

Commonwealth Bank Shareholder Resolution Briefing 2026



**AUSTRALIAN
CONSERVATION
FOUNDATION**

**Nature
needs us,
now**

XSIX

We acknowledge the Traditional Owners of Country
and their continuing connection to land, waters and community.

We pay respect to their Elders past and present and to the
pivotal role that First Nations Peoples continue to play in
caring for Country across Australia.



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Purpose and disclaimer

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Item 5(b) at Commonwealth Bank's upcoming AGM on October 14th 2026

'Deforestation linked to bank lending, including potentially illegal cases, poses material risks to the bank and its customers. CBA has not disclosed any initiatives to reduce risks arising from deforestation impacts, placing it behind domestic and global peers.'

Shareholders therefore request that CBA disclose a pathway to achieve deforestation-free finance in line with credible frameworks such as the Accountability Framework initiative.'

Key points

- **The resolution:** ACF & SIX have facilitated a shareholder resolution alongside Australian Ethical, Ethinvest and 196 shareholders, modified from 2025 resolutions filed at peer banks, allows discretion for CommBank to determine appropriate pathway to deforestation-free.
- **Rationale:** deforestation poses financial and non-financial risks to the bank, and while ACF investigations continue to link CommBank finance to cases, the bank has no plans to address them
- **Board response:** board's contention with resolution is whether deforestation-free finance would manage risks associated with deforestation – we believe this is self-evident and aligned with global goals and momentum
- **Bank disclosure:** CommBank's recent approach to disclosure does not provide shareholders with a complete assessment of risk, but shows potentially 32% of its Agribusiness book has engaged in deforestation
- **Peer comparison:** CommBank is a laggard on nature-related risk alongside ANZ, while peers NAB and Westpac are recognising and disclosing the steps they must take to reduce risks

CommBank continues to be exposed in ACF's investigations as financing deforestation

In ACF's upcoming investigative report **CommBank** and **ANZ** closely followed **NAB** with the most hectares of financed deforestation across 2025 and 2026 so far, including cases reported to the authorities for potential breaches of federal and state law



The above case linked to **CommBank** was **over 2,500 hectares of deforestation** including habitat for endangered Pink Cockatoos

Financed deforestation gives rise to credit risks for banks, and not just from illegal deforestation

Deforestation risk exposure does not only manifest as credit risks specific to customers engaging in deforestation. It extends to every sector that is moderately to highly dependent on nature.

Agriculture is a hotspot for this risk...

Deforestation leads to:

- Reductions in biodiversity
- Disruption to the water cycle
- Degraded soil
- Increased likelihood/severity of physical climate events
- Increased carbon emissions



Deforestation impacts lead to:

- damaged borrower assets
- reduced income generation
- lowered collateral value

Ultimately affecting credit quality particularly in agribusiness book, but also as insurance protection gap widens across portfolio

CommBank's exposure to agribusiness is comparable with peers, and continues to grow

	ANZ	CommBank	NAB	Westpac
Exposure to agriculture (incl. forestry and fishing & New Zealand)	\$40.42bn exposure at default	\$37.2bn total committed exposure (TCE)	\$64.3bn exposure at default (EAD)	\$29.4bn total committed exposure (TCE)
Exposure to livestock	Do not disclose	\$16bn TCE to livestock	\$17.18bn EAD to beef and sheep	\$11.39bn TCE to beef and sheep

As at 31 March 2026: <https://www.anz.com/content/dam/anzcom/shareholder/1H26-results-announcement/1H26-ANZ-Results-presentation-and-IDP.pdf>

As at 30 June 2026: <https://www.commbank.com.au/content/dam/commbank-assets/investors/2026/CBA-2026-Annual-Report.pdf>

As at 31 December 2025: <https://www.rabobank.com.au/content/dam/ranz/au/pdf/regulatory-disclosure/RBAL-Pillar-III-public-disclosure-December-2025.pdf>

As at 31 March 2026: <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2026-half-year-results-investor-presentation.pdf>

As at 31 March 2026: <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/wbc-1H26-presentation-IDP-2026.pdf>

As at 30 June 2026: <https://www.commbank.com.au/content/dam/commbank-assets/investors/2026/CBA-2026-Annual-Report.pdf>

As at 30 September 2025: <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2025-climate-report.pdf>

