

THE EQUATOR PRINCIPLES

Guidance on Implementation of the Equator Principles During the Covid-19 Pandemic

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PREAMBLE

The Covid-19 pandemic has had a significant effect on markets and supply chains across the globe. Consequently, there are material implications on financing including that applicable transactions continually meet the environmental and social (E&S) requirements of the **Equator Principles (EPs)**. The objective of this Guidance Note is to provide practical guidance for both Equator Principle Finance Institutions (EPFIs) and Borrowers on how to manage Covid-19 related risks to EPs compliance and it is intended to apply to both EP3 and EP4 transactions.

The Guidance Note considers managing the impacts and risks of: (i) Covid-19 related restrictions on EPFIs’ Environmental and Social Due Diligence (ESDD) process both prior to loan signing and Financial Close; (ii) Covid-19 on Borrowers’ ability to meet the E&S requirements of EPFIs and loan provisions; and (iii) Covid-19 on the health, safety and welfare of the workforce and local communities associated with EPs applicable Projects.

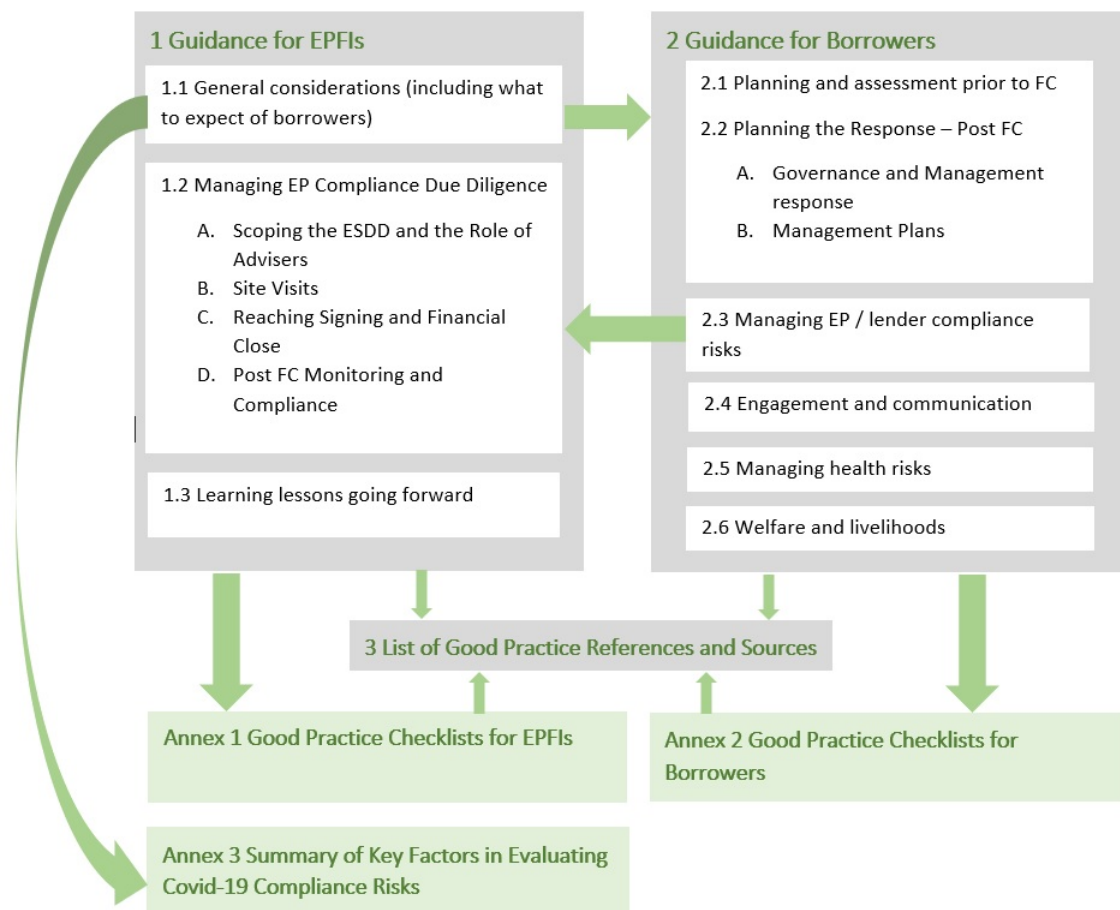


Figure 1 Guidance Note Document Map

The Guidance Note is set out to provide recommendations for EPFIs and Borrowers in **Section 1** and **Section 2** respectively, with cross-references identified where relevant. The Guidance Note also

provides a list of external good practice sources and materials ([Section 3](#)), good practice checklists for EPFIs and Borrowers ([Annex 1](#) and [Annex 2](#) respectively), and a summary of key risk factors to be considered when evaluating Covid-19 compliance risks ([Annex 3](#)). The Guidance Note Structure, including primary cross-linkages, is shown in [Figure 1](#).

