

Equator principles

EKF joined the [Equator Principles](#) in 2004. The Equator Principles provide a voluntary framework for assessing and managing environmental and social risks in transactions.

EKF's process assuring Equator Principles compliance lies with EKF's ESG department whose main responsibility it is to evaluate environmental and social risks. EKF ESG follows our [Environmental and Social Policy](#).

The transactions in scope typically include buyer credit transactions over USD 100 million, and project finance transactions over USD 10 million. Please see more details in the [Equator Principles](#).

In 2021, EKF approved 14 Equator Principles projects in total. On one hand, 8 projects were project finance transactions, whereby 7 of them were classified as Category B projects and the last one was classified as a Category A project. On the other hand, 6 projects were related to project-related corporate loans, whereby 3 of them were classified as Category A projects and 3 were classified as Category B projects.¹

The main sector for EKF's Equator Principles transactions is the wind power sector.

In all Equator Principles transactions, compliance with Equator Principles has been covenanted according to international standards. The projects are all subject to a minimum of annual monitoring during both the construction and operational phases.

Projects with expected high CO₂ emissions are required under the Equator Principles to report publicly on the emissions. For large emitters, an alternative analysis is also required to evaluate fewer intensive alternatives.

EKF Implementation

The Equator Principles are part of EKF's ESG Policy. EKF's ESG department carries the overall responsibility for the implementation of the ESG policy, which is revised in alternate years, and is subject to approval by our Board.

The ESG department consists of 5 full-time environmental and social sustainability consultants and 1 part-time consultant, which form part of EKF's Policy and ESG division. All 6 environmental and social sustainability consultants hold mandates as Equator Principles Reviewers.

¹ Under the Equator Principles, category A project are projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented; and category B projects are projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. The seeming discrepancy between the OECD classification and the Equator Principles classification can be explained by the definitions of what constitutes an A project under each framework. The [OECD Common Approaches](#) includes an illustrative list of A projects and thus has a more nuanced definition of what constitutes an A project. Where a project is classified an A project under the OECD Common Approaches and a B under the Equator Principles, EKF considers it a "B as appropriate" under the Equator Principles and hence applies guidelines for an A project under the OECD Common Approaches.



The ESG department performs interpretation and application of international standards, including:

- › Equator Principles
- › The OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The “Common Approaches”3)
- › IFC Performance Standards and EHS Guidelines
- › UN Guiding Principles for Businesses and Human Rights and UN Global Compact
- › Global Reporting Initiative (GRI)
- › Assessment of animal welfare conditions
- › Overall knowledge of national and international developments within the ESG field

Environmental and social sustainability is an integral part of EKF’s risk assessment of transactions. EKF’s internal environmental and social sustainability consultants always take part in EKF deal teams. Based on the Environmental and social sustainability assessment, it is decided by the Board of Management whether the business transaction can be approved or not. An approval may be subject to certain conditions. The conditions attached to the approval will be incorporated into the loan agreement or alternatively a customer agreement.

Project Finance

		Number of Projects	
		Category A	Category B
Number of Projects		1	7
Region			
	Americas	0	0
	Europe, Middle East & Africa	1	5
	Asia	0	2
Sector			
	Power	1	7
EP Country Designation			
	Designated Country	1	6
	Non-Designated Country	0	1
Independent Review			
	Yes	1	7
	No	0	0

Project detail (Project Finance):

Project name	Sector	Project location	Classification (OECD/EP)	Reporting period (years, months)	Independent review
Mercury	Wind power	Taiwan	A/B	19,8	Yes
Banie III and Sepopol	Wind power	Poland	A/A	17,0	Yes
Obton	Solar power	Japan	B/B	15,6	Yes
Arcadis Ost 1	Wind power	Germany	B/B	20,6	Yes
Janikowo	Wind power	Poland	B/B	18,9	Yes
Debnica	Wind power	Poland	B/B	15,9	Yes
Pommern	Wind power	Poland	B/B	17,5	Yes
Grace	Wind power	Poland	B/B	17,8	Yes



Project-Related Corporate Loans

		Number of Projects	
		Category A	Category B
Number of Projects		3	3
Region			
	Americas	0	0
	Europe, Middle East & Africa	3	2
	Asia	0	1
Sector			
	Infrastructure	1	0
	Power	2	1
	Others	0	2
EP Country Designation			
	Designated Country	0	0
	Non-Designated Country	3	3
Independent Review			
	Yes	3	3
	No	0	0

Project detail (Project-Related Corporate Loans):

Project name	Sector	Project location	Classification (OECD/EP)	Reporting period (years, months)	Independent review
Soganli	Wind power	Turkey	A/A	14,3	Yes
Haci Bey	Wind power	Turkey	A/A	14,0	Yes
BBYO Railway	Infrastructure	Turkey	A/A	10,0	Yes
Hotel & International Conference Center	Others	Benin	B/B	10,0	Yes
Construction of Medical Clinics	Others	Ivory coast	B/B	11,7	Yes
Tan Thuan	Wind power	Vietnam	B/B	13,0	Yes

This fulfills EKF's requirement under the Equator Principles to report annually on transactions that were issued during 2021. Please contact EKF's ESG department for further details on any of the above transactions.