

May 4, 2018

We are writing to follow up on the investor statement to the Equator Principles Association (EPA), signed by investors representing \$2.6 trillion in assets under management or advisement, containing recommendations for ensuring that signatory banks have the tools necessary to address the pressing environmental and social challenges facing today's corporations.

We are pleased that the EPA plans to start a process of updating the Equator Principles (EPs), and hope that the EPA is committed to an inclusive approach during the revisions process to garner input from Indigenous Peoples. As indicated in the investor statement, we do not believe that the EPs, in their current form, contain sufficient provisions to prevent or avoid potential negative impacts on Indigenous Peoples and other marginalized communities from projects financed by EPs members. Additionally, we agree with the importance of reflecting on the important implications of the Paris Agreement and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures recommendations. Last year's announcement has strengthened the credibility of the EPs with many stakeholders, and the commitment to Indigenous Peoples during this process has the potential to position the EPA as a leader in terms of implementing processes of meaningful engagement with Indigenous Peoples, drawing directly on their rights as enumerated in the United Nations Declaration on the Rights of Indigenous Peoples. However, the process and outcome of the review will be the ultimate determinant of success.

The EPA has stated that the review process will include external stakeholder consultation. We encourage the EPA to ensure that this process is open, transparent, and accessible to Indigenous Peoples and other stakeholders. As shareholders in many signatory banks, we strongly urge robust engagement with Indigenous Peoples where their input is given thorough consideration in the dialogues and drafts of the review of the EPs, given the degree to which the rights of Indigenous Peoples and Free, Prior, and Informed Consent have emerged as forefront issues in this discussion.

Additionally, we reiterate the requests from the investor statement that the EPA:

- end the rigid distinction between Designated and non-Designated Countries, and apply uniform environmental and social standards to projects in all jurisdictions, unless the local standards are *demonstrably* stronger (and not just assumed to be)
- establish a mechanism through which EPs signatory banks can facilitate the resolution of issues resulting from possible breaches of the applicable environmental and social standards; and
- strengthen reporting specifically for signatory banks, especially on their due diligence processes regarding human rights.

In conclusion, we are encouraged to hear that the approach of financial institutions to environmental and social risks is changing and that many stakeholders are now seeking input from Indigenous Peoples. We call on the EPA to provide an exemplary approach to the process of operationalizing a process of consultation and engagement with and for Indigenous Peoples.

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