1 GUIDANCE FOR EPFIs

1.2 General Considerations

The Covid-19 pandemic poses a number of risks to compliance for transactions falling under the requirements of the EPs. A risk-based approach can be helpful when determining the extent and depth of detail to which such risks within individual transactions need to be assessed. Risk-based reviews may include consideration of regional context (including known status of Covid-19 and healthcare capacity in region or country), Project risks (EPs categorisation, nature and status of Project, type and size of workforce etc.) and HSES management capacity of the Borrower (including past HSES performance and outline management response to Covid-19). A summary of key factors that are likely to have a material effect on compliance risk as a consequence of Covid-19 pandemic is provided in [Annex 3](#).

Given the severity of impact and global reach of the Covid-19 pandemic EPFIs may wish to undertake review of the potential effects on their assets and activities. It may be appropriate and efficient for some EPFIs to take a sectoral and geographical approach to identifying EPs compliance risks across their Project Finance portfolio. Compliance review at the Project-level can then be focused on priority risks.

EPFIs may work with their agents and advisers, including the Lenders' Environmental and Social Consultant (LESC), to review the adequacy of the Borrower's response against good practice as identified in [Section 2](#). For Projects yet to reach signing and/or Financial Close, it is important that the Environmental and Social Due Diligence (ESDD) undertaken by the EPFI and its advisers confirms that the Borrowers' assessment and management of environmental and social risks includes adequate consideration of Covid-19. For Projects in construction or operational phases during the pandemic, the assessment of the Borrower's Covid-19 response may form part of scheduled monitoring activities (including visits) and/or review of Borrower self-monitoring reports. However, additional interim Covid-19-specific reviews may be appropriate depending on the Project risk and the timing of the scheduled monitoring visit or reporting period.

During the Covid-19 recovery period it may be especially important to ensure that economic imperatives (*e.g.* at the national, local and Project/Borrower level) do not over-ride compliance requirements. For identified high-risk Projects EPFIs may wish to undertake a thorough assessment of Covid-19 related risks. A particular focus may need to be given to maintaining dialogue and oversight of ramp-up activities as Covid-19 restrictions are relaxed to ensure that these are undertaken in line with all applicable E&S requirements.

References: See Section 3 Reference 14

1.2 Managing Equator Principles Compliance Due Diligence

1.2A Scoping the ESDD and the Role of Advisers

The scope of, and approach to, the ESDD needs to consider both Covid-19 related restrictions on the ESDD process and the Borrower's management response to pandemic. Liaison with advisers will be important in setting and agreeing the scope of the ESDD in a timely manner. Engagement with any other lenders to agree the ESDD scope will also be important and, where appropriate, all-lender communication may help accelerate decision making.

The scope of work of the LESC should be sufficient to ensure that it encompasses assessment of any pandemic situation. Where the LESC is already appointed, the EPFI may liaise with them to ensure that this is the case and agree additional scope amendments with the Borrower and LESC if necessary. Where the LESC is yet to be appointed, then it is recommended that their proposed scope of work addresses both Covid-19 specific and general pandemic risks. Specific Covid-19 review requirements to be addressed in the LESC scope of work may include:

- Performance of Covid-19 constrained site visits (combination of approaches identified in [Section 1.2B](#) below may be considered).
- Review of the Borrowers' approach to pandemic risk management.
- Ensuring specific liaison with the lenders' technical consultant on emergency and business continuity aspects.

It is also recommended that loan documentation provisions for post-Financial Close monitoring visits be drafted to provide flexibility for how such visits are performed including options for 'blended' approaches as appropriate.

1.2B Site Visits During Covid-19

The ability of EPFIs and their advisers to undertake in-field site visits of Borrowers' Projects/facilities, either as part of the pre-Financial Close ESDD or as part of post-Financial Close monitoring, is likely to be affected by travel restrictions during the pandemic. Options to overcome such restrictions should be developed taking into consideration the materiality of compliance risks and the specifics of the Project and its location. Options may include:

- Delay of site visit. This may be relevant, for example, for monitoring visits on mature and/or steady-state Projects that are well-understood by the EPFI/LESC and that have a good compliance record during the loan period to date. In the case of such Projects with frequent

Potential Key Risk Project Scenarios

- Lack of visibility of Project performance during the period of travel restriction may be especially important where (i) the EPFI and LESC have not previously been to site (e.g. during pre-Financial Close ESDD; (ii) there have been significant concerns with a Borrower's prior compliance performance; (iii) a Project is entering a key development phase; or (iv) site visits are required to determine completion of key milestone including Conditions Precedent.
- Some aspects of ESDD reviews are especially difficult to perform remotely, particularly in relation to stakeholder meetings which may be difficult to achieve in all contexts regardless of alternative engagement options (especially where options are limited by technology availability, cultural context etc.)

site visits (multiple per year) it may be reasonable to reduce the number of physical monitoring visits and rely on Borrower self-monitoring reports. (See also [Section 1.2C](#) for specific issues related to delaying site visits during the pre-Financial Close ESDD.)

