be limited to facilities where a minimum of 40% of the residents fall under low means, supported, concessional or assisted residents, as identified by the Australian government. Further, all healthcare services will be accessible to all regardless of their ability to pay. Sustainalytics views CBA's public healthcare investments to be aligned with market practice, while encouraging the Bank to report on the impacts on beneficiaries, particularly linked with the aged care facilities.
- In the Education and Vocational Training category, CBA may fund the acquisition, construction, equipment and operation of: (i) public and non-profit tertiary or vocational education; (ii) construction of campuses or training facilities; and (iii) financial literacy programmes for students in primary and secondary school. The Bank has confirmed that all services will be accessible to all regardless of their ability to pay. Sustainalytics considers the expenditures related to education to be aligned with market practice.
- As part of the Affordable Housing category, CBA may finance the acquisition, construction and operation of projects that improve access to affordable housing for low socio-economic groups,¹⁵ victims of domestic or family violence, Aboriginals and Torres Strait Islander people. Expenses may include financing housing associations or community housing providers and government-led initiatives that increase the supply of social housing provided at no more than 80% of the current market rental rate. Sustainalytics considers these investments to be aligned with market practice.
- In the Affordable Basic Infrastructure category, CBA contemplates investments in drinking water and sanitation infrastructure, and energy and transportation projects that improve access in remote and rural areas or in areas that currently lack access. Sustainalytics considers enhancing access to basic infrastructure for underserved communities as providing positive societal

¹⁴ Conservation Agriculture is a set of management practices that helps to maintain soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture, at: <http://www.fao.org/conservation-agriculture/en/>

¹⁵ Low socio-economic groups are defined as people who are homeless or are in receipt of Australian Commonwealth Rent Assistance.

benefits and to be in line with market practice. In addition, Sustainalytics positively notes the following:

- For water and sanitation investments, CBA specifies the exclusion of integrated water and power plants (IWPPs) and desalination plants that are fossil fuel powered. The Framework excludes energy projects where the transmission grids are connected to a dedicated fossil fuel power plant.
 - Transportation projects may include investments in the construction of roads and bridges to improve connectivity in underdeveloped rural areas without connectivity. They may also include investments in emergency care transportation for rural patients in remote areas, such as helicopters and other aircrafts, and free bus services for the elderly and people with mobility impairments. Such vehicles will be required to meet the CO₂ emission standards in the operating jurisdictions. Sustainalytics considers these investments to be aligned with market practice.
- Sustainalytics notes that the Framework excludes the financing of projects associated with aviation and shipping, defence and security, fossil fuels, gambling, mining and tobacco. Sustainalytics is of the opinion that the exclusionary criteria strengthen the Framework.
- Project Evaluation and Selection:
 - CBA has established a Green, Social and Sustainability Funding Steering Committee, which is chaired by the Head of Term Funding and comprised of representatives from various departments, including Retail Banking Services, Business Banking, Institutional Banking & Markets, Investor Relations and Group Treasury. The Committee will be responsible for evaluating and selecting eligible expenditures in line with the Framework's eligibility criteria.
 - Each business unit will identify potential eligible assets which are then tabled at the Committee. The final approval of eligible expenditures will be provided by the Group Treasurer.
 - CBA Group's Environmental and Social Policy and Risk Management Framework focus on managing and mitigating environmental and social risks of the projects financed and are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail, see Section 2.
 - Based on the establishment of a formal group for evaluation and selection and its cross-functional oversight, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Post Deal Management Team (PDM) in the Bank's Treasury department will be responsible for the management and allocation of proceeds with oversight from the Committee on a quarterly basis. CBA will use its internal tracking system to track and report the allocation of proceeds, using a register of eligible assets, divided into a green eligible assets sub-register and a social-eligible assets sub-register.
 - CBA intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash, cash equivalents or other liquid marketable instruments in CBA's treasury in accordance with its liquidity policies.
 - Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - CBA intends to report on the allocation and impact of proceeds in its annual Green, Social and Sustainability Report. The report will be publicly available on the Bank's website.
 - Allocation reporting will include the net proceeds of the sustainable funding instruments issued under the Framework, a breakdown by asset category and the share of financing versus refinancing.
 - In addition, CBA is committed to reporting on relevant impact metrics, such as CO₂ emissions avoided, installed capacity (MW), new clean infrastructure built (km), volume of water saved, reduced or treated (m³), hectares of land rehabilitated or restored, and number of individuals in the target population served.

- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 3: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of CBA

Contribution of the Framework to CBA's sustainability strategy

Sustainalytics is of the opinion that CBA demonstrates a strong commitment to sustainability by incorporating sustainable finance into its core business activities. CBA's Environmental and Social Framework defines the Bank's commitment to sustainability through its focus on: (i) climate change, (ii) human rights, (iii) biodiversity, and (iv) agriculture, forestry, and fisheries. Sustainalytics highlights the following aspects of CBA's strategy as defined in its Environmental and Social Framework, Annual TCFD Report and Annual Report.^{16,17,18}

CBA aims to achieve carbon neutrality from its global operations by 2030, via a reduction from its own emissions and by offsetting residual emissions in Australia and New Zealand. Regarding own emissions, the Bank has set targets of a 45% reduction in scope 1 and 2 emissions¹⁹ and a 25% reduction in scope 3 emissions²⁰ by 2030 compared to 2020. To support this, CBA has set the target of sourcing 100% of its energy from renewable sources by 2030. In addition, CBA has established the Sustainability Funding Target which builds on the preceding Low-Carbon Funding Target.²¹ The renewed Sustainability Funding Target aims to contribute AUD 70 billion (USD 49.75 billion) in cumulative sustainable funding²² between FY2021 and FY2030. CBA also aims to ensure that its lending strategy supports a responsible transition to a net-zero emissions economy by 2050. The Bank's lending strategy is supported by the internal implementation of sector-level glide paths²³, which are focused on emissions-intensive sectors.

CBA is committed to supporting communities and has implemented several social initiatives and programmes. CBA aims to strengthen relationships and improve the financial well-being of Aboriginal and Torres Strait islander customers and communities through its Reconciliation Action Plan. The plan focuses on cultural awareness training, educational grants, creating employment opportunities and delivering culturally informed banking services to customers in remote communities. In addition, CBA offers long-standing models of financial support for victims of domestic and financial abuse. The Bank's Next Chapter programme provides care for customers impacted by domestic and family violence by providing access to a specialist community well-being team as well as hardship assistance, such as minimizing the need for additional documentation or providing flexible repayment plans.

Sustainalytics is of the opinion that the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the eligible projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes such as those

¹⁶ CBA, "Social and Environmental Framework", (2021), at: <https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>

¹⁷ CBA, "Addressing Climate Change", (2021), at: <https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/cba-2021-annual-report-tcfd-report.pdf>

¹⁸ CBA, "Annual Report", (2021), at: <https://www.commbank.com.au/about-us/investors/annual-reports/annual-report-2021.html>

¹⁹ Emissions from buildings, branches and data centers.

²⁰ Emissions from supply chains, excluding financed emissions.

²¹ AUD 15 billion (USD 10.66 billion) funding by 2025 targeted at renewable energy projects, 6-star rated commercial green buildings, energy efficiency projects and low carbon transport.

²² Funding targeted at renewables, energy efficiency, low carbon transport, commercial property, land/agriculture, sustainable water, pollution and waste management and climate adaptation.

²³ A glide path is defined by the Bank as a way to set and articulate interim and long-term aspirations with respect to emissions as they relate to the Bank's financing activities.

involving occupational health and safety, biodiversity loss, waste and effluents generated from large infrastructure projects and negative community relations. In addition, social projects that may be financed under the Framework and which do not have a defined target population may result in negative outcomes, such as increased social disparity. While CBA has limited involvement in the development of the specific projects to be financed under the Framework, it is exposed to environmental and social risks associated with the loans that it may finance. Sustainalytics is of the opinion that CBA is able to manage or mitigate potential risks through implementation of the following:

