

20TH ANNIVERSARY REPORT



Foreword

It is now two decades since the Equator Principles were first launched with ten financial institutions from 7 countries across North America, Europe and Australia. As we celebrate our 20th anniversary, it is timely to reflect on the many achievements of the Equator Principles Association and its members, and also to consider the challenges that lie ahead.

A cornerstone of the Equator Principles Association's ambitions has been to grow and evolve such that one day all projects globally are financed sustainably applying the Equator Principles framework. As you will see from this anniversary report, over the past twenty years the Association has made huge steps towards this ambition in terms of our size and reach. Our membership has expanded consistently since 2003, with particular growth in the Asia Oceania region in recent years, and now stands at 138 Equator Principles Financial Institutions (EPFIs) head-quartered in 38 different countries and across 6 continents.

This growth is also reflected in the number of projects that are being financed applying the Equator Principles with, for example, the number of in-scope Project Finance and Project-Related Corporate Loans transactions in the latest reporting year (2021) up by over 20% on the prior year. EPFIs apply a robust approach to identifying, assessing and managing environmental and social risks when financing projects: an approach we invite all financial institutions to adopt.

Since 2003 the Equator Principles has evolved through 4 revisions, the latest ('EP4') effective in 2020, to both broaden its scope of applicability, and also to reflect the changing environmental and social (E&S) landscape and challenges that we have come to better understand. For example we have introduced specific requirements

for human rights impact assessments, climate change assessments and to collate and share biodiversity information.

The management of the Equator Principles has also had to change as membership has grown. The Equator Principles Association was established in 2010 and includes support from a dedicated Secretariat team. A core focus of our recent activity has been to further uplift the Association to be better able to meet the requirements of our increased size, reach and stakeholder expectations. We are working on changes to our Governance Rules and legal structure to help achieve this, and a key milestone in 2022 was the appointment of an Interim COO. This was our first dedicated professional leadership position within the Office of the EP Association, and this role has now transitioned into the appointment in May 2023 of a permanent CEO.

We also take the moment of our 20th anniversary to consider how we remain relevant as the gold standard for E&S risk management for another 20 years. We will continue to develop to best position the EP Association to support our fast-growing membership against the backdrop of a rapidly evolving E&S risk landscape. I thank our founders, members and partners and hope you join me in celebrating our successes over the past two decades and look forward to some exciting new changes for the Association in the years ahead.

Amit Puri
EP Association Chair and Global Head,
Sustainable Finance, Standard Chartered

About the Equator Principles

The Equator Principles (EP) apply globally, to all industry sectors and to five financial products:

- Project Finance Advisory Services
- Project Finance
- Project-Related Corporate Loans
- Bridge Loans
- Project-Related Refinance, and Project-Related Acquisition Finance

Equator Principles Financial Institutions

(EPFIs) implement the Equator Principles through their internal environmental and social risk management policies, procedures and standards in order to comply with the Equator Principles. EPFIs may (at their own discretion) choose to utilise the Equator Principles for additional financial products outside the scope of the Equator Principles.

The Equator Principles were initially launched in 2003, with the EP Association established in 2010. The Equator Principles have since become the financial industry standard for environmental and social risk management in projects. Financial institutions adopt the Equator Principles to ensure that the projects they finance are developed in a socially responsible manner and reflect sound environmental management practices.

By doing so, negative impacts on project-affected ecosystems and communities should be avoided where possible. If unavoidable, negative impacts should be reduced, mitigated and/or compensated for appropriately.

The adoption of and adherence to the Equator Principles offers significant benefits to EPFIs, their borrowers and local stakeholders through their borrowers' engagement with locally affected communities. Adopters should be able to better assess, mitigate, document and monitor the credit and reputational risk associated with financing projects.

Additionally, the collaboration and learning on broader policy application, interpretation and methodologies between adopters, and with their stakeholders, helps knowledge transfer, capacity building, learning and best practice development. The adopters' role as financiers affords them opportunities to promote responsible environmental stewardship and socially responsible development.

The Equator Principles are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects.