- Virtual site visits. Virtual site visits may be considered where the EPFI/LESC is unable to travel to site. These can combine remote videoconferencing (with shared screen for presentations) combined with remote visual aids. Visual aids may include drone video footage, photography from the Borrower, time lapse photography, orbital satellite imagery and real-time video/communication between remote LESC and Borrower personnel moving around site and/or other stakeholders. Virtual visits require detailed planning on agenda and approach, and information data requests (including requests for visual footage) are ideally received and reviewed in good time prior to the virtual visit.
- Use of local consultants. This is appropriate where the local consultants can be overseen remotely by the LESC or where the EPFI is satisfied that the local consultant is suitably experienced and independent. Blended options of local consultants onsite with remote liaison and capacity building from international LESCOs may also be effective, especially where there may be concerns over the experience and/or independence of available local consultants under the Covid-19 scenario. In some cases, this may require additional consultants to be identified and new contracting agreements to be put in place at short notice. There may also be travel restrictions on local consultants, although these are likely to be lifted more quickly than for international consultants.
- Increased remote communications between EPFIs, their advisers and Borrowers beyond formal virtual visits may also be appropriate in the form of calls, emails and information updates *etc.*

The Project context is an important consideration in determining the proposed approach to be adopted for site visits under Covid-19 restrictions and specific aspects to be considered include local communication networks/technology support, data security issues, issues with importing technology (e.g., options may be limited by the availability of technology locally) and cultural context (e.g., for remote stakeholder engagement). It is also recommended that the functionality and operability of key technology to be used for virtual visits be tested in advance where possible.

It is also important that the changing situation with regards to the ability to travel to specific Project locations is monitored and approaches amended accordingly.

1.2C: Reaching Signing and Financial Close

Prior to loan signing/Financial Close, key aspects of the ESDD in the context of Covid-19 restrictions relate to ensuring that: (i) a robust EPs compliance ESDD can be completed; (ii) the Borrower has been able to complete all material assessments and planning

Potential Key Risk Project Scenarios

- Situations where contract procurement has already occurred before signing/Financial Close
- Situations where significant construction has started before signing/Financial Close

activities necessary to meet EPs compliance; and (iii) E&S provisions with the loan documentation take due account of Covid-19 related risks and uncertainties.

Restrictions on site visits may limit the ESDD possible prior to signing or Financial Close, even where alternative/virtual site visits have been undertaken as described in [Section 1.2B](#). EPFIs may review the risks associated with such limitations in the ESDD to determine their ability to confirm the level of EPs compliance prior to signing and/or Financial Close. This issue may not occur in cases where Financial Close will also be delayed due to concurrent delays in the Borrower being able to commence construction (for example due to restrictions on worker influx/availability of workers) provided that by the time that construction can commence, then LESC/EPFI visits would also be feasible. In addition, there may be a material effect on the Project schedule itself that would need to be taken into account when finalising loan documentation.

To facilitate rapid Financial Close in such a scenario, the ESDD may be advanced as far as possible prior to the physical site visit. In such cases the EPFI may wish to request the LESC to provide detailed opinion on the residual risks to the ESDD in the absence of a physical site visit. Where such residual risks are low and well understood the EPFI may choose to proceed to signing with a Conditions Precedent for physical site visits to occur and confirm EPs compliance prior to Financial Close/first disbursement. However, to do so it would need to be confirmed that there were no potential risks related to, for example, Export Credit guarantee periods or government commitments if Covid-19 restrictions persist for a significant period (e.g. several months or longer). Other potential issues with this approach may occur where:

- Construction has started prior to Financial Close and hence significant work may be undertaken prior to Financial Close with limited ability for in-field independent review and which may be difficult to retrospectively assess by future physical site visits once Covid-19 travel restrictions have been eased. In such cases efforts to undertake interim virtual site visits during construction are recommended even if Financial Close is delayed until a physical site visit can be undertaken.
- Procurement has been completed prior to Financial Close with insufficient contractual provisions related to EPs compliance.
- The workforce is locally available and may mobilise on easing of travel restrictions well before the EPFI/LESC may be able to visit the site. In some instances this may be resolved by the use of local consultants subject to the considerations presented in [Section 1.2B](#).

