

# **Project Finance: Are we done?**

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**Environmental Risk Policy**

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## Content

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- **Direct Risk and contaminated land screening**
- **Indirect Risk management process**
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## ESIA Policy & Project Finance Screening

- **Structured project finance transaction  
or known application of funds.**
- **Requires Environmental and Social Impact  
Assessment**
- **Prescribed scope of investigation, or**
- **Prescribed scope for second opinion**
- **Panel of ‘preferred’ consultants, reviewed regularly**
- **Prescribed minimum environmental management  
standards**
- **Meets obligations under Equator Principles**

## Direct Risk and contaminated land screening

- **Environmental degradation of commercial land**
- **Impacts value of major asset in balance sheets**
- **Potential liability and third party claims**
- **Bank has the potential to incur the costs of clean-up**
- **Site history, current and intended use determine level of investigation required**
- **Panel for consultants for risk-based assessment**

## Indirect Risk Management Processes

- **Sector specific policies – e.g. Defence, Waste, Power companies with nuclear generating capacity**
- **32 other sensitive sectors addressed by internal guidance notes, referencing prevalent risks, regulations and industry codes/standards**
- **Environmental risk management briefings to business teams and to credit risk teams**
- **Know Your Customer**
- **Senior Credit Committee clients environmental ‘health-check’**

## Challenges

- **Hearts and Minds**
- **Risks...what risks?**
- **Other business drivers**
- **'Environment' as a business generator/differentiator**