GUIDANCE FOR EPFIS ON INCORPORATING ENVIRONMENTAL AND SOCIAL CONSIDERATIONS INTO LOAN DOCUMENTATION

Disclaimer: This guidance document has been prepared for use by Equator Principles Financial Institutions (EPFIs). The document should not to be viewed as a required legal framework, but a guidance document to assist EPFIs in incorporating environmental and social considerations into loan documentation, as appropriate. As such, it does not refer to any specific Law. If this document is used by an EPFI it would be considered prudent to take in to account national law of the host country(ies) in which it is applied. The structure of the loan agreement will depend on the nature of the loan and Project, and complexity of the environmental and social risks (i.e. category of the Project).
INTRODUCTION

The Equator Principles is intended to serve as a common baseline and framework for financial institutions to work in partnership with their clients to identify, assess and manage environmental and social risks and impacts in a structured way, on an ongoing basis.

The Equator Principles apply to four financial products¹:

- Project Finance Advisory Services,
- Project Finance,
- Project-Related Corporate Loans, and
- Bridge Loans.

The loan agreement, sometimes called an investment agreement, is a key legal document that provides Equator Principles Financial Institutions (EPFIs) the formal opportunity to require the client to address environmental and social issues throughout the Project Cycle, especially following Financial Close and subsequent drawdowns.

An important strength of the Equator Principles is the incorporation of covenants linked to compliance as outlined in Principle 8.

According to Principle 8, for all Project Finance and Project-Related Corporate Loans, the client will covenant in financing documentation to comply with all relevant host country environmental and social laws, regulations and permits in all material respects.

Furthermore for all Category A and B Projects, the client will covenant in the financial documentation:

a) to comply with the Environmental and Social Management Plan and Equator Principles Action Plan (where applicable) during the construction and operation of the Project in all material respects; and

b) to provide periodic reports in a format agreed with EPFIs (with the frequency of these reports proportionate to the severity of impacts, or as required by law, but not less than annually), prepared by in-house staff or third party experts, that i) document compliance

¹ As defined in the Equator Principles - June 2013
with the Environmental and Social Management Plan and Equator Principles Action Plan (where applicable), and ii) provide representation of compliance with relevant local, state and host country environmental and social laws, regulations and permits; and

c) to decommission the facilities, where applicable and appropriate, in accordance with an agreed Decommissioning Plan.

It is not a requirement to include the Equator Principles Action Plan as an Annex in the loan agreement. If an Equator Principles Action Plan has been agreed, the loan agreement should, as a minimum, contain a reference to this plan, and/or conditions precedent/subsequent in order to have the clients’ commitment to comply with the plan.

For Bridge Loans categorised A or B, where the Project is in the feasibility phase and no impacts are expected during the tenor of the loan, [the EPFI will confirm that] the client will undertake an Environmental and Social Assessment process.

Where a client is not in compliance with its environmental and social covenants, the EPFI will work with the client on remedial actions to bring it back into compliance to the extent feasible. If the client fails to re-establish compliance within an agreed grace period, the EPFI reserves the right to exercise remedies, as considered appropriate.

There are numerous ways an EPFI can structure a Project-specific loan agreement to incorporate appropriate environmental and social considerations that are consistent with Equator Principles requirements. Indeed, the structure of the loan agreement will depend on the business, sector, and complexity of environmental and social risks, as well as the precise nature of the loan (e.g. project finance loan, buyer credit, bridge loan, corporate loan). Furthermore, some EPFIs may wish to detail environmental and social considerations in other Project agreements referenced in the loan documentation. In the case of financings that benefit from guarantees from a third party, such as Export Credit Agency supported transactions, the loan agreement may need to reflect provisions inserted in another agreement (i.e. guarantee agreement).

