

Equator Principles Reporting – FY20

The Commonwealth Bank of Australia became a signatory to the Equator Principles (EP) in May 2014. The Equator Principles are a set of standards to assess, mitigate, manage and monitor Environmental and Social risks in project-related financing.

Environmental and social risks

Environmental and social risk, including climate change, is a strategic risk managed under the CBA Group's Risk Management Framework.

Assessing potential transactions for Environmental, Social and Governance (ESG) risks is a key step in our due diligence process for all Institutional Bank loans, as well as large loans in other business units.

Annual training for ESG due diligence and specifically the application of the Equator Principles is undertaken by the relevant client and risk teams to ensure that EP is implemented effectively. CBA's EP process is embedded in our decisions, systems and procedures.

CBA's EP Reporting

Figure 1 shows that 5 EP qualifying deals reached financial close over the financial year ending June 2020. 3 deals were project finance transactions (refer to Figure 2), and 2 deals were project-related corporate loans (refer to Figure 3).

The project financing transactions included an infrastructure project and two renewable energy projects generating large-scale wind energy (refer to Figures 2 and 4).

EP Category	Number of qualifying deals
Category A	0
Category B	5
Category C	0
Total	5

Figure 2. Project Finance

EPIII Category	A	B	C
Totals		3	
Sector			
Mining			
Infrastructure		1	
Oil & Gas			
Energy & Utilities		2	
Others			
Region			
Americas		1	
Europe, Middle East & Africa			
Asia Pacific		2	
Country Designation			
Designated		3	
Non-Designated			
Independent Review			
Yes		3	
No			

Figure 3. Project-Related Corporate Loans

EPIII Category	A	B	C
Totals		2	
Sector			
Mining			
Infrastructure		2	
Oil & Gas			
Energy & Utilities			
Others			
Region			
Americas			
Europe, Middle East & Africa			
Asia Pacific		2	
Country Designation			
Designated		2	
Non-Designated			
Independent Review			
Yes		1	
No		1	

Figure 4. Naming of Project Finance transactions

Project Name	Sector	Project Location	Year of Financial Close
Bango Wind Farm	Energy & Utilities	Australia	2019
Waipipi Wind Farm	Energy & Utilities	New Zealand	2019
Permian Highway Pipeline	Infrastructure	United States	2019

