

TO:

ALL EQUATOR PRINCIPLES FINANCIAL INSTITUTIONS (EPFIS)

CC: MR. NIGEL BECK, STANDARD BANK, CHAIR OF THE STEERING COMMITTEE OF THE EQUATOR PRINCIPLES ASSOCIATION (EPA)

CONCERNING:

CIVIL SOCIETY EXPECTATIONS ON THE UPCOMING EQUATOR PRINCIPLES ASSOCIATION
ANNUAL MEETING IN SÃO PAULO

16 OCTOBER 2017

Dear Sir, Madam,

Next week, representatives of your bank will attend the Annual Meeting of the Equator Principles Association (EPA) in São Paulo, Brazil, presumably with the objective of further strengthening the Equator Principles (EPs) as a leading sustainability commitment for the banking sector. With this letter, I wish to once more emphasise the sincere interest of our organisations in seeing this meeting succeed, and urge you to decide in Brazil on concrete steps forward to achieve a strengthening of the EPs.

You will have noticed that, more than in any preceding year, there is a great amount of public interest in, and expectation on the outcomes of your meeting. Last month, BankTrack and 64 other civil society organisations, including many major environmental groups and Indigenous peoples' organisations, wrote an [open letter to the EPA](#) and all EPFIs asking you to agree in Brazil on a full revision process of the EPs, so that, at minimum, they reflect a strong commitment to fully consider the climate impact of all projects under consideration, and commit to fully respect the rights of Indigenous Peoples by withholding or denying consent to projects in their territories. The letter provides further detail on the precise commitments we seek from Equator banks.

Together with this letter we launched an online '[Global Call to the Equator Banks](#)' to allow other organisations and individuals to show their support for these demands to the EPA and all Equator banks. As of now, over 220 organisations from 40 countries, and almost 50,000 individuals have expressed such support, and counting.

In addition, over the last weeks many organisations have directly engaged with individual Equator banks, conveying the message that a revision process for the EPs must be agreed upon and that external stakeholders must be involved in the process of shaping a future version of the EPs.

This interest of so many people and organisations in the ongoing development of the EPs is quite unprecedented in the 14-year history of the EPs. We believe that it provides a unique opportunity for the EPA to reach out to civil society stakeholders and to strengthen its 'social license to operate' as *the* platform where the banking sector sets new standards on managing the social and environmental impacts of the business activities it finances.

Unfortunately, the steering committee of the EPA has thus far responded quite disappointingly to this opportunity. While the [letter from the EPA in response](#) to our abovementioned letter states that the topic of 'climate change' is indeed tabled for discussion in Brazil, this only refers to workshops on current practices and implementation challenges, and not to any proposal to concretely strengthen the climate commitments contained in the EPs. On Indigenous Peoples' rights, the focus of discussion seems to be only on ending the distinction between 'designated and non-designated countries', and on what this will entail for transaction costs rather than what it will deliver for Indigenous Peoples. Finally, when it comes to starting a full revision process of the EPs, the letter

seems to defer any decision on this to after the next revision of the IFC Performance Standards. However, as there is currently no such revision of these standards planned or apparently in sight, this would effectively stall any chance of updating the Principles any time soon.

Fortunately, it is not just civil society groups that believe that, for the EPA to maintain its position as key platform for market practice innovation, the EPs periodically need to be updated. The [letter by ten Equator banks to the EPA steering committee](#) of last May rightly observed that “whilst the EP Financial Institutions (EPFIs) and the EP Association have been quite active ... we believe that the world has changed even more rapidly and that the initial intention of setting a golden standard and common playing field needs to be reaffirmed. It is therefore critical that we maintain the level of our initial ambition and that the EP Association demonstrates continuous progress”.

Our organisations welcome the proposals of these ten banks on doing away with the distinction between designated and non-designated countries and on amending “... the EP framework to facilitate the resolution of issues resulting from a potential breach of the applicable E&S standards”, which if agreed would require a comprehensive revision of the EPs. We call upon all Equator banks to support these proposals.

Our organisations are even more encouraged by the steps taken by several EPFIs in recent months (ING, ABN AMRO, Crédit Agricole, Société Générale, BNP Paribas, to name a few) to amend their investment policies for the fossil fuel sector, and exclude their involvement in one or more high-impact sub sectors as tar sands, shale gas, coal mining and coal power, oil and gas pipelines and exploration activities in the Arctic region. We consider these moves a recognition by these banks of the unacceptable risks posed by those sectors to the world's climate and the environment.

We live in extraordinary times that require bold decisions. As we write this letter to you, huge parts of the Caribbean and the South coast of the US are in ruin after three hurricanes in a row, the wine valleys of California are on fire, Vietnam is dealing with immense floods and Ireland is being hit by a tropical hurricane. For the EPs to continue to serve as a proper ‘risk management tool for banks’, your meeting *must* address the role of the fossil fuel sector as the root cause of accelerating climate disruption that puts people, planet and also your business at risk all over the world. Business as usual, that is sticking to the outdated 2013 version of the EPs in a post-Paris-Agreement world, cannot be an option for how you intend to deal with those risks.

There is a lot at stake in Brazil and our organisations will therefore carefully monitor the proceedings and outcomes of the meeting. We expect you to re-establish the Equator Principles as a standard that genuinely benefits banks, people and planet alike.

Sincerely,

A handwritten signature in black ink, appearing to read 'Johan Frijns', written over a light blue horizontal line.

Johan Frijns, Director BankTrack (johan@banktrack.org)

On behalf of all organisations involved in and supporting the “[Equator Banks, Act!](#)” campaign