As a consequence, the precise wording of the environmental and social provisions will largely depend upon the context. The following sections outline a number of commonly used environmental and social clauses regarding the key components of a loan agreement that EPFIs may use as they relate to a specific Project-related finance transaction.
KEY COMPONENTS OF A LOAN AGREEMENT

Definitions Section – an important component of any legal agreement is the definition of specific terms. EPFIs should ensure that environmental and social standards applicable to a Project are specifically defined in the loan agreement. Environmental and social terms commonly used in loan agreements are outlined in the final section of this guidance document, “Glossary of Terms”.

Representations and Warranties – a series of statements of fact made by one party on the basis of which the other party undertakes to enter into the agreement. The representations will typically cover such matters as the legality and enforceability of documentation, the compliance with relevant environmental and social laws, the financial condition of the Borrower, and the absence of any material litigation or other proceedings against the Borrower. Material inaccuracies in Borrower representations will normally constitute an Event of Default under the loan agreement. In line with standard loan documentation the representations are repeated by the Borrower on certain occasions.

Conditions Precedent – a set of pre-conditions that must be satisfied before the Borrower can request drawdown, or before other credit facilities can be made available under a loan agreement. Conditions Precedent can be used to require Borrowers to make certain progress on environmental and social issues before disbursement.

Covenants – the promises made by the Borrower to undertake certain actions (positive covenant) or to refrain from taking certain actions (negative covenant). Compliance with environmental and social laws and regulations, and the Project’s Environmental and Social Management Plan and Equator Principles Action Plan (where applicable), is a key covenant of loan agreements related to a Project. Reporting requirements should also be included as a covenant. Material non compliances with the covenants will normally constitute an Event of Default under the loan agreement.

Event of Default - an event that entitles the Lenders to cancel a commitment, declare all amounts owed by the Borrower to become immediately due and payable, and/or enforce security. For Projects with complex environmental or social issues, the Lenders and Borrower may want to include specific environmental or social Events of Default that may for instance refer to specific remedy periods.
ENVIROMENTAL AND SOCIAL CLAUSES

This section outlines environmental and social clauses that are commonly included in loan agreements related to Projects and is intended to be used as a reference tool for EPFIs.

The relevant clauses will depend on the nature of the loan and Project, complexity of the environmental and social risks, and on the development phase of the Project. The clauses should be read in the context of the terms of the loan agreement and any existing provisions therein. EPFIs may differ in the type of environmental and social clause they prefer to use (e.g. representation or covenant).

Not all clauses will be appropriate for all loan agreements, for example an Independent Review by an Independent Environmental and Social Consultant is only required for some Category A and B Projects, as defined in Principle 7.

Bridge Loans are not subject to Principle 8 covenant requirements. Nonetheless, there may be cases where an EPFI may, voluntarily and at its own discretion, refer to this guidance to help it draft appropriate clauses for Bridge Loans.

Terms which are included in brackets should be specifically defined in the Definitions section of the loan agreement (see the Glossary of Terms at the end of the guidance document).

REPRESENTATIONS AND WARRANTIES

1. There is no [Environmental or Social Claim] outstanding, pending or likely to occur in respect of, or in connection with the Project, which [Environmental or Social Claim] has or is reasonably likely to have a Material Adverse Effect on the implementation or operation of the Project in accordance with the [Environmental and Social Requirements].

2. The Project has at all times complied and currently complies with, and will continue, during all phases of construction and operation, to comply with all applicable [Environmental and Social Requirements], and has obtained and complies with all necessary Environmental and Social Permits and conditions therein.

---

2 According to Principle 7, an Independent Review is required for all Category A, and as appropriate, Category B Project Finance loans and, for Project-Related Corporate Loans with potential high risks impacts, including, but not limited to, any of the following: adverse impacts on indigenous peoples, Critical Habitat impacts, significant cultural heritage impacts and large-scale resettlement.
3. The Borrower has produced to the Lenders all relevant reports and information on [Environmental and Social Matters].

