



To: Equator Principles Financial Institutions (EPFIs)
att. Shawn Miller, Chair of Steering Committee
CC. Equator Principles Steering committee members, ERM consultants,
Sue Ellen Lazarus

Subject:

Issues around Equator Principles Review process

Date

17 December 2010

Dear Mr Miller, Shawn

We noticed that today you posted on your website a note on the progress with the Equator Principles Strategic Review process. In typical fashion, the note states that the purpose of your review meeting in Beijing was "to ensure that it (EPs) continues to be the "gold standard" for financial institutions to manage environmental and social risk". The remark made us wonder why a self proclaimed 'Gold Standard' would bother with a review process at all..

We also heard that the issues that were raised by BankTrack in previous conversation, regarding the way the review process is being conducted, were explained as 'misunderstandings' that required no further action from your side, and that it is the hope of the EPFIs that BankTrack will still participate in the review process.

We are sorry to hear that the issues we raised in writing and in our conversation with your consultants are explained away as mere 'misunderstandings'. We also sincerely regret that these issues have prevented us from engaging in the process until now.

BankTrack thinks that 'Iron Processes do not deliver Gold Standards'. If the Equator Principles aim to set gold standards, they need to do so in their own review process as well, by ensuring that all relevant stakeholders are included in a fully transparent process that guarantees proper control of input by participants, and that ensures accountability towards those same participants on what the EPFIs will do with the input.

At this point in time it is impossible to turn the Iron process into a Gold standard, but we still see the possibility for you to elevate the quality of the review process to 'Copper level' by committing to the following simple actions:

- publish on the EP review website a list of all participants in the review process, organised by category (EPFIs, consultants, affected communities, NGOs, industry etc.), so that the public can review exactly which representatives of 'civil society' and other stakeholders have been consulted and/or submitted comments;

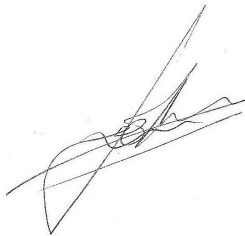
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- Provide on the review process website the option for participants to make their comments public and to post additional documents, so that the public can take note of the opinion of participant and in due time compare that input with actual outcome of the process;
- Indicate in your public report what sort of comments will be taken on board in next steps and what sort of suggestions are parked away, rejected etc.
- Make a commitment towards participants that the draft text of the Equator Principles 3.0 will be shared in advance and is open for additional comments prior to final release.

Such steps would keep the responsibility for the process and the final decision on what to do with input of participants where it belongs, with you. At the same time, this would guarantee that participants are in control of their own submission and are able to point out any discrepancies between their submission and the eventual outcome of the review process.

We look forward to your response and wish you success with the process, in whatever form you choose to have it.

With best wishes



Johan Frijns

Coordinator BankTrack