- CBA has an environmental and social risk management system in place as part of its broader Risk Management Policy. CBA's Environmental and Social Framework defines the Bank's commitment to the management of environmental and social risks, including climate change, human rights and modern slavery.²⁴
- CBA is a signatory to the Equator Principles III, non-binding principles that provide guidance to identify and assess major environmental and social risks related to major infrastructure projects. Since 2018, the Bank has produced an annual Equator Principles Report which is used to manage, mitigate and monitor ESG risks in project-related financing.²⁵
- CBA has a Group Work Health and Safety Policy in place, which outlines the Bank's approach to the group's physical and psychological health and safety, its directors, employees, contractors, secondees and workers, and customers and visitors.²⁶ The policy outlines requirements related to the minimum provision of information, training, instruction and supervision, as well as management of workplace hazards and systems for monitoring, measuring and reporting work-related risks.
- CBA's Environmental and Social Framework details the Bank's commitment to managing environmental risks.²⁷ Biodiversity is included as one of the five areas of focus under this policy, which states the Bank's commitment to complying with or exceeding the requirements of relevant environmental legislation in all areas in which it operates. This policy also states that Bank will not knowingly provide finance to clients whose primary focus is on: (i) the mining, exploration, expansion, or development of oil sands, (ii) extraction, exploration, expansion or development of oil and gas projects in the Arctic and Antarctica, (iii) international trade of specimens and wild animals, or (iv) clients who operate in world heritage sites. In addition, CBA publishes an annual Carbon Disclosure Project Report, which is aimed at improving disclosure and management of the impacts from environmental risks.²⁸
- Regarding community relations and stakeholder engagement, CBA pursues its Stakeholder Engagement Approach.²⁹ This policy aims to enrich partnerships with stakeholders, enhance community participation, and utilize insights from stakeholders to understand risks and opportunities. To enable stakeholder engagement, the Bank references the AA1000 AccountAbility Stakeholder Engagement Standard and overarching principles of inclusivity, materiality and responsiveness.³⁰

Additionally, Sustainalytics' research has identified CBA as currently being exposed to a significant controversy related to ethical business.³¹ Sustainalytics notes that the antitrust irregularities involved with the controversy are unrelated to the eligible projects that may be financed by the Framework.

²⁴ CBA, "Environmental and Social Framework", (2021), at: <https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>

²⁵ CBA, "Equator Principles Reporting – FY21", (2021), at: <https://www.commbank.com.au/content/dam/commbank-assets/about-us/docs/CBA-FY21-Equator-Principles-Report.pdf>

²⁶ CBA, "Group Work Health & Safety Policy", (2021), at: https://www.commbank.com.au/content/dam/commbank/about-us/PDS_PDF/health-and-safety-policy.pdf

²⁷ CBA, "Environmental and Social Framework", (2021), at: <https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf>

²⁸ CBA, "Climate Change Report", (2020), at: <https://www.commbank.com.au/content/dam/commbank-assets/about-us/docs/CBA-2020-CDP.pdf>

²⁹ CBA, "Stakeholder Engagement Approach", (2021), at: <https://www.commbank.com.au/content/dam/commbank/assets/about/opportunity-initiatives/Stakeholder-Engagement-Approach.pdf>

³⁰ AccountAbility, "AA1000 AccountAbility Principles", (2021), at: <https://www.accountability.org/standards/aa1000-accountability-principles/>

³¹ In 2020, The Australian Securities and Investments Commission (ASIC) filed civil legal proceedings against CBA over allegations that the Bank's distribution of payments related to superannuation products (Essential Super) represented conflicted remuneration. Sustainalytics assesses this controversy as Category 4 (High), reflecting the seriousness of the AML/CTF (Anti-Money Laundering and Counter Terrorism Financing) violations by CBA and the systemic past compliance failures that have been identified by regulators and acknowledged by the Bank. However, CBA has achieved most of the milestones in the agreed remedial action plan and appears on track to deliver on its commitments.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CBA has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All fourteen use of proceeds categories are aligned with those recognized by GBP and SBP. Sustainalytics has focused on eight below whose impact is specifically relevant in the local context.