Management & Governance

The EP Association is the unincorporated association of member EPFIs whose object is the management, administration and development of the Equator Principles.

Formed on 1st July 2010, the EP Association was instituted to ensure long-term viability and ease of management of the member EPFIs. It is governed by a Steering Committee, which comprises the Chair, Trustee, Regional Representatives and Management Support. To date, nine EPFIs have held the position of Chair.

Day to day running of the Association is managed by the Secretariat, who provide a wide variety of services to the Association's members, Steering Committee and Chair. The Association appointed its first ever Chief Executive Officer (CEO) in May 2023. The CEO is charged with implementing the annual program of work set by the Steering Committee, supporting EPFIs and engaging with external stakeholders, whilst working closely with the Secretariat.

Governance of the EP Association is set within the EP Association **Governance Rules** that are publicly available on the Association's website.

The Governance Rules define, inter alia:

- The process and requirements for adoption by perspective new members
- Ongoing requirements for EP Members (EPFIs)
- The overall management structure of the EP Association
- Decision-making processes.



Past and current Chairs

| | |
|---------------------|------------------------|
| 2005 | HSBC Holdings plc |
| 2006-2007 | UniCredit SpA |
| 2007-2008 | Barclays PLC |
| 2008-2010 | Itaú Unibanco S/A |
| 2010-2012 | Citigroup Inc. |
| 2012-2014 | ING Bank N.V. |
| 2014-2015 | Mizuho Bank, Ltd |
| 2015-2019 | Standard Bank Group |
| 2019-present | Standard Chartered PLC |

Our Strategy

We, the Equator Principles Financial Institutions, believe that the financial sector has a critical role and responsibility in tackling the environmental and social challenges facing the world today. We have adopted the Equator Principles to have a positive impact on the projects we finance.

Our ambition is for the Equator Principles Association to grow and evolve such that one day all projects globally are financed sustainably under this framework.

As the world around us changes we recognise we must keep pace. We will actively strengthen our network through partnerships and collaborations, as well as expanding our membership and encouraging participation from all stakeholders that support the financial services ecosystem.

Our community is open and diverse.

We recognise that the principles can only be truly effective when they are consistently and robustly applied. Continuous training and development are key to maintaining standards and we will provide tools, materials and support to our members. We will enhance our reporting and disclosure requirements and strengthen our governance and accountability processes.

We must continue to work collaboratively and dynamically to manage impacts to climate, people and biodiversity.

Our vision is clear: The Equator Principles must be the authoritative environmental and social risk management framework across the financial services industry.



Evolution of the Equator Principles

The Equator Principles have evolved via updates in 2006, 2013 and, most recently, 2020 ('EP4'). These revisions, which are adopted following extensive consultation with and then a vote by the full membership, have both broadened the scope of Equator Principles applicability and refined/expanded the environmental and social (E&S) requirements placed on in-scope Projects.

Changes introduced with each version of the Equator Principles include:

EP2 2006:

- Reduced Project capital cost thresholds at which the Equator Principles apply (from \$50million to \$10million)
- Scope of applicability extended to include Project Finance Advisory services
- Introduced the IFC Performance Standards as the primary underpinning E&S standards¹
- Enhanced disclosure and reporting requirements for borrowers and EPFIs
- Specific requirements introduced for Project-level grievance mechanisms

EP3 2013:

- Scope of applicability extended to include Project-Related Corporate Loans (PRCL) and Bridge Loans
- Introduced requirements for Greenhouse Gas (GHG) emissions estimates, reporting and alternatives assessments
- Enhanced requirements in relation to stakeholder engagement and indigenous peoples

EP4 2020:

- Scope of applicability extended to include Project Finance and PRCL related refinancing and acquisition
- Broadening of requirements for Projects in Designated Countries
- Introduced requirements related to Climate Change Risk Assessment and Human Rights Assessment