As at 30 September 2025: <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/wbc-sustainability-report-2025.pdf>

Credit risks are already materialising, including from severe weather induced or made worse by deforestation

- **Deforestation increases the likelihood of drought**, while also drastically **increasing flood risk in catchment areas by up to 700%**
- World Bank analysis found **severe disaster episodes raised system-wide non-performing loans by a cumulative 0.6%** two to three years post event
- **Other deforestation impacts are materialising into risk more gradually**, through **loss of pollinators and worsening soil health** as two key examples

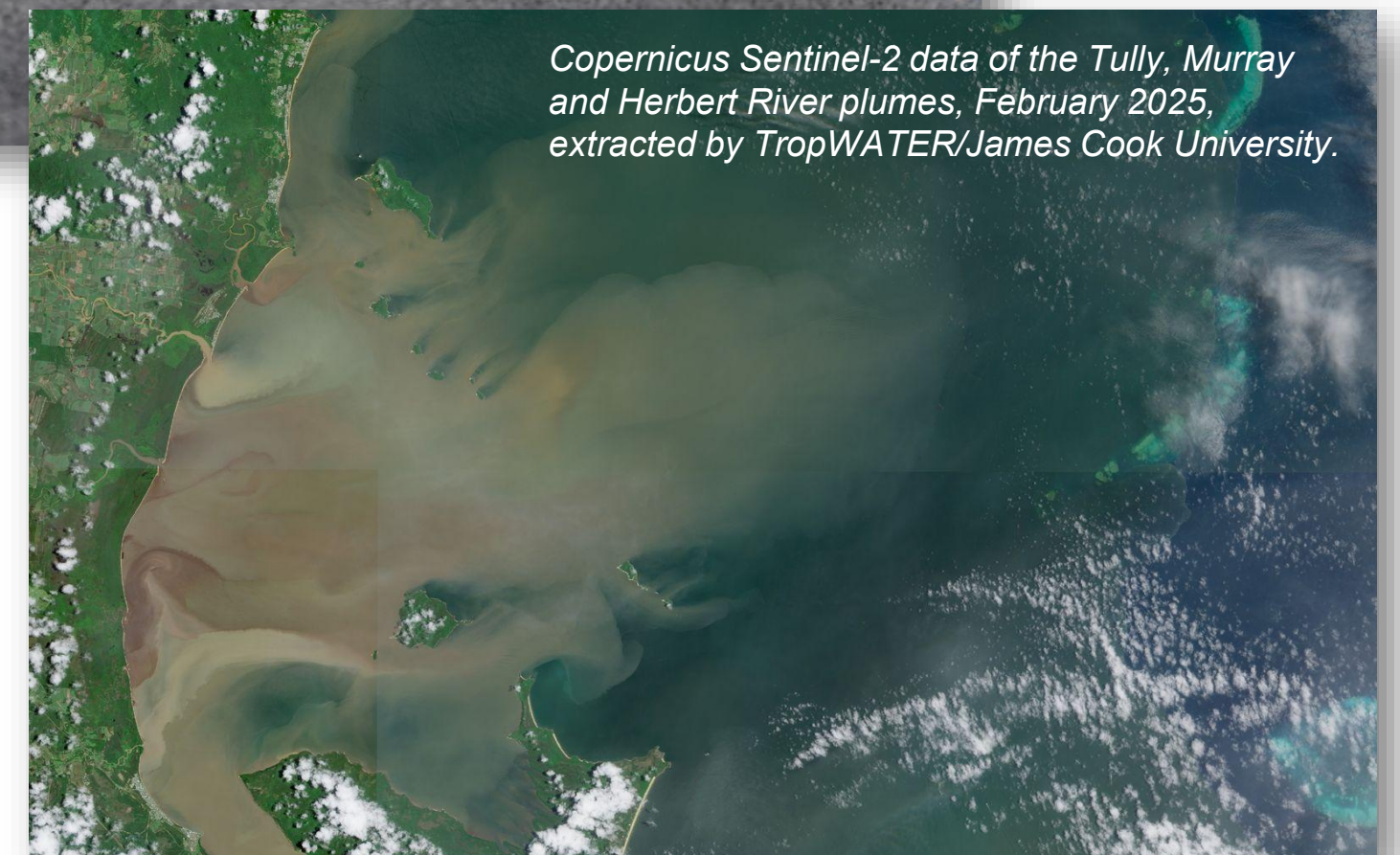
After years of drought graziers were elated when the rain came. Now floods have created a humanitarian crisis