Importance of renewable energy and clean transport in decarbonizing the Australian economy

Electricity was the largest emitting sector in Australia in 2021, accounting for 33.2% of Australia's annual emissions.³² Renewable energy sources accounted for just 7% of Australia's energy consumption and 24% of electricity generation in 2020.³³ The remaining 76% of electricity generation was sourced from fossil fuels, evidencing the need to decarbonize Australia's energy sector.³⁴ According to the International Renewable Energy Agency, countries need to significantly scale up the share of renewable sources in their energy supply to reduce energy-related CO₂ emissions and meet nationally determined contributions under the Paris Climate Agreement.³⁵ The Australian Government set an emissions reduction target of 26-28% below 2005 levels by 2030.³⁶ Despite the need to reduce emissions, the Australian Government has not raised its renewable energy targets. As part of the Renewable Energy Target Scheme, Australia reached its annual target of 33,000 GWh of additional renewable electricity generation in 2021, which will persist until 2030.

The transport sector was the third-largest emitting sector in Australia in 2021, accounting for 17.5% of Australia's annual emissions.³⁷ In 2016, light passenger and commercial vehicles accounted for 61% of emissions from the transport sector and 11% of all greenhouse gas emissions in Australia.³⁸ In addition, an estimated 79% of Australians travel to work by private vehicle, 14% via public transport and 5.2% either cycle or walk.³⁹ The lack of electric vehicle infrastructure in Australia is one of the key barriers acknowledged by those wishing to purchase an electric vehicle. Presently, only 0.12% of the total vehicles registered in Australia are electric vehicles.⁴⁰

Based on the above, Sustainalytics is of the opinion that CBA's financing of renewable energy and clean transport is expected to contribute to reducing emissions from the electricity and transport sectors and contribute positively to helping decarbonize the Australian economy.

Importance of energy efficiency in green commercial and residential buildings

Residential buildings were responsible for approximately 24% of Australia's total electricity use and 12% of total CO₂ emissions in 2021.⁴¹ The commercial buildings sector was responsible for approximately 25% of

³² Australian Government, Department of Industry, Science, Energy and Resources, "National Greenhouse Gas Inventory", (2021), at: <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-march-2021>

³³ Australian Government - Department of Industry, Science, Energy and Resources, "Renewables", (2021), at: <https://www.energy.gov.au/data/renewables>

³⁴ Australian Government, Department of Industry, Science, Energy and Resources, "Australian electricity generation – fuel mix", (2021), at: <https://www.energy.gov.au/data/australian-electricity-generation-fuel-mix#:~:text=Australian%20electricity%20generation%20-%20fuel%20mix%20The%20figure,including%20coal%20%2854%25%29%2C%20gas%20%2820%25%29%20and%20oil%20%282%25%29.>

³⁵ IRENA, "NDCs in 2020", (2020), at: <https://www.irena.org/publications/2019/Dec/NDCs-in-2020>

³⁶ Australian Government, Department of Industry, Science, Energy and Resources, "International climate change commitments", (2021), at: <https://www.industry.gov.au/policies-and-initiatives/australias-climate-change-strategies/international-climate-change-commitments>

³⁷ Australian Government, Department of Industry, Science, Energy and Resources, "Quarterly Update of Australia's National Greenhouse Gas Inventory: March 2021", (2021), at: https://www.industry.gov.au/sites/default/files/August%202021/document/quarterly_update_of_australias_national_greenhouse_gas_inventory_-_march_2021.pdf

³⁸ Australian Government, Green Vehicle Guide, "Vehicle Emissions", (2021), at: <https://www.greenvehicleguide.gov.au/pages/Information/VehicleEmissions>

³⁹ Australian Bureau of Statistics, "Journey to work in Australia", (2016), at: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0.55.001~2016~Main%20Features~Feature%20Article:%20Journey%20to%20Work%20in%20Australia~40>

⁴⁰ Australia Bureau of Statistics, "Motor Vehicle Census, Australia", (2021), at: <https://www.abs.gov.au/statistics/industry/tourism-and-transport/motor-vehicle-census-australia/latest-release>

