

# THE EQUATOR PRINCIPLES AND TRANSPARENCY

## WHAT DO EQUATOR PRINCIPLES COMMIT ON TRANSPARENCY?

The Equator Principles Financial Institutions (EPFIs) have committed to publicly report on their implementation of the Equator Principles. This involves three different aspects:

1. The actual reporting itself. Each EPFI is required to report annually to the EP Association (EPA) on the data and implementation of the EPs. The EPA is then required to provide a member list on its website, including a link to the latest report of each EPFI.
2. Each EPFI is required to report on the transactions under EP that have reached financial close in that year.
  - a. For Project Finance Advisory Services, the EPFI is required to show: the total number, the region and the sector.
  - b. For Project Finance and Project Related Corporate Loan, which needs to be in separated tables, the EPFI is required to show: the total number of transactions, the category, the sector, the region, the country and whether an independent review has been conducted.
3. Each EPFI is to annually report to the EPA on project names of project finances that have reached financial close in that specific year, provided there is client consent and this does not lead to violation of the law/jurisdiction in the project's host country. This list would be published on the EP website. Each EPFI can also voluntary publish such information on their own site or report.

## ISSUES WITH CURRENT COMMITMENT

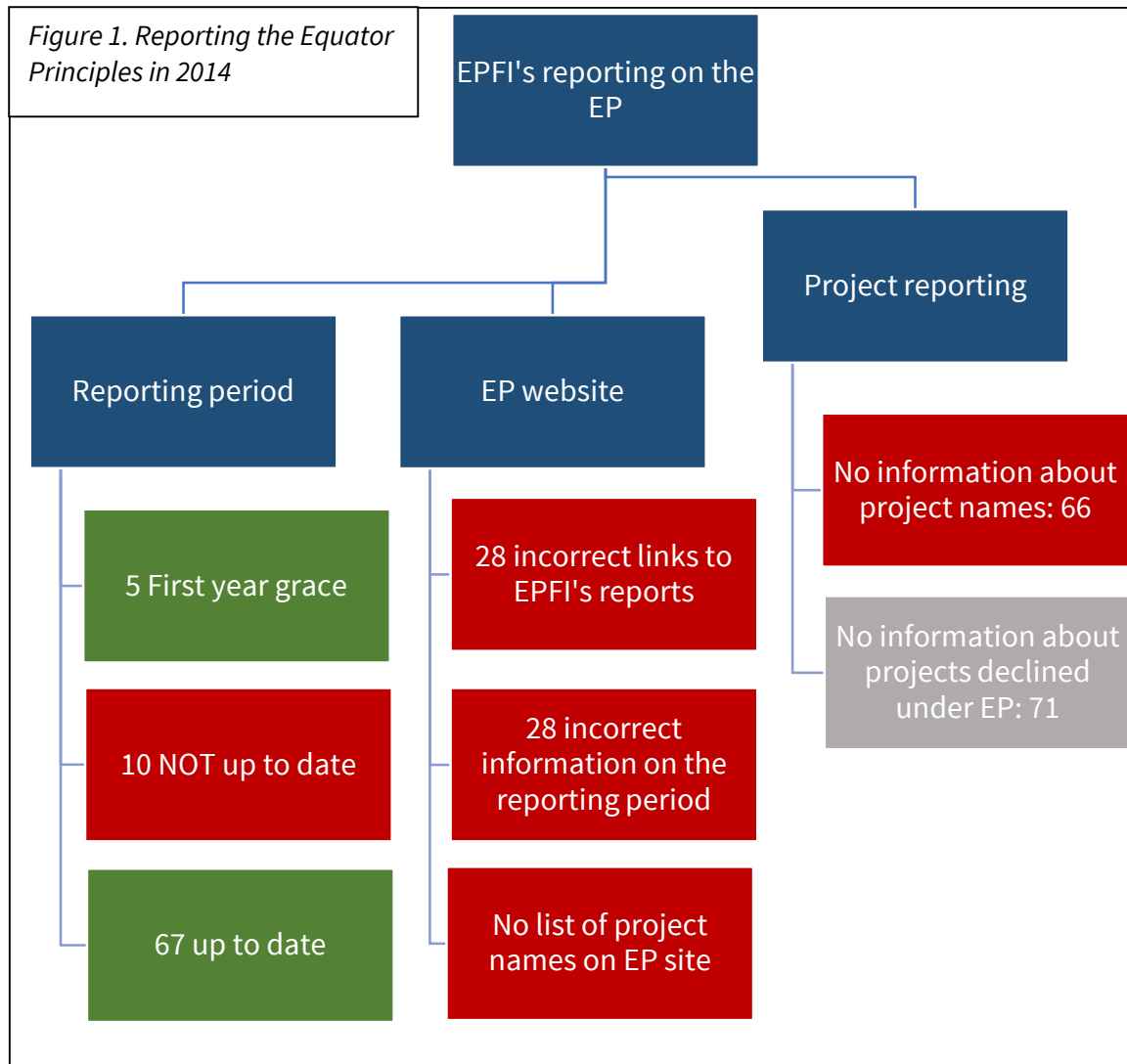
In December 2015 we have conducted a check on the quality of EP reporting over 2014, as presented on the EP website and the websites of EPFIs. The results of our check are presented in figure 1 and table 1. Key outcomes are:

- Five of the 82 EPFIs were in 2014 in their grace period, leaving 77 EPFIs with the obligation to report on 2014. 10 out of these 77 EPFIs do not have their reporting up to date, for instance when the information presented is from 2013 or only a part of 2014.
- The information on the reporting page of the EP website is not up to date. There are 28 incorrect hyperlinks on the website, and there is incorrect information on the reporting period of 28 EPFIs.
- 76 of the 77 banks have categorized their projects as A, B or C. However, only 38 out of 77 EPFIs provided a further specification by type of finance or advisory.
- The EP website displays no list of project names with financial close in 2014. Only 11 out of 82 banks list such projects on their own website. These 11 EPFIs are reporting on 106 project finance deals that have reached financial close, out of 640 project finance deals in total (16,5%).

## WAY FORWARD

We would like to see:

- The EP website being fully up to date at all times
- The list of projects presented on the EP website
- Information on number of projects being declined reported by EPFIs



*Table 1. Financing and advisory under Equator Principles in 2014*

	Category A	Category B	Category C	Unspecified	Total
Project finance	106	394	107	33	640
Project corporate loan	29	62	14	5	110
Project finance advisory	5	4	-	-	9
Bridge loan	1	-	1	-	2
<b>Unspecified</b>	<b>39</b>	<b>172</b>	<b>185</b>	<b>-</b>	<b>396</b>
<b>Total</b>	<b>180</b>	<b>632</b>	<b>307</b>	<b>38</b>	<b>1157</b>