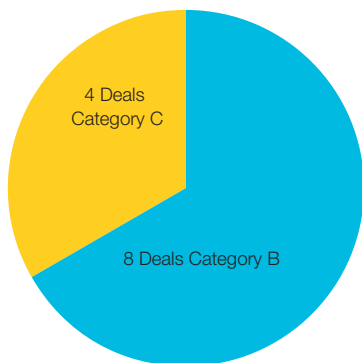


EQUATOR PRINCIPLES III REPORTING

The CBA Group became a signatory to the Equator Principles III (EPIII) in May 2014. The EPIII are a set of standards to assess, mitigate, manage and monitor Environmental, Social and Governance (ESG) risk in project related financing.

Figure 1.
Number of qualifying deals by category



■ Category A ■ Category B ■ Category C

Figure 2.
Project Finance-EPIII Category by Sector, Region, Country and Independent Review

EPIII Category	A	B	C
Totals	-	7	3
Sector			
Mining	-	-	-
Infrastructure	-	3	3
Oil & Gas	-	1	-
Power	-	3	-
Others	-	-	-
Region			
Americas	-	3	-
Europe, Middle East & Africa	-	1	-
Asia Pacific	-	3	3
Country Designation			
Designated	-	7	2
Non-Designated	-	-	1
Independent Review			
Yes	-	7	2
No	-	-	1

Equator Principles III

The Equator Principles have evolved over time. The third iteration, EPIII, reflects the latest global developments in environmental and social risk management practices and associated governance around compliance.

By adopting EPIII, CBA builds on its commitment to responsible lending and formalises the reporting of our environmental and social risk practices.

CBA's EPIII Reporting

For the year July 2015 through to financial year ending June 2016, twelve EPIII qualifying deals have reached final close. Ten of these were Project finance (details shown in figures 2 and 3) and two were Project related Corporate lending (shown in figure 4 overleaf).

Figure 3.
Naming of Project Finance Transactions

Project Name	Sector	Project Location	Year of Financial close
Northern Beaches Hospital	Infrastructure	Australia	2015
WestConnex M5 Motorway	Infrastructure	Australia	2015
Sabine Pass LNG	Oil & Gas	United States	2015
Iona Gas Plant	Infrastructure	Australia	2015
Singapore Sportshub	Infrastructure	Singapore	2015
K2 Wind	Power	Canada	2015
Tenaska Westmoreland Generating Station	Power	United States	2016
Beatrice Wind Farm	Power	United Kingdom	2016
Canberra Light Rail	Infrastructure	Australia	2016
TQ AirportLink	Infrastructure	Australia	2016



EQUATOR PRINCIPLES III REPORTING

Equator Principles require signatories to report Project Related Corporate Loans, separately to Project Finance.

Figure 4.
Project Related
Corporate Loans-EPIII Category
by Sector, Region, Country and
Independent Review

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

CBA's ESG process for Non project related loans

Non project related loans over a materiality threshold are assessed by CBA's ESG screening tool, which is embedded in the origination process. For loans with medium or high ESG risks, the ESG tool assesses ESG risk and client mitigants in a process aligned to EPIII.

Teams are prompted with a sector score based on ANZSIC code, ESG risks are assessed against seven key ESG focus areas; Biodiversity, Water, Carbon & Energy, Pollution, Health and Safety, Labour & Human Rights and Anti-corruption and Governance.

Teams are required to describe any ESG risks and client mitigation strategies for each focus area and assess the likelihood and consequence of impact. This informs the final ESG assessment and escalation process. Loans with higher ESG risk are escalated to senior management for further consideration. ESG variables are stored and analysed to monitor and manage ESG risk exposure in the broader lending portfolio.

For all other business lending, minimum ESG requirements include alignment with CBA's ESG Lending Commitments, ESG lending policy, Environmentally Sensitive Industry policy and any relevant sector policies.