4. The Borrower has appointed an [Independent Environmental and Social Consultant], in accordance with agreed terms and acceptable to the Lenders, who will provide to the Lenders relevant monitoring reports satisfactory to the Agent on the implementation of the [Environmental and Social Management Plan] and [Equator Principles Action Plan] (where applicable).

CONDITIONS PRECEDENT

Conditions Precedent to initial disbursement

1. Permits

   a) Certified copies of all government or administrative approvals required for the Project [Environmental and Social Permits], unless due to the status of the Project, they are not yet required to be obtained.

   b) Opinion, issued by counsel and acceptable to the Agent, that the Project has obtained all permits and approvals necessary for ownership, construction and operation of the Project or, for any permits and approvals not obtained, that there is no reason to believe that such permits or approvals will not be obtained in the ordinary course prior to the time when required.

2. Reports

Delivery of the following with respect to:

   a) Environmental and Social Impact Assessment, Environmental and Social Management Plan and Equator Principles Action Plan (where applicable):

---

3 The Agent will be acting on behalf of all Lenders. In some situations, an EPFI may be appointed as an "Environmental Agent" to ensure that all Equator Principles requirements are met.

4 For an example of an Equator Principles Action Plan please refer to the ‘Guidance for Consultants on the Contents of a Report for an Independent Environmental and Social Due Diligence Review’
i. A certified copy of an [Environmental and Social Impact Assessment] report\(^5\);

ii. A report from the [Independent Environmental and Social Consultant] evaluating and confirming that the [Environmental and Social Management Plan] for the construction phase of the Project is operational and complies with all [Environmental and Social Requirements], and to the extent any aspect of the [Environmental and Social Management System] for the construction phase of the Project is to be implemented at a later date, all arrangements necessary for such timely implementation have been made through the [Equator Principles Action Plan];

iii. An [Equator Principles Action Plan] responding to or addressing arrangements and recommendations of the Project’s or Lenders’ consultants to the extent necessary to achieve compliance with [Environmental and Social Requirements];

iv. Required reports of the Technical Consultant, the [Independent Environmental and Social Consultant] and the Insurance Consultant have been received, and recommendations implemented to the extent necessary to achieve compliance with all [Environmental and Social Requirements];

v. A reliance certificate from the Technical Consultant, [Independent Environmental and Social Consultant] and Insurance Consultant entitling the Agent and the Lenders to rely on the reports and plans prepared by these consultants.

b) Lenders’ Independent Consultant Review

i. The [Environmental and Social Impact Assessment], [Environmental and Social Management System], Stakeholder Engagement process documentation (where relevant), [Environmental and Social Management Plan] and [Equator Principles Action Plan] (where relevant) have been reviewed by the [Independent Environmental and Social Consultant]\(^6\); and

---

\(^5\) When the Environmental and Social Impact Assessment does not meet international standards, taking into account all relevant issues identified in the IFC Performance Standards, it should be supplemented by additional studies to meet international standards.

\(^6\) For detailed information on Independent Review please refer to the ‘Guidance for Consultants on the Contents of a Report for an Independent Environmental and Social Due Diligence Review’.
ii. Delivery of appointment letters, including, without limitation, agreed scope of work, in relation to the Technical Consultant, the [Independent Environmental and Social Consultant] and the Insurance Consultant, for the purposes of identification only initialled for and on behalf of the Borrower and the Agent.  

c) Monitoring

i. The Borrower and Lenders have agreed on the form and substance of the Terms of Reference for the [Independent Monitoring Consultant], including the form of any reports required to be produced on or before such date pursuant to such Terms of Reference; 

ii. The Borrower has appointed the [Independent Monitoring Consultant], such [Independent Monitoring Consultant] satisfactory to Lenders; and 

iii. The [Independent Monitoring Consultant] has commenced its work in accordance with the Terms of Reference applicable to it.