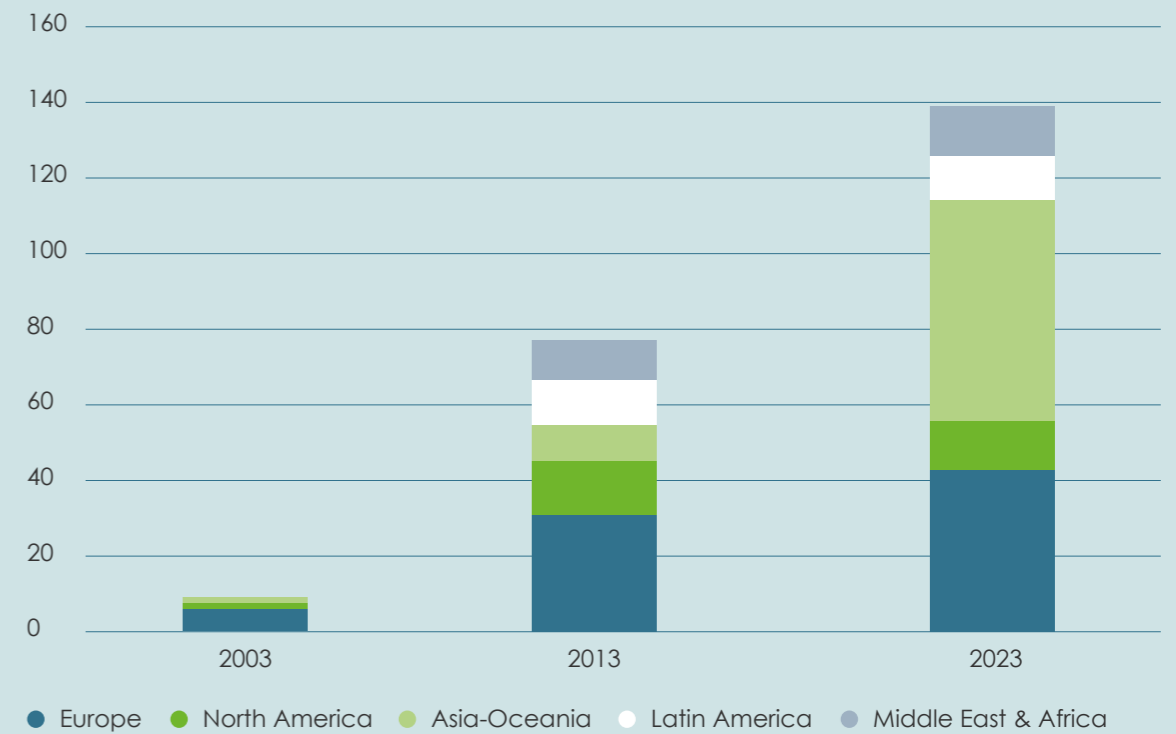
Membership of the Equator Principles has grown from the original 10 adopters in June 2003, to 78 at the time of our 10th anniversary in 2013, and now stands at 138 EPFIs located globally. Membership continues to go from strength to strength, with particularly strong growth in Asia-Oceania as shown from the graph below. A full list of current members is provided at the end of this report.

Throughout this period, Project Finance has remained an important element of global financing. Global Project Finance Loans in 2021 are reported² to have reached over US\$305.9 billion; an increase of 7% over 2020 and approximately 50% more than in our 10th anniversary year of 2013. This highlights the continuing relevance of the Equator Principles in global finance.

¹ To be applied to projects in low and middle-income countries (later referred to as Non-Designated countries from EP3 onwards)

² Refinitiv report <https://thesource.refinitiv.com/TheSource/getfile/download/82449f4c-7d9d-40d8-bb13-dc8f069b9a4b>

EPFI Membership Growth



Total Members 2023

138

Based in

38 countries

Achievements – Geographic Reach

A major achievement of the Equator Principles has been the growth in its geographic reach to projects located across the world. EPFIs report annually on projects funded in each of the following regions:

- Americas
- Asia Pacific
- Europe, Middle East and Africa (EMEA)

The proportion of transactions reported within each of these regions in 2021 is shown in the pie-chart (top right), and shows a generally even distribution between these regions, demonstrating the global reach of the Equator Principles.³

EPFIs located in different global regions support transactions for projects located not just in their own region but also globally, as shown by the graphic below right.³ This shows that, for instance, in 2021 around 44% of the Equator Principles transactions reported by EPFIs based in Asia-Oceania supported projects located outside of their region.