📷 Dead cattle at Eddington station 20km west of Julia Creek, Queensland. Photograph: Rachael Anderson

Reputational damage from financed deforestation is a non-financial risk for CommBank

- Banks do not want to be linked to the **destruction of habitat for iconic Australian species** like the Koala and Pink Cockatoo or **sediment plumes choking coral on Great Barrier Reef**
- In Responsible Investment Association of Australia's 2024 survey of bank customers, **83% listed a commitment from their bank to protecting biodiversity as important**, which was higher than GHG reduction commitments
- As a proxy for materiality for reputational risk, more than **28% of FTSE 350 market value was attributed to corporate reputation in 2026**



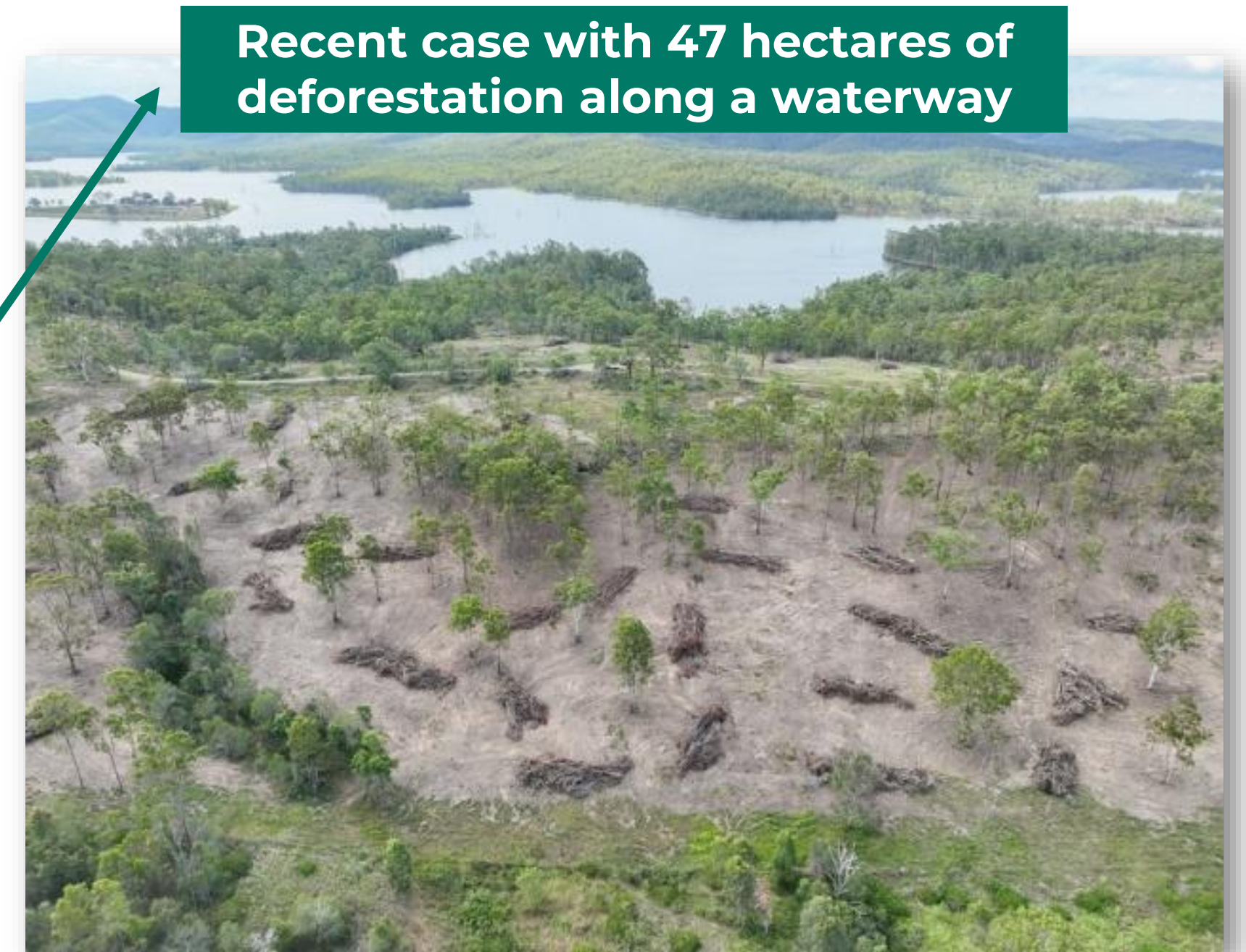
Copernicus Sentinel-2 data of the Tully, Murray and Herbert River plumes, February 2025, extracted by TropWATER/James Cook University.