3. Absence of Threat

a) The Borrower shall have certified that it has no reason to believe that any [Environmental and Social Permits] could reasonably be expected to be revoked. 

b) No Event of Default: No environmental or social risks or events shall have occurred that would result in an Event of Default or Potential Event of Default.

4. Confirmation of Compliance

a) Borrower is in material compliance with all applicable Covenants; 

b) The applicable representations and warranties to be made or repeated are true and correct in all material respects by reference to the facts and circumstances then existing.

In the event that financial advisors have already structured the due diligence, Mandated Lead Arrangers may want to include this Conditions Precedent for duty of care.

Covenants must include all environmental and social covenants as required by the Equator Principles.
5. Public Reporting

The Borrower will ensure that a summary of the Environmental and Social Impact Assessment is accessible and available online for all Category A and, as appropriate, Category B Projects, except in cases where the Borrower does not have internet access.

**Conditions Precedent to all disbursements**

1. Delivery of a certificate from the Borrower, certifying that the [Environmental and Social Management Plan] for the Project is operational and complies with all [Environmental and Social Requirements],

2. Delivery from the Borrower of a completeness status for the actions referenced in the [Equator Principles Action Plan] that should have been carried out as of the date of the disbursement, to the satisfaction of the Agent.

**Conditions Precedent to Completion (when Completion is used in the loan agreement)**

Completion is a concept commonly used for Project Finance transactions. Completion is usually achieved after the Project has met a defined set of technical and financial tests and is ready to start operation. After this point (the Completion Date), the loan becomes non-recourse to the sponsors.

1. A report from the [Independent Environmental and Social Consultant] confirming:
   a) that the [Completion Test] has evaluated and confirmed compliance of the Project with [Environmental and Social Requirements], including full implementation of the [Environmental and Social Management Plan] and [Equator Principles Action Plan] (where relevant);
   b) that the [Environmental and Social Management Plan] updated for the operation phase of the Project is operational and complies with all [Environmental and Social Requirements] and to the extent any aspect of the [Environmental and Social Management System] for the operation phase of the Project is to be implemented at a later date, all arrangements necessary for such timely implementation have been made through the [Equator Principles Action Plan];

---

9 Conditions Precedent to all disbursements may be considered, depending on the sensitivity of the Project.
c) whether in relation to the Project there are any:

   i. past or existing adverse risks or impacts relating to [Environmental or Social Matters] that have not been addressed by one or more [Corrective Action Plans], or

   ii. known or threatened [Environmental or Social Claim].

**COVENANTS**

1. **Positive Covenants:**

   a) Compliance with all relevant [Environmental and Social Requirements] in all material respects;

   b) Compliance with all relevant Environmental and Social Permits;

   c) Carry out the Project in accordance with the agreed [Development Plan] subject to any modifications that have been agreed to by the [Independent Environmental and Social Consultant] in writing subject to Lenders approval;

   d) Compliance with the [Environmental and Social Management Plan] and with the [Equator Principles Action Plan] (where the Project has an Equator Principles Action Plan) during the construction and operation of the Project, subject to any modifications that have been agreed to by the [Independent Environmental and Social Consultant] in writing subject to Lenders approval;

   e) Delivery of progress reports, (i) prepared by the Borrower’s in-house staff or third party experts, during the construction phase and operations phase post-Completion, and (ii) prepared by the [Independent Environmental and Social Consultant] during the construction phase and during the operations phase (including on-site visits to the Project), in each case that

      i) document compliance with the [Environmental and Social Management Plan] and the [Equator Principles Action Plan], where applicable, and

      ii) certify material Project compliance with all [Environmental and Social Requirements];

   f) Operate, maintain and repair, or ensure that the operation, maintenance and repair of the Production facilities are in accordance with good industry practice for Projects of this type;
g) Right of the Lenders, or representatives, to access and inspect property and books and records, as appropriate including right of direct access to the [Independent Environmental and Social Consultant];

h) Decommissioning of the facilities, where applicable and appropriate, in accordance with an agreed [Decommissioning Plan], to be reviewed by the [Independent Environmental and Social Consultant] and satisfactory to the Agent;

i) Respond to releases of [Environmental Contaminants] as required by [Environmental and Social Requirements] through a [Corrective Action Plan];

j) Respond to any protests or challenges to the Project or its construction, permitting or operation.