The geographic distribution of the transactions can be further broken down between projects in Designated and Non-Designated Countries. Designated countries are defined under the Equator Principles as countries that are both a member of the OECD and appear on the World Bank High Income Country list. As such, consideration of the number of transactions supporting projects in Non-Designated countries provides a proxy for understanding the reach of the Equator Principles into projects located in emerging and developing markets.

Over a third of transactions reported in 2021 supported projects in Non-Designated Countries.³

Project Name reporting requirements also include identification of the country(ies) where each project is located. In the 2021 reporting period, EPFIs supported projects located in over 60 different countries.³

2021 Transactions by Project Region

60+

different project countries

Proportion of transactions in Non-Designated Countries

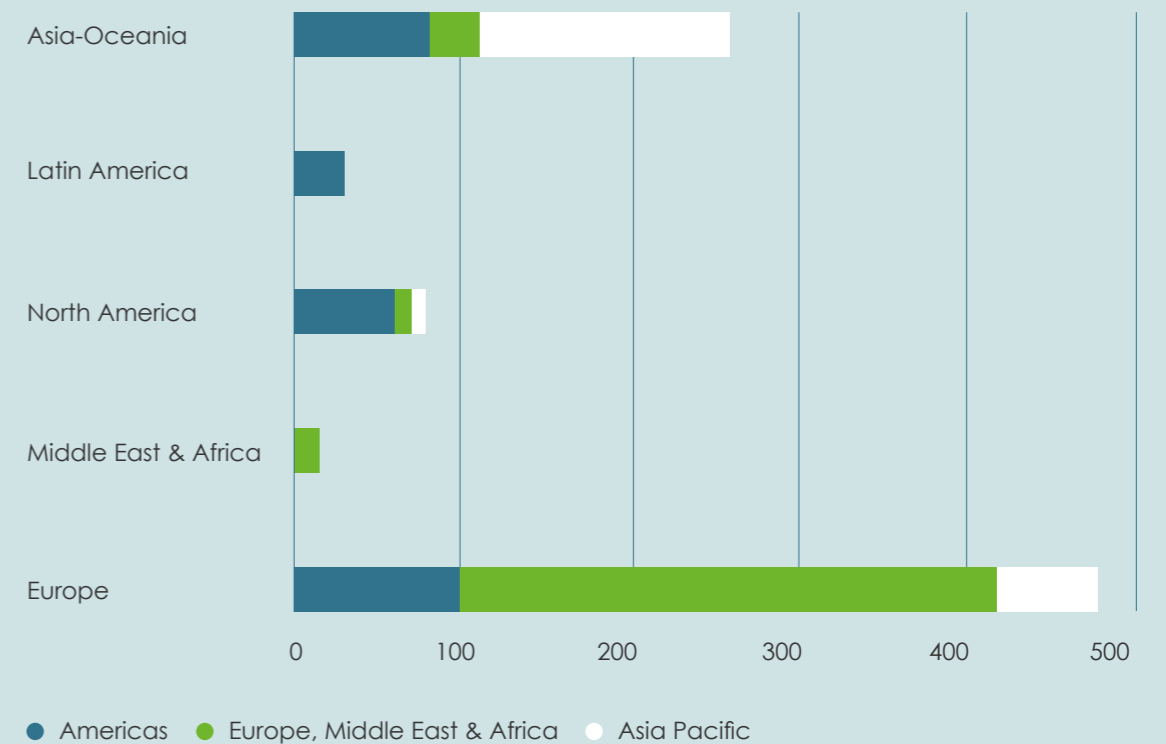
38%

³Project data reported have been subject to manual analysis and hence are approximations.