CommBank Board's response in notice of meeting

Board's response	Our assessment
Acknowledges forest loss can create risks for the company. It proposes to 'enhance its understanding' and 'consider relevant risks' as well as 'ongoing monitoring of relevant external developments' and 'continued learning'	Vague descriptors represent no clear action or change in approach despite the company acknowledging deforestation-related risks impact the company
Questions whether achieving deforestation-free finance is the 'necessary or appropriate response to the risks and impacts identified'	Prevention of deforestation is the most effective way to mitigate risk and CommBank has not proposed any alternative response or approach
Suggests that there are a number of variables to consider like geography, commodity and regulatory settings when it comes to achieving deforestation free finance	CommBank's own analysis indicates customer deforestation is occurring for pasture expansion in QLD and NSW, with regulatory settings clear following reforms
Disclosure of a pathway 'may provide some flexibility' in how deforestation-free finance is achieved	We agree and are seeking <i>disclosure of a pathway</i> to allow for management's discretion

CommBank's recent disclosure confirms it is lending against properties with recent forest loss

- In its 2026 annual report CommBank conducted a geospatial assessment of customers with \$5 million or more debt, identifying exposure to customer properties where total forest loss was >200 hectares between 2021 and 2025
- These carveouts meant deforestation significant in both scale and impact e.g. of high biodiversity value forests up to 200ha or near catchments not captured
- Nonetheless it disclosed an exposure of around 0.2% of group TCE and up to 0.5% after adjusting for data coverage gaps, including zero coverage of Northern Territory customers



The choice of denominator obscured the significance of the bank's exposure given 0.5% of Group TCE equates to approximately 32.2% of the bank's Australian agriculture and forestry exposure (based on HY results)

CommBank's recent disclosure doesn't capture the bank's actual exposure to deforestation-related risk

- CommBank concluded that its *“findings support continued use of established credit and risk processes”*
- The bank did not assess the legality of the forest loss, using a threshold with no risk basis which cannot support a conclusion that no change to credit and risk processes is warranted
- The disclosures fails to assess the risk from impacts to the broader portfolio arising from the cohort it linked to forest-loss. This risk-based lens is recommended in TNFD LEAP approach
- While its current analysis could be used to inform engagement with high-risk customers, the bank has not indicated any intention to use it for this purpose

CommBank not reporting emissions from land-use-change, raises questions on AASB alignment

- The bank has not reported emissions from deforestation (land-use-change) due to 'data limitations' despite its net zero commitment and mandatory reporting requirements for material emissions
- The latest Australian government estimates indicate that emissions from forest being converted to other uses equated to 19.41% of national emissions

A legal opinion provided to ACF on reporting by financial institutions under AASB S2 states:

- If land-use-change emissions are not considered material, this should be explainable to users
- A blanket statement that there are 'data limitations' or 'data is too costly' would be insufficient
- Banks must continually seek to improve their materiality assessment and data procurement