2. **Negative Covenants:**

   a) Limitations on modification or termination of the major project documents;

   b) Limitations on material modification of the [Development Plan], the [Environmental and Social Management Plan], the [Equator Principles Action Plan] (where relevant) and/or the nature and scope of the Project.

**EVENTS OF DEFAULT**

1. An [Environmental or Social Claim] is brought against the Borrower which individually or in the aggregate could reasonably be expected to result in a Material Adverse Effect on the implementation or operation of the Project in accordance with the [Environmental and Social Requirements].

2. Non-compliance with or breach of any environmental or social covenants of Borrower in the Agreement.

3. Any of the environmental or social representations and warranties made by or on behalf of the Borrower is, or proves to have been, incorrect or misleading in any material respect when made or deemed to be made.
REPORTING REQUIREMENTS

The Borrower shall provide (where relevant):

1. Pre-Closing Reports

a) A report, dated within [30] days before the Closing Date, from the [Independent Environmental and Social Consultant], assessing the Project’s compliance with the applicable [Environmental and Social Requirements] along with a customary reliance certificate entitling Agent and Lenders to rely upon the report.

2. Progress Reports (During Construction of the Project)

a) Prior to the [Physical Completion Date], provide at least [annually]¹⁰ a progress report prepared by the Borrower, in form and substance satisfactory to the Lenders, that shall contain:

i. Details of compliance (or any non-compliance) with [Environmental and Social Requirements] applicable to the Borrower or the Project, and implementation of the [Environmental and Social Management Plan] and [Equator Principles Action Plan] (where relevant) during the period to which the report relates;

ii. Details of the actions, including timeframe for Completion, which the Borrower has taken or intends to take in order to rectify non-compliance, if any, during the period to which the report relates, as presented in a [Corrective Action Plan];

b) Prior to the [Physical Completion Date] provide at least [annually]¹¹ a report prepared by the [Independent Environmental and Social Consultant], reviewing the information listed above and assessing compliance with applicable [Environmental and Social Requirements] along with a customary reliance certificate entitling Agent and Lenders to rely upon the report.

¹⁰ The frequency of reporting may be increased depending upon the nature, impacts and sensitivity of the Project. A frequency of semi-annual or quarterly reporting is common during construction of the Project.

¹¹ Refer to page 12, footnote 10.
3. Operational Reports (During Operation of the Project)

a) After the [Physical Completion Date], provide at least [annually] an Operational Report that shall contain:

i. Details of compliance (or any non-compliance) with [Environmental and Social Requirements] applicable to the Borrower or the Project, and implementation of the [Environmental and Social Management Plan] and [Environmental and Social Action Plan] (where relevant) during the period to which the report relates;

ii) Details of the actions, including timeframe for Completion, which the Borrower has taken or intends to take in order to rectify non-compliance, if any, during the period to which the report relates, as presented in a [Corrective Action Plan];

b) After the [Physical Completion Date] provide at least [annually] a report prepared by the [Independent Environmental and Social Consultant], reviewing the information listed above and assessing compliance with applicable [Environmental and Social Requirements] along with a customary reliance certificate entitling Agent and Lenders to rely upon the report.

c) After the [Physical Completion Date] provide ad hoc reports prepared by the [Independent Environmental and Social Consultant], reviewing the reports and [Corrective Action Plan] prepared by the Borrower as per items 4 to 7 below.