2021 Project Finance (PF) + PRCL Split by Project Region



2021 PF + PRCL Transactions by EPFI Region and Project Region



Partnerships

The EP Association supports a number of strategic partnerships. Examples of current partnerships include:

International Finance Corporation (IFC) / World Bank

The IFC Performance Standards (PS) are a key underpinning standard/benchmark to the Equator Principles. In February 2020 the EP Association and the IFC signed a Memorandum of Understanding outlining the collaboration's key tenet – to expand existing training and capacity building on Performance Standards. Initiatives in 2022 included:

- IFC representatives attended and made presentations at the EP Association's mid-year Workshop in Copenhagen and AGM in Seoul to discuss future collaboration opportunities (including evolution of the IFC PS/EPs), ongoing joint research (see below) and knowledge sharing.
- Joint research into the potential role of the IFC PS to support demonstration of Do No Significant Harm under the EU Taxonomy.

The EP Association is working with the IFC to plan joint meetings in 2023, including events around the 20th anniversary celebrations of the Equator Principles. In addition, the two organisations have agreed that the EP Association will develop its website to provide further links to relevant IFC resources.

Global Diversity Information Facility (GBIF)

In 2021 GBIF worked with the EP Association's Biodiversity Working Group (WG) to produce simple guidance that enables EPFIs and their clients to comply with EP4 requirements on sharing of biodiversity data. GBIF presented this guidance to EPFIs at the EP Association's Workshop in Copenhagen in May 2022.

Cross Sector Biodiversity Initiative (CSBI)

The CSBI is a partnership between IPIECA (the global oil and gas association for advancing E&S performance), the International Council on Mining and Metals (ICMM) and the EP Association, for developing and sharing good practice related to biodiversity in the extractive industries. The CSBI Chair rotates each year between the three Associations and the EP Association's involvement in CSBI is closely supported by the Association's Biodiversity WG. Affiliated members include the IFC, the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IDB). Key guidance notes are on their website. Recent CSBI initiatives have included knowledge sharing panel sessions/webinars on TNFD and biodiversity data sharing that were open to all EPFIs, and an event at COP15 titled "*Nature Positive: The emerging business as usual*", which EPA members contributed to and participated in. Future priorities for the CSBI are currently under consideration by the EP Association, ICMM and IPIECA and will be formalised later in 2023.

Guidance & Publications

The EP Association has also developed a suite of documentation to support EPFIs, their clients and consultants in the implementation of the Equator Principles. The documentation is freely available from the EP Association website's [Resources](#) page where materials are categorised into:

- Equator Principles documents
- Governance
- Guidance notes
- EP endorsed documents

Full list of currently available Equator Principles Guidance Notes

- Guidance Note: On the Selection and Scope of Work for Lender's Independent Environmental and Social Consultants
- Guidance Note: On Environmental and Social Impact Assessment Scope of Work
- Tools to Enhance Access to Effective Grievance Mechanisms & Enable Effective Remedy
- Guidance Note: On Implementation of Human Rights Assessments under the Equator Principles
- Guidance Note: Evaluating Projects with Affected Indigenous Peoples
- Guidance Note: For Consultants on the Contents of a Report for an Independent ESDD Review
- Guidance Note: On Biodiversity Data Sharing – For EPFIs
- Guidance Note: On Biodiversity Data Sharing – For EPFI Clients
- Guidance Note: For EPFIs on Incorporating Environmental & Social Considerations into Loan Documentation
- Guidance Note: On Climate Change Risk Assessment
- Guidance Note: On Implementation of the Equator Principles during the Covid-19 Pandemic
- Equator Principles Endorsed External Guidance: Good Practice Note for Environmental & Social Agents
- Implementation Note – The Equator Principles

