

The Equator Principles - Summary

Scope	<ul style="list-style-type: none"> - Location: All Locations - Sectors: All Sectors - Business Type: A new project, and expansion or upgrade of an existing facility with potential significant environmental or social impacts - Method: (1)Project Finance (PF) (as defined by Basel II), (2)Project Finance Advisory Services (FA), (3)Project-Related Corporate Loan(PRCL), (4)Bridge Loan(BL) - Business Scale: <ul style="list-style-type: none"> (1)PF - Total project cost of US\$10 million or more (2)FA - Same as above (3)PRCL - Total aggregate loan amount is at least US\$100 million and the EPFI's individual commitment (before syndication or sell down) is at least US\$50 million. (4)BL - Same as PF/PRCL thresholds 														
Pre-Financing	<p><u>Clients are expected to meet requirements in response to Project classification of A, B or C, decided based on the degree of impact on environment.</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Category</th> <th style="width: 40%;">Impact</th> <th style="width: 45%;">Requirements for Client (e.g.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: middle;">A</td> <td style="vertical-align: top;">Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> a. Prepare an environmental and social impact assessment report (ESIA) b. Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO₂ equivalent annually) c. Prepare an Action Plan (AP) d. Establish an environmental & social management system e. Conduct a stakeholder engagement with the project-affected communities f. Establish a grievance mechanism g. Disclose the environmental and social impact assessment report online h. Disclose the GHG emissions quantification (for projects emitting more than 100,000 tons of CO₂ equivalent annually) i. Require an independent expert to review on the above items a-f. </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">B</td> <td style="vertical-align: top;">Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> a. Prepare an environmental and social impact assessment report (ESIA) b. Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO₂ equivalent annually) c. Prepare an Action Plan (AP) d. Establish an environmental & social management system e. Conduct a stakeholder engagement with the project-affected communities (Following are required, as applicable) f. Establish a grievance mechanism g. Disclose the environmental and social impact assessment report online h. Disclose the GHG emissions quantification (for projects emitting more than 100,000 tons of CO₂ equivalent annually) i. Require an independent expert to review on the above items a-f. </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">C</td> <td style="vertical-align: top;">Projects with minimal or no adverse environmental and social risks and/or impacts.</td> <td style="vertical-align: top;">Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO₂ equivalent annually)</td> </tr> </tbody> </table>			Category	Impact	Requirements for Client (e.g.)	A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.	<ul style="list-style-type: none"> a. Prepare an environmental and social impact assessment report (ESIA) b. Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO₂ equivalent annually) c. Prepare an Action Plan (AP) d. Establish an environmental & social management system e. Conduct a stakeholder engagement with the project-affected communities f. Establish a grievance mechanism g. Disclose the environmental and social impact assessment report online h. Disclose the GHG emissions quantification (for projects emitting more than 100,000 tons of CO₂ equivalent annually) i. Require an independent expert to review on the above items a-f. 	B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.	<ul style="list-style-type: none"> a. Prepare an environmental and social impact assessment report (ESIA) b. Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO₂ equivalent annually) c. Prepare an Action Plan (AP) d. Establish an environmental & social management system e. Conduct a stakeholder engagement with the project-affected communities (Following are required, as applicable) f. Establish a grievance mechanism g. Disclose the environmental and social impact assessment report online h. Disclose the GHG emissions quantification (for projects emitting more than 100,000 tons of CO₂ equivalent annually) i. Require an independent expert to review on the above items a-f. 	C	Projects with minimal or no adverse environmental and social risks and/or impacts.	Conduct an alternative analysis (when GHG emission is more than 100,000 tons of CO ₂ equivalent annually)
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	<p><u>ESIA report describes:</u></p> <ul style="list-style-type: none"> - Potential risk and impacts issues related to 22 items of a) - v) as illustrated in Exhibit II of Equator Principles - Compliance with relevant host country laws, regulations and permits - Compliance with the IFC Performance Standards and World Bank Group EHS (Environmental, Health, and Safety) Guidelines. <p><u>Action Plan contains:</u></p> <ul style="list-style-type: none"> - Action plans needed to implement mitigation measures, corrective actions and monitoring measures and their priority.
Covenants	<p>For all projects, the client will covenant in financing documentation.</p> <ul style="list-style-type: none"> a) To comply with all relevant host country social and environmental laws, regulations and permits in all material respects <p>For Category A and B projects, the client will covenant in financing documentation.</p> <ul style="list-style-type: none"> b) To comply with the ESMPs and EPAP (where applicable) during the construction and operation of the project in all material respects c) To provide periodic reports prepared by in-house staff or third party experts, that document compliance with the AP and the host country's laws and regulations. d) To decommission the facilities in accordance with an agreed decommissioning plan.
Post-Financing	<ul style="list-style-type: none"> (1) Equator Principle Financial Institutions (EPFI) may require appointment of an independent environmental consultant to conduct further monitoring, if applicable. (2) Where a client is not in compliance with its environmental and social covenants, EPFI will work with the client on remedial actions to bring the project back into compliance to the extent feasible. (3) If the client fails to re-establish compliance within an agreed grace period, the EPFI reserves the right to exercise remedies, as considered appropriate.
Disclosure	<ul style="list-style-type: none"> - The client will disclose (i) ESIA online, and (ii) GHG emission level. (Depending on the category of the project) - Each Equator Bank reports publicly, at least annually, about its Equator Principles implementation processes and data of transactions as stated in Equator Principles Annex B.