⁴¹ Australian Government, Department of Industry, Science, Energy and Resources, "Residential Buildings", (2021), at: <https://www.energy.gov.au/government-priorities/buildings/residential-buildings>

overall electricity use and 10% of total carbon emissions in 2021.⁴² The Clean Energy Finance Corporation report identifies potential in cutting emissions from the building sector.⁴³ On average, sustainability rated infrastructure projects achieve a reduction of up to one-third of the carbon footprint compared to similar designs with no such measures.⁴⁴ Australia's Trajectory for Low-Energy Buildings is a national plan to achieve zero energy and carbon-ready commercial and residential buildings in Australia by 2030.⁴⁵

Under the National Energy Productivity Plan, energy efficiency is key in addressing Australia's target of reaching a 40% energy productivity improvement by 2030.⁴⁶ According to the International Energy Agency, the building sector's CO₂ emissions need to be reduced by 50% relative to 1990 levels by 2030, to help limit global warming to 1.5°C or below in line with the Paris Agreement.⁴⁷ Energy efficiency technologies could reduce Australia's buildings' energy consumption by an estimated 25% by 2030.⁴⁸

Based on the above, Sustainalytics is of the opinion that CBA's financing of energy efficiency, green commercial and green residential buildings are expected to reduce energy consumption and emissions from the building sector.

Sustainable water and wastewater management in the era of climate change

Australia's climate features a wide range of climatic zones, yet overall, it is the world's second driest continent.⁴⁹ Australia's annual water withdrawal accounted for 11,231 gigalitres in 2020, making it one of the highest water consumers per capita among developed countries.⁵⁰ The presence of water-intensive agriculture in water scarce regions, such as the Murry Darling River Basin, further exacerbates this issue.

Management of water is vested in the Australian states and territories, and, in 2006, all jurisdictions agreed to the provisions and objectives of the National Water Initiative.⁵¹ Despite this commitment, water management in Australia has varying effectiveness due to the complexity of planning processes and competing priorities. Climate change threatens to worsen an already vulnerable system with an expected increase in more extreme droughts, floods and higher evapotranspiration caused by increased temperatures. The combination of stresses from climate change, human and agricultural water consumption highlights the need for sustainable and efficient water management and infrastructure structures to protect communities.

Based on the above, Sustainalytics is of the opinion that CBA's financing of water and wastewater management facilities is expected to improve drought resilience and provide tools for climate change adaptation.

The importance of inclusive healthcare in Australia

The Australian healthcare system ranks amongst the best globally, providing all Australians access to a wide range of health and hospital services at low or no cost through its universal health insurance scheme Medicare. Despite this, the health care system faces challenges, including increased demand due to an ageing population, increased rates of chronic disease and increased costs of research and innovative health technologies.⁵² The proportion of Australia's population aged 65 and older is expected to more than double

⁴² Australian Government, Department of Industry, Science, Energy and Resources, "Commercial Buildings", (2021), at: <https://www.energy.gov.au/government-priorities/buildings/commercial-buildings>

⁴³ Australian Government, Department of Industry, Science, Energy and Resources, "Australia's opportunity to cut embodied carbon in buildings and infrastructure", (2021), at: <https://www.energy.gov.au/news-media/news/australias-opportunity-cut-embodied-carbon-buildings-and-infrastructure>

⁴⁴ Australian Government, Department of Industry, Science, Energy and Resources, "Australia's opportunity to cut embodied carbon in buildings and infrastructure", (2021), at: <https://www.energy.gov.au/news-media/news/australias-opportunity-cut-embodied-carbon-buildings-and-infrastructure>

⁴⁵ Australian Government, Department of Industry, Science, Energy and Resources, "Government Priorities", (2021), at: <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

⁴⁶ Australian Government, Department of Industry, Science, Energy and Resources, "National Energy Productivity Plan", (2021), at: <https://www.energy.gov.au/government-priorities/australias-energy-strategies-and-frameworks/national-energy-productivity-plan>

