



To: Equator Banks
c/o John Williams, HSBC

Your reference:

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Subject:

BankTrack's Second Anniversary Report on Equator Implementation

Date

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To the Equator Banks:

This June, on the anniversary of the Equator Principles, BankTrack will again release an annual review of Equator Principles implementation. In preparation for this review, we would like to share with you a few points regarding the report's methodology.

- **Reliance on public information:** Although many BankTrack member groups have strong relationships with individual banks, the anniversary report will rely on publicly available information as of 15 May 2005. In particular, we will examine data contained in annual sustainability/ corporate social responsibility reports, on the websites of individual banks, and on the official Equator Principles website.
- **Ranking:** A key feature of the review will be a ranking of EP banks based on their implementation efforts. However, our ability to assess such efforts is entirely based on the quality of banks' public reporting. Please note that banks that provide poor EP reporting will be assigned the lowest ranking rather than "Not Available."
- **Ranking methodology:** The methodology for assessing the quality of banks' EP implementation will largely rely on the implementation recommendations outlined in BankTrack's December 2003 paper "Good Faith, Good Practice," and on banks' participation in environmentally harmful / non-EP compliant transactions during the past year. The quality of banks' EP reporting will be benchmarked against the disclosure framework proposed by BankTrack and Cooperative Insurance Society, as well as the pilot version of the Global Reporting Initiative's Financial Services Sector Supplement: Environmental Performance.

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The "Good Faith, Good Practice" paper can be found on the Publications section of BankTrack's website, www.banktrack.org/index.php?id=112, as can BankTrack's and CIS's proposed disclosure frameworks. The Global Reporting Initiative's Financial Sector Supplement: Environmental Performance can be found at www.globalreporting.org/guidelines/sectors/FinancialServicesEnv.pdf

Finally, banks are welcome to send relevant sustainability reports and/or weblinks to Petra Jurasek at petra@banktrack.org or at the BankTrack office, located at Boothstraat 1c , 3512 BT Utrecht, the Netherlands.

Further questions can be directed to Johan Frijns, BankTrack coordinator (co-ord@banktrack.org); or Michelle Chan-Fishel of Friends of the Earth – US (mchan@foe.org).

Regards,

Johan Frijns, BankTrack

Michelle Chan-Fishel, Friends of the Earth - US