4. Environmental or Social Claims

a) After becoming aware of the same, promptly provide to the Agent details of any material environmental proceeding, claim, liability or regulatory action which is likely to result in:

i) A liability exceeding USD [xxx] (other than a claim for workers compensation)

ii) A material delay to the Completion Date, or material impairment of the operation of the Project; or

iii) has or, if adversely determined, is likely to have a Material Adverse Effect on the implementation or operation of the Project in accordance with the [Environmental and Social Requirements].

b) the Borrower will subsequently present a report satisfactory to the Agent specifying the outcome of the Borrower's investigation into such event, and, if requested by the Agent, including a [Corrective Action Plan].
5. Environmental Contaminants

   a) After becoming aware of the same, promptly notify the Agent of any material event resulting in the release of an [Environmental Contaminant].

   b) The Borrower will subsequently present a report satisfactory to the Agent specifying the outcome of the Borrower’s investigation into such event, and, if requested by the Agent, including a [Corrective Action Plan].

6. Occupational Health and Safety

   a) After becoming aware of the same, promptly notify to the Agent of any material event resulting in death or multiple injury.

   b) The Borrower will subsequently present a report satisfactory to the Agent specifying the outcome of the Borrower’s investigation into such event, and, if requested by the Agent, including a [Corrective Action Plan].

7. Significant Social Grievance or Protest

   a) After becoming aware of the same, promptly notify the Agent of any significant community or worker-related protest directed to the Project which can potentially have a Material Adverse Effect on the Project or can potentially result in national or international media attention.

   b) The Borrower will subsequently present a report satisfactory to the Agent specifying the outcome of the Borrower’s investigation into such event, and, if requested by the Agent, including a [Corrective Action Plan].

8. Other

   a) The Borrower shall, upon the request of the Agent acting reasonably, provide such other information on any measures or monitoring undertaken by the Borrower or on behalf of the Borrower in compliance with [Environmental and Social Requirements].
9. Public Reporting by the Borrower

For a Project that emits over 100,000 tonnes of CO₂ equivalent annually:

a) The Borrower shall publicly report combined Scope 1 and Scope 2 Emissions during the operational phase on an annual basis. Quantification of the Green House Gas emissions will be conducted by the Borrower in accordance with internationally recognised methodologies and good industry practice.
GLOSSARY OF TERMS

This glossary has been prepared as a reference tool for many of the terms contained in this guidance document. EPFIIs may utilise, or amend, such definitions as deemed appropriate, and incorporate such terms into Project-specific loan agreements.

“Completion (or Completion Date)” occurs when a defined set of technical (including environmental and social) and financial tests have been met as stipulated in the financing documents.

“Completion Test” means the milestone achieved by the Project marking the end of the design, development and construction phases of the Project Cycle, and the start of the operational phase. The test confirms the project’s ability to perform as planned and generate the expected cash flows. For Projects requiring an Independent Environmental and Social Consultant, completion from an environmental and social perspective will only occur when the Independent Environmental and Social Consultant has deemed that the Project meets all the required performance criteria as defined by the Project-specific Environmental and Social Requirements.

“Corrective Action Plan” means a plan to correct and remedy all damage and adverse consequences caused by any failure by the Project to comply with any applicable Environmental and Social Requirements.

“Decommissioning Plan” means a plan to retire the physical facilities of the Project, including decontamination, dismantlement, rehabilitation, landscaping and monitoring.

“Development Plan” means the description of the physical facilities of the Project as described in the Environmental and Social Impact Assessment and engineering documents as the same may be amended from time to time in accordance herewith.

“Environmental Contaminant” means any substance (whether a solid, liquid, gas and whether or not combined with any one or more other substances), activity or other phenomenon that is capable of causing harm to man or any other living organism supported by the environment, or damaging the environment or public health.

“Environmental and Social Law” means any host-country governmental law, rule, regulation, order, writ, judgment, injunction or decree relating to pollution or protection of the environment, all local laws and regulations related to Environmental or Social Matters, and any specific agreements entered into with any competent authorities which include commitments related to Environmental or Social Matters.
“Environmental and Social Assessment” means a process that determines the potential environmental and social risks and impacts (including labour, health, and safety) of a proposed Project in its area of influence.