⁴⁷ International Energy Agency, "Tracking Buildings 2020", (2020), at: <https://www.iea.org/reports/tracking-buildings-2020/building-envelopes>

⁴⁸ Australian Sustainable Built Environmental Council, "Low Carbon, High Performance", (2016), at: <https://www.asbec.asn.au/wordpress/wp-content/uploads/2016/05/160509-ASBEC-Low-Carbon-High-Performance-Full-Report.pdf>

⁴⁹ Australian Bureau of Statistics, "Australia's Climate", (2012), at: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1301.0~2012~Main%20Features~Australia%27s%20climate~143>

⁵⁰ Australian Bureau of Statistics, "Water Account, Australia", (2020), at: <https://www.abs.gov.au/statistics/environment/environmental-management/water-account-australia/latest-release>

⁵¹ Australian Government – Department of Agriculture, Water and Environment, "National Water Initiative", (2021), at: <https://www.awe.gov.au/water/policy/policy/nwi>

⁵² Australian Government, Department of Health, "The Australian health system", (2019), at: <https://www.health.gov.au/about-us/the-australian-health-system#:~:text=Australia%E2%80%99s%20health%20system%20is%20one%20of%20the%20best,providers%20of%20health%20care%20in%20Australia%2C%20including%3A%20nurses.>

by 2057.⁵³ Consequently, the number of people using permanent residential senior care increased by 13% between 2010 and 2020.⁵⁴ In addition, nearly nine out of ten deaths in 2018 were associated with a chronic disease which in many cases can be reduced by improved preventative health strategies.^{55,56} Additionally, several factors affect Australians' access to health care services, including uneven availability, geographical accessibility constraints, accommodation and affordability.

Based on the above, Sustainalytics is of the opinion that CBA's financing of inclusive healthcare is expected to foster greater inclusion and improvement of the nation's overall well-being.

Importance of affordable dwellings for disadvantaged people in Australia

Access to good quality, affordable housing can help reduce poverty and enhance equality of opportunity, social inclusion and mobility. Yet, housing affordability in Australia has broadly declined since the early 1980s. In 2018, 11.5% of households spent 30-50% of gross income on housing costs, 9.2% since 1995.⁵⁷ Regarding social housing, the lack of state investments in public housing has led to a gap between supply and demand for social housing. It is expected that Australia needs to triple its stock of social housing over the next 20 years.⁵⁸ Individuals from low-socio economic groups and victims of domestic or family violence or Aboriginal and Torres Strait Islander peoples have been identified as most vulnerable to lack of access to affordable housing. Australian housing access policies for Indigenous people have not made progress in achieving an increase in the proportion of homeownership in these groups. The proportion of Indigenous Australians who are homeowners has remained constant over the years at 30%, 29% and 31% in 2013, 2015 and 2019 respectively.⁵⁹

Based on the above, Sustainalytics is of the opinion that CBA's financing of affordable dwellings for disadvantaged people is expected to contribute to improved housing access for disadvantaged groups and help improve social cohesion in Australia.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds eventually issued under the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Commercial Buildings Green Residential Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

⁵³ Australian Government, Australian Institute of Health and Welfare, "Older people", (2021), at: <https://www.aihw.gov.au/reports-data/population-groups/older-people/overview>

⁵⁴ Australian Government, Australian Institute of Health and Welfare, "People using aged care – factsheet", (2020), at: https://www.gen-agedcaredata.gov.au/www_ahwgen/media/2020-factsheets-and-infographics/People-using-aged-care-Factsheet_2020.pdf

⁵⁵ Australian Government, Australian Institute of Health and Welfare, "Chronic disease", (2021), at: <https://www.aihw.gov.au/reports-data/health-conditions-disability-deaths/chronic-disease/overview>

⁵⁶ Briggs, A and Jolly, R, "Improving the health of all Australians: the role of preventative health", (2010), at: https://www.apf.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook43p/preventativehealth

⁵⁷ Australian Government, Australian Institute of Health and Welfare, "Housing affordability", (2021), at: <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>

⁵⁸ Australian Bureau of Statistics, Aboriginal and Torres Strait Islander Population, (2016), at: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Aboriginal%20and%20Torres%20Strait%20Islander%20Population%20Article~12>