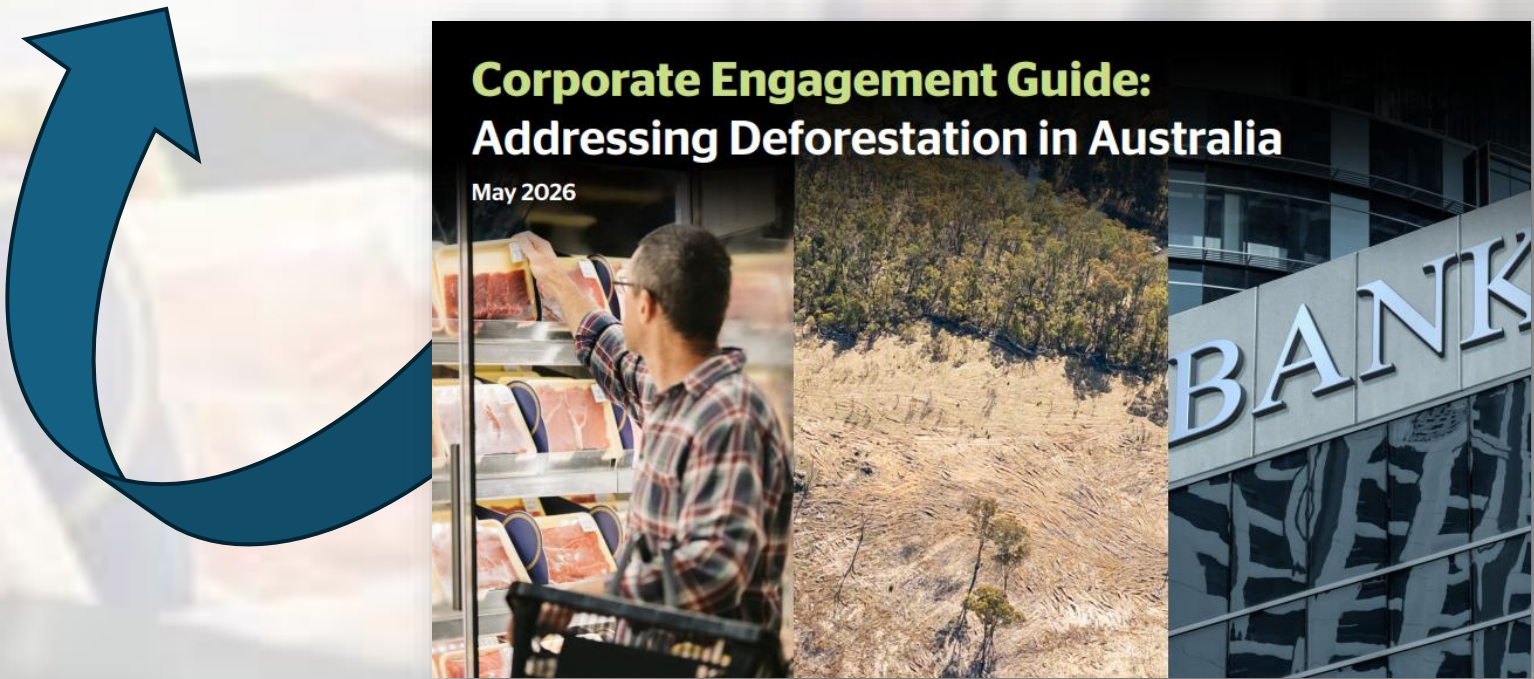
Pattern of weak governance over established risks and failure to put customers first persists at CommBank

- The Hayne Royal Commission into misconduct in the financial sector found that Australian banks too often asked "can we do this?" based on technical rules, instead of asking "should we do this?" based on basic honesty and putting customers first
- In the final report Hayne drew on a case study concerning CommBank's compliance with anti-money laundering and counter-terrorism financing, finding the Board had not given sufficient attention to non-financial risks
- The 2024/2025 fee saga and initial refund refusal for \$270m in fees charged to 2.2 million low-income customers demonstrates that the bank's disregard for community perception continues under current leadership. All other banks paid back the fees.
- Refusal to take any action on the financial and non-financial risks arising from deforestation is another example in a pattern of complacency that requires external engagement to prompt action

CommBank should disclose a pathway to achieve deforestation-free finance

- This pathway (right) is one possible approach the bank could take but we are not prescriptive over pathway steps
- Accountability Framework is a credible guide for the bank to refer to in outlining its pathway
- The bank is still failing to demonstrate appropriate identification of, or due diligence on, deforestation carried out by customers
- It acquired publicly available geospatial data, but has incomplete customer property/security data in its business bank
- No assessment of actual risk exposure (customers at risk from deforestation impacts) and no intention to manage credit and reputational risks

Pathway progress	CBA
Credible definitions	
Customer data	
Geospatial data	
Risk assessment	
Customer engagement	
Support high-risk customers	
Commitment	
Disclosure	

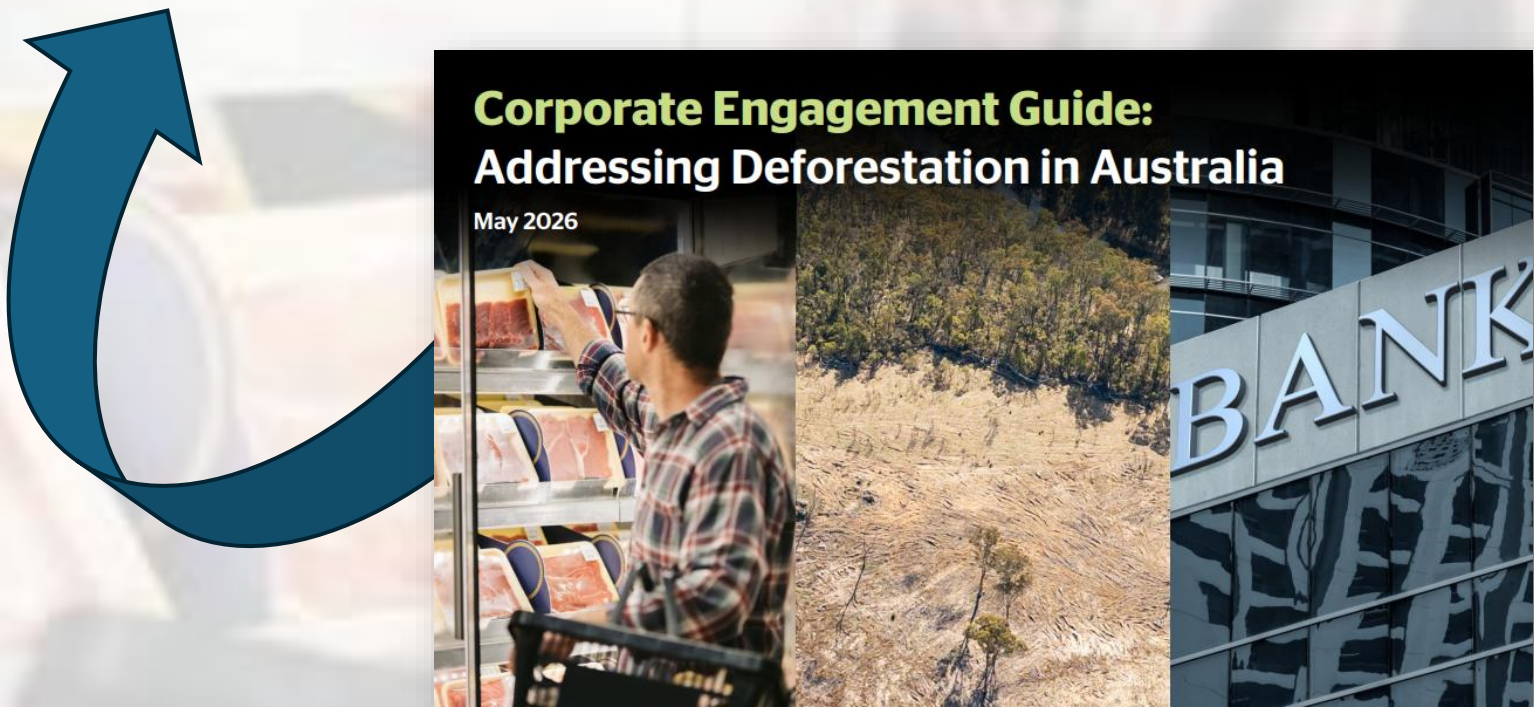


Corporate Engagement Guide:
Addressing Deforestation in Australia
May 2026

NAB, Westpac starting to make progress, while ANZ furthest behind

- **Westpac** withdrew commitment in Nov 2025, still aims to reduce deforestation
- Reasonable alignment from **NAB** and **Westpac** on risks, and are progressing efforts to improve data and assess risk
- Have internal approaches to identify and investigate illegal deforestation
- Have not yet disclosed risk exposure nor systematically engaged with high-risk customers, but we expect further detail in forthcoming disclosures
- **ANZ** have not progressed any efforts, even those promised to investors like engaging with Accountability Framework initiative

Pathway progress	ANZ	NAB	Westpac
Credible definitions			
Customer data			
Geospatial data			
Risk assessment			
Customer engagement			
Support high-risk customers			
Commitment			
Disclosure			



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