“Environmental and Social Assessment Documentation” means (as appropriate):

- the Environmental and Social Impact Assessment (or a non-technical environmental summary of it)
- the Environmental and Social Management Plan (or a non-technical environmental summary of it)
- the Equator Principles Action Plan (or a non-technical environmental summary of it)
- any other relevant documents (or non-technical summaries of them)

“Environmental and Social Impact Assessment” (ESIA) means the environmental and social impact assessment prepared by [xxx] dated [xxx].

“Environmental and Social Management Plan” means the environmental and social management plan of the Company dated [xxx], a copy of which is attached hereto as Schedule X (Environmental and Social Management Plan), as amended from time to time.

“Environmental and Social Management System” means the overarching environmental, social, health and safety management system (which term may refer to the system for the construction phase of the Project or the system for the operational phase of the Project, or to both systems collectively, as the context may require) as described in system manuals and related source documents, including policies, management programs and plans, procedures, requirements, performance indicators, responsibilities, training and periodic audits and inspections with respect to Environmental or Social Matters designed to identify, assess and manage risk in respect to the Project on an ongoing basis.

“Environmental or Social Matter” means those environmental and social aspects identified in the Environmental and Social Impact Assessment, Independent Environmental and Social Consultant’s review, or Equator Principles Action Plan which are considered relevant to the Project components.

“Environmental and Social Requirements” means, collectively, Environmental and Social Law and the applicable environmental and social standards, [including the IFC Performance Standards on
Social Sustainability and the Project-relevant World Bank Group Environmental Health and Safety (EHS) Guidelines] in force at the time of the agreement.

“Environmental or Social Claim” means any litigation, arbitral proceedings or administrative proceedings relating to:

(a) any applicable Environmental and Social Requirements; or

(b) any Authorisation relating to applicable Environmental and Social Requirements.

“Environmental and Social Permits” means any permit, approval, identification number, license or other authorisation required under any Environmental or Social Law.


“Equator Principles Action Plan” is prepared, as a result of the EPFI’s due diligence process, to describe and prioritise the actions needed to address any gaps in the Environmental and Social Assessment Documentation, Environmental and Social Management Plans, the Environmental and Social Management System, or Stakeholder Engagement process documentation to bring the Project in line with applicable standards as defined in the Equator Principles.

“Financial Close” is the date on which all conditions precedent to initial drawdown of a debt have been satisfied or waived.

“Independent Environmental and Social Consultant” means [xyz firm], in respect of Environmental and Social Matters pursuant to the Mandate Letter agreed with the Lenders.

“Independent Monitoring Consultant” means [xyz firm], in respect of Environmental and Social Matters or in either case, such other person as may from time to time be appointed for, and on behalf of, the Lenders.

12 Depending on the location of the Project, the applicable environmental and social standards include IFC Performance Standards and World Bank Group EHS Guidelines.
“Independent Review” is a review of the Environmental and Social Assessment Documentation carried out by an Independent Environmental and Social Consultant.

“Physical Completion Date” is the date when the Project is physically functioning, but not yet fully generating cash flow.

“Project” is a development in any sector at an identified location. It includes an expansion or upgrade of an existing operation that results in a material change in output or function.

“Project Cycle” means the progression of a Project from design and planning, construction, operations, and decommissioning or closure.

“Scope 1 Emissions” are direct Greenhouse Gas emissions from the facilities owned or controlled within the physical Project boundary.

“Scope 2 Emissions” are indirect Greenhouse Gas emissions associated with the off-site production of energy used by the Project.

“Stakeholder Engagement” refers to the IFC Performance Standards’ provisions on external communication, environmental and social information disclosure, participation, informed consultation, and grievance mechanisms.