**Equator Principles Association**

The Equator Principles Association[1] promotes and encourages the adoption and implementation of the Principles by financial institutions.

The **Equator Principles** are financial industry benchmarks for determining, assessing, and managing environmental and social risk in projects. Large infrastructure and industrial Projects can have adverse impacts on people and on the environment. The Equator Principles (EP) 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.

The EP applies globally, to all industry sectors and to five financial products:

1) **Project Finance Advisory Services**,

2) **Project Finance**,

3) **Project-Related Corporate Loans**,

4) **Bridge Loans**, and

5) **Project-Related Refinance, and Project-Related Acquisition Finance**.

Information on detailed thresholds and criteria for application can be found below under 'Scope of the Equator Principles'.

Equator Principles Financial Institutions (EPFIs) implement the 10 EP through their internal environmental and social risk management policies, procedures, and standards in order to comply with the EP. EPFIs may (at their own discretion) choose to utilize the EP for additional financial products outside the scope of the EP.

**Scope of the Equator Principles**

The Equator Principles (EP) apply globally and to all industry sectors. An EPFI must apply the EP to any new Project that meets the below criteria:

1. Project Finance Advisory Services where total Project capital costs are US$10 million or more.
2. Project Finance with total Project capital costs of US$10 million or more.
3. Project-Related Corporate Loans where all of the following three criteria are met:
    - The majority of the loan is related to a Project over which the client has Effective Operational Control (either direct or indirect).
    - The total aggregate loan amount and the EPFI's individual commitment (before syndication or sell down) are each at least US$50 million.
    - The loan tenor is at least two years.
4. Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described in 2 and 3 above.
5. Project-Related Refinance and Project-Related Acquisition Finance, where all of the following three criteria are met:
    - The underlying Project was financed in accordance with the Equator Principles framework.
    - There has been no material change in the scale or scope of the Project.

[1] https://equator-principles.com/about-the-equator-principles/

- Project Completion has not yet occurred at the time of the signing of the facility or loan agreement.

While the EP is not intended to be applied retroactively, EPFIs are required to apply the Principles to the financing of expansions or upgrades of an existing Project.

**EP4**

The Equator Principles (EP) are updated periodically to build upon implementation expertise and ongoing learning by EPFIs and wider stakeholders, as well as to reflect changes in the evolving operating environment and emerging good practice. Please find here, the guidance document that supports EP4.