Membership

ABN Amro
 Absa Group Limited
 Access Bank Plc
 Ahli United Bank B.S.C.
 Allied Irish Banks, p.l.c
 Aozora Bank
 Arab African International Bank
 Australia and New Zealand Banking Group Limited (ANZ)
 Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)
 Banco Bradesco, S.A.
 Banco de Crédito
 Banco de Galicia y Buenos Aires S.A.
 Banco de la República Oriental del Uruguay
 Banco do Brasil
 Banco Mercantil del Norte S.A.
 Banco Sabadell
 Banco Santander S.A.
 Banco Votorantim SA
 Bancolombia S.A.
 Bank of Africa
 Bank of America Corporation
 Bank of Chongqing
 Bank of Guizhou
 Bank of Huzhou
 Bank of Jiangsu
 Bank of Montreal
 Bank of Nova Scotia
 Bank of Taiwan
 Bank SinoPac
 Bankinter
 Barclays plc
 BNP Paribas
 BTG Pactual
 CAIXA Econômica Federal
 CaixaBank
 Canadian Imperial Bank of Commerce (CIBC)

Cathay United Bank Co., Ltd
 Chang Hwa Bank
 Chongqing Rural Commercial Bank
 CIBanco S.A.
 CIFI (Corporacion Interamericana Para El Financiamiento de Infraestructura S.A.)
 Citigroup Inc.
 Commercial International Bank (CIB)
 Commonwealth Bank of Australia
 Coöperatieve Rabobank U.A.
 Credit Suisse Group
 Crédit Agricole Corporate and Investment Bank
 CTBC Bank Co., Ltd
 DBS Group Holdings Ltd
 De Volksbank
 DekaBank Deutsche Girozentrale
 Deutsche Bank AG
 Development Bank of Japan
 DNB
 DZ Bank AG
 E.SUN Commercial Bank, LTD
 Ecobank Transnational Incorporated
 EIFO (formerly EKF)
 Ex-Im Bank
 Export Credit Norway
 Export Development Canada
 Export Finance Australia
 Export-Import Bank of the Republic of China (Eximbank)
 Far Eastern International Bank
 Fidelity Bank Plc
 First Abu Dhabi Bank (FAB)
 First Commercial Bank
 FirstRand Limited
 FMO (Netherlands Development Finance Company)
 Fujian Haixia Bank

Hana Bank
 HSBC Holdings plc
 Hua Nan Commercial Bank
 IDFC FIRST Bank
 Industrial Bank Co., Ltd
 Industrial Bank of Korea
 ING Bank N.V.
 Instituto de Crédito Oficial (ICO)
 Interbank
 Intesa Sanpaolo SpA
 Itaú Unibanco S.A.
 JPMorgan Chase & Co.
 KB Kookmin Bank
 KBC Group N.V.
 KfW IPEX-Bank GmbH
 King's Town Bank
 Korea Development Bank
 La Banque Postale
 Land Bank of Taiwan
 LBO France
 Lloyds Banking Group Plc
 Mauritius Commercial Bank Ltd.
 Mega Bank
 Mian Yang City Commercial Bank
 Mizuho Bank, Ltd. / AMOAI
 MUFG Bank, Ltd
 National Australia Bank Limited
 Natixis
 NatWest Group Plc
 Nedbank Limited
 NIBC Bank N.V.
 Nippon Life Insurance Company
 NongHyup Bank
 Nordea Bank AB (publ)
 NWB Bank
 O-Bank
 OCBC Bank
 OP Financial Group

Royal Bank of Canada
 Samsung Life Insurance
 SBI Shinsei Bank, Limited
 Shin Kong Commercial Bank (SKB)
 Shinhan Bank
 Shinkin Central Bank (SCB)
 Siam Commercial Bank
 Skandinaviska Enskilda Banken AB
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 Standard Chartered PLC
 Sumitomo Mitsui Banking Corporation
 Sumitomo Mitsui Trust Bank, Limited
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 Taishin International Bank
 Taiwan Business Bank, Ltd.
 Taiwan Cooperative Financial Holding Co., Ltd
 TD Bank Financial Group
 The Norinchukin Bank
 The Shanghai Commercial & Savings Bank, Ltd
 UK Export Finance
 UniCredit SpA
 United Overseas Bank Limited (UOB)
 Weihai City Commercial Bank
 Wells Fargo Bank, N.A.
 Westpac Banking Corporation
 Woori Bank
 Yuanta Commercial Bank

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