⁵⁹ Australian Government, Australian Institute of Health and Welfare, "Indigenous Housing", (2021), at: <https://www.aihw.gov.au/reports/australias-welfare/indigenous-housing>

	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	11. Sustainable Cities and Communities	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Environmentally Sustainable Management of Living Natural Resources and Land Use	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Climate Change Adaptation	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being,

		with a focus on affordable and equitable access for all
Health, Healthcare and Well-being	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Education and Vocational Training	4. Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion




CBA has developed the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework under which it may issue green, social and sustainability bonds, asset-backed or residential mortgage-backed securities and use the proceeds to finance or refinance, in whole or in part, existing or future projects in the following eligible categories: Renewable Energy, Green Commercial Buildings, Green Residential Buildings, Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Health, Healthcare and Well-being, Education and Vocational Training, Affordable Basic Infrastructure and Affordable Housing. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to contribute to the transition to a low-carbon economy and help advance the socio-economic development of Australia.

The Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for CBA to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Bank and that the green, social and sustainability use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that CBA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that the Commonwealth Bank of Australia is well positioned to issue green, social and sustainability bonds, asset-backed or residential mortgage-backed securities and that the Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2021.

Appendices

Appendix 1: Summary of Referenced Green Building Certification Schemes

	BREEAM ⁶⁰	Green Star	NABERS
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Established in 2003, the Green Building Council of Australia's Green Star system is the nation's authority on sustainable buildings, communities, and cities. The rating system assesses buildings in one of four categories: Communities, Design & As Built, Interiors, and Performance.	National Australian Built Environment Rating System (NABERS) is a performance-based national rating system that measures the environmental performance of existing buildings, tenancies, and homes.
Certification levels	Pass Good Very Good Excellent Outstanding	1 Star (Minimum Practice) 2 Star (Average Practice) 3 Star (Good Practice) ⁶¹ 4 Star (Best Practice) 5 Star (Australian Excellence) 6 Star (World Leadership)	1 Star 2 Star 3 Star 4 Star 5 Star
Areas of Assessment	<ul style="list-style-type: none"> Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Well-being Innovation 	<ul style="list-style-type: none"> Management Indoor Environment Quality Energy Transport Water Materials Land Use and Ecology Emissions Innovation Liveability Economic Prosperity Environment 	<ul style="list-style-type: none"> Annual Building Energy Consumption Greenhouse Gas Emission Details
Requirements	Prerequisites depending on the levels of certification and credits with associated points. This number of points is then weighted by item ¹⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Point system, "category score" awarded based on performance (% of points achieved) in a given category. For some categories there is a minimum threshold (i.e., GHG/sqm/yr) and points are awarded for exceeding the minimum. Categories are weighted based on building location (to reflect that in some areas of Australia, certain metrics may be more relevant). Total score is then given out of 100. For the areas of Communities, Design & As Built, and Interiors, no certification is awarded for buildings scoring below 45 points/3 stars.	NABERS assesses the energy efficiency of commercial buildings by comparing them against benchmarks developed using actual building performance data.
Performance display			

⁶⁰ BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

⁶¹ Buildings assessed on the Design & As-Built, Interiors, and Communities criteria can achieve certifications 4-star and higher. Buildings assessed on the Performance Rating scale can achieve any score.

Appendix 2: Overview of Referenced Forestry Certification Schemes

	Programme for the Endorsement of Forest Certification (PEFC) ⁶²	Forest Stewardship Council (FSC) ⁶³
Background	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements, and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.	The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC's standards.
Basic Principles	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation, and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socio-economic functions and conditions • Compliance with legal requirements 	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations
Types of standards/ benchmarks	<ul style="list-style-type: none"> • Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements to obtain PEFC endorsement • Group Forest Management Certification – outlines the requirements for national forest certification systems who have group forest management certification • Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards • Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products • PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo • Endorsement of National Systems – outlines the process that national systems 	<ul style="list-style-type: none"> • Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests) • Small and Low Intensity Management Forests (SLIMFs) programme (for small forests and forests that are managed at low intensity would be eligible) • Chain of Custody (CoC) certification (for supply chain companies' planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate) • Controlled Wood verification (for assurance that 100% virgin fibre mixed with FSC-certified and recycled fibre originates from a verified and approved source)