For relevant Projects the pre-Financial Close ESDD will include review of the Borrowers Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP). The ESDD review of these documentations may need to take into consideration both any limitations in their development due to Covid-19 restrictions, and also whether Covid-19 risks have been adequately addressed within them. Covid-19 aspects to be considered by the Borrower in the development of the ESIA and ESMP are further discussed in [Section 2.1](#).

The E&S provisions within the loan documentation will need to reflect potential Covid-19 risks and impacts but also provide for implementation of relevant mitigation measures. These may be considered by the EPFI on a case -by-case as part of the loan negotiation with support from their advisers. Aspects to be considered may include, but not be limited to, the following:

- The definition of force majeure to include reference to the time period of disruption where force majeure can be claimed.
- Drafting of the definition of material E&S incidents and remedial actions/cure periods (including with respect to event of default) to adequately address disease/pandemic related impacts.
- Where possible and appropriate, link the timing of key E&S compliance actions (e.g. Equator Principles Action Plan (EPAP) deliverables) to Project milestones rather than calendar dates.
- Aspects related to the scope of work of the LESC and monitoring visits to address Covid-19 as described in [Section 1.2A](#) and [Section 1.2B](#). This may include requirements on the Borrower to ensure that agreed appropriate technology is available to facilitate virtual site visits.
- Ensuring detailed requirements for self-monitoring reporting by the Borrower, for example increased frequency and use of visualisation (e.g. drone footage, time-lapse photography *etc.*).

References: See Section 3 Reference 9

1.2D: Post Financial Close Monitoring and Compliance

EPFIs can work with their advisers and Borrowers to identify any areas where Covid-19 restrictions may limit the ability of the Borrower to meet compliance requirements (e.g. loan covenants and EPAP actions) during post-Financial Close monitoring. EPFIs may wish to encourage Borrowers to undertake a review of their compliance risks as outlined in [Section 2.2](#) in order to identify any such risks as early as possible and where feasible prior to any actual non-compliance occurring. In determining how to respond to such situations, risk-based reviews (see also [Section 2.2](#)) may be useful to enable EPFIs to focus on time-critical actions which, if not performed in a timely manner, may lead to significant E&S impacts that may be difficult to retrospectively remediate. In such cases alternative and/or additional mitigation/remedial actions may need to be developed and agreed (this should follow any cure periods allowed for in the loan documentation). Potential mitigation actions may include: suspension, delay, or amendment of Project activities to remove any actual E&S impacts; provision of additional support to affected parties; and/or identification of additional impact offsets. Where time-criticality is not identified, or where those Project activities to which the compliance requirement is associated are similarly delayed, it may be appropriate to agree a rescheduling of the required compliance action (see [Section 1.2C](#) for how E&S provisions may be drafted to help accommodate such situations in future transactions).

For aspects related to performance of site monitoring visits during the post-Financial Close phase, see [Section 1.2B](#).

1.3 Learning Lessons Going Forward

As the pandemic and associated impacts evolve, EPFIs may wish to undertake periodic review of the Covid-19 response with regards to EPs compliance across its portfolio, and in particular on its identified higher risk Projects, to identify any lesson learned and areas for improvement. This may cover both Borrower responses and the effectiveness of existing and modified compliance assurance approaches to identify good practices and whether additional controls (for example via EPFI/LESC ESDD review or loan requirements) could be generalised for use in future. This may be at both the individual EPFI level and the wider Project Finance sector level (for example working across the EPs Association). The review may cover, *inter alia*, specific Covid-19 aspects relevant to longer term Covid-19 scenarios (including evolving approaches as, for example, travel restrictions evolve), general pandemic scenarios and wider regional/global business interruption scenarios.

2 GUIDANCE FOR BORROWERS

2.1 Planning and Assessment Prior to Financial Close

Borrowers are required to develop an ESIA and ESMP for Category A and (where appropriate) Category B Projects as defined in the EPs. Any limitations in the development of the ESIA due to Covid-19, for example due to limited ability to undertake stakeholder engagement or baseline study, should be clearly identified by the Borrower. In addition, the ESIA and ESMP may need to include specific consideration of Covid-19 risks and impacts. See [Section 2.2B](#) and [Section 2.4](#) for guidance on consideration of Covid-19 in Stakeholder Engagement Plans (SEP), Emergency Preparedness and Response Plans (EPRP) and Covid-19 Community Response Plans. Covid-19 risks and management responses should also be considered within procurement, interface planning and construction methodologies.

2.2 Planning the Response Post-Financial Close

2.2A: Governance and Management Response

Borrowers should establish a multi-disciplinary team to plan their Covid-19 response with roles and responsibilities clearly identified. