



Asking CommBank to stop funding fossil fuel expansion

April 2022

At the February 2021 Synod meeting, those at the meeting passed a resolution to update the Synod's direction on climate change. Part of the resolution acknowledged:

the need for immediate and substantial action by governments, businesses and communities, including the councils and institutions of the church in this Synod, to mitigate climate change caused by human activity and the threat it poses to God's good creation.

Australia's major banks are amongst the corporations that still profiting from the use of fossil fuels. We have the opportunity to encourage the banks to take more decisive action to stop supporting the use of fossil fuels and instead finance the shift we need to a net-zero emission future.

In May 2021, the International Energy Agency (IEA) concluded that there should be no new coal, oil or gas projects if we are to reach net-zero emissions by 2050. The IEA concluded there would need to be "huge declines in the use of coal, oil and gas."

All the major banks have started to distance themselves from fossil fuels, especially thermal coal. The JIM Cluster will look to target banks we assess to be doing the least to support the climate justice action we need to see. We currently believe that the Commonwealth Bank (CommBank) is probably lagging behind the other three big banks on action to address climate change.



"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."

CartoonStock.com

CommBank financing of fossil fuel production

Market Forces has assessed that CommBank has provided \$3 billion in finance to expansionary fossil fuel projects since 2016, facilitating 5.8 billion tonnes of carbon dioxide equivalent greenhouse gas emissions.

CommBank currently has provided \$3.9 billion to oil and gas projects and \$300 million to coal projects. The finance to fossil fuel projects represents 1.5% of their total loans. CommBank has reduced its financing of oil and gas corporations by \$1 billion in the last six months. Loans to corporations involved in energy generation involving coal were 55% lower in 2021 compared to 2020.

CommBank and NAB have provided \$1.1 billion in funding for gas projects in Texas. In September 2019, CommBank provided US\$52.25 million for the development and construction of a 692 km gas pipeline from the Permian basin in the south-western US to the Texas Gulf Coast.

In November 2020, CommBank, ANZ, NAB and Westpac provided \$244 million in finance to Santos to acquire oil and gas assets. The assets included the Barossa offshore gas field 300 km north of Darwin. The Barossa gas project will release 400 million tonnes of greenhouse gas emissions over its lifetime, which is around 80% of the emissions of the whole of Australia for 2020.

At the October 2021 annual general meeting, CommBank stated that it would continue to fund new oil and gas extraction projects. However, it said that such projects needed to be assessed by the bank as being in line with the Paris Agreement between governments to address climate change.

Positive Actions by CommBank

CommBank has committed to not financing any expansion of existing thermal coal mines or developing new thermal coal mines. They also will not provide funding for new coal-fired power



stations. Furthermore, the bank has committed to stopping the existing finance of thermal coal mining and coal-fired power generation by 2030.

They have also committed to making \$15 billion of funding available to low carbon projects by 2025. In addition, CommBank has committed to providing \$70 billion for a 'Sustainability Funding Target' between 2021 and 2030. However, the details of what is eligible to be included in the target are challenging to determine from the bank's website.

As of 10 March 2022, CommBank was one of only 25 Australian corporations signed up to the Commonwealth Government's Corporate Emissions Reduction Transparency report. The report aims to provide a clear picture of corporations' net and gross emissions, including their use of carbon offsets and the percentage of renewable electricity use.

Funding by CommBank for renewable energy projects increased by 13% in 2021 compared to 2020, to reach \$4.8 billion.

CommBank has committed to reducing the emissions from its own activities (not including those of the businesses it provides finance to) by 12.5% by 2025 and 25% by 2030.

CommBank has committed to allowing its shareholders a non-binding vote on its climate change reporting at the next annual general meeting.

What You Can Do

Write polite and respectful letters to:

Mr Matt Comyn
Managing Director and Chief Executive Officer
Commonwealth Bank Group
PO Box 2719
Sydney, NSW, 2001

Salutation: Dear Mr Comyn

Or you can fill out this online feedback page:
<https://www.commbank.com.au/digital/your-feedback#/feedback>



Points to make in your letter:

- Express deep concern at the threat climate change poses to the well-being of people and the planet.
- Welcome that they have committed to exiting the funding of thermal coal projects. Still, more is needed if they are to play their part in keeping the global average temperature rise below 1.5°C.
- Ask that their bank commit to stop funding and providing financial services to any new fossil fuel developments or expansions, not just thermal coal mines.
- Ask that they increase funding for renewable energy generation and other initiatives to reduce greenhouse gas emissions.
- Ask what is included in their 'Sustainability Funding Target' and the planned breakdown of lending counted under the Target.
- If you personally use CBA services, try to write from the perspective of a customer, e.g. 'my bank'.