



FMOs Equator Principle Reporting over 2006

FMO

Finance for Development

Equator principles

The Equator Principles have become the financial sector standard for environmentally and socially responsible project finance.

Currently, more than 40 banks have committed to applying the IFC Environmental and Social Performance Standards to all project financing above US \$10 million. FMO started to apply World Bank/IFC policies and guidelines to all its financing in 2000, including investments below the Equator Principles' threshold amount.

FMO adopted the Equator Principles in 2005, and integrated the second generation Equator Principles in 2006. Although this has not affected FMO's financing criteria, it does express our endorsement of the principle of mainstreaming sustainability considerations in financial best practice throughout the sector.

If you would like to know more about the Equator Principles, please visit www.equator-principles.com.



Environmental and Social Risk Category Breakdowns 2006 in %

	Environmental		Social	
	Company Finance (CF)	Financial Institution (FI)	Company Finance (CF)	Financial Institution (FI)
Category A	6%	4%	15%	3%
Category B	83%	88%	77%	93%
Category C	11%	8%	9%	4%



Environmental and Social Risk Category Breakdowns 2006 in nr of projects

	Environmental		Social	
	Company Finance (CF)	Financial Institution (FI)	Company Finance (CF)	Financial Institution (FI)
Category A	3	3	7	2
Category B	39	67	36	71
Category C	5	6	4	3



Categorization

The intrinsic risk profile of each project or business is categorized, using a World Bank methodology that is also included in the Equator Principles, and can be summarized as follows:

- **Category A:**

potential adverse environmental or social impacts are significant and likely to be irreversible or unprecedented (for instance: mining)

- **Category B:**

potential adverse environmental or social impacts are real but site-specific, reversible and can be mitigated (for instance: existing industrial plant)

- **Category C:**

potential adverse environmental or social impacts are negligible (for instance: software company)