⁶² PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

⁶³ Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: <https://ca.fsc.org/preview.principles-criteria-v5.a-1112.pdf>

	must go through to achieve PEFC endorsement	
Governance	PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes, and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.	The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.
Scope	Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on 31 /IEC Code for good practice for standardization (Guide 59) ⁶⁴ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.	FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.
Chain-of-Custody	<ul style="list-style-type: none"> Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC Only accredited certification bodies can undertake certification CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials The CoC standard includes specifications for the physical separation of certified and non-certified wood The CoC standard includes specifications about procedures for dealing with complaints related to participant's chain of custody 	<ul style="list-style-type: none"> The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards CoC standard includes procedures for tracking wood origin CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC
Non-certified wood sources	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <p>a. forest management activities that do not comply with local, national or international laws related to:</p> <ul style="list-style-type: none"> operations and harvesting, including land use conversion, 	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <p>a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of</p>

⁶⁴ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

	<ul style="list-style-type: none"> - management of areas with designated high environmental and cultural values, - protected and endangered species, including CITES species, - health and labour issues, - indigenous peoples' property, tenure and use rights, - payment of royalties and taxes. <p>b. genetically modified organisms,</p> <p>c. forest conversion, including conversion of primary forests to forest plantations.</p>	<p>appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others,</p> <p>b. Wood harvested in violation of traditional and civil rights,</p> <p>c. Wood harvested in forests where high conservation values are threatened by management activities,</p> <p>d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses,</p> <p>e. Wood from management units in which genetically modified trees are planted.</p>
Accreditation/ verification	<p>Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>
Qualitative considerations	<p>Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices⁶⁵ and both have also faced criticism from civil society actors.^{66,67} In certain instances, these standards go above and beyond national regulation and can provide a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations, and local context.</p>	

⁶⁵ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

⁶⁶ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

⁶⁷ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

Appendix 3: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Commonwealth Bank of Australia
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Commonwealth Bank of Australia Green, Social & Sustainability Funding Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 19, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds⁶⁸ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to the transition to a low-carbon economy, help support the socio-economic development of Australia and contribute to advance the UN Sustainable Development Goals (SDGs), specifically SDGs 2, 3, 4, 6, 7, 9, 11, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

⁶⁸ The eligible categories are: Renewable Energy, Green Commercial Buildings, Green Residential Buildings, Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Health, Healthcare and Well-being, Education and Vocational Training, Affordable Housing and Affordable Basic Infrastructure.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Commonwealth Bank of Australia's Green, Social and Sustainability Funding Steering Committee will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Committee is chaired by the Bank's Head of Term Funding and comprised of representatives from various departments, including Retail Banking Services, Business Banking, Institutional Banking & Markets, Investor Relations and Group Treasury. Commonwealth Bank of Australia Group's Environmental and Social Policy and its Risk Management Framework are applicable for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Commonwealth Bank of Australia's Post Deal Management Team (PDM) in its Treasury department will be responsible for the management and allocation of proceeds to eligible projects, under oversight from the Committee. The Bank will use its internal tracking system to track and report the allocation of proceeds, using a register of eligible assets and intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash, cash equivalents or other liquid marketable instruments. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |

☐ Other (please specify):

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Commonwealth Bank of Australia intends to report on the allocation of proceeds in its Green, Social and Sustainability Report on its website annually until full allocation. Allocation reporting will include the net proceeds, breakdown by asset category and share of financing versus refinancing. In addition, Commonwealth Bank of Australia is also committed to reporting on relevant impact metrics. Sustainalytics views Commonwealth Bank of Australia's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): net proceeds, breakdown by asset category and share of financing versus refinancing | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (please specify): new clean infrastructure built (km), hectares of land rehabilitated. |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.commbank.com.au/about-us/investors/sustainability-funding.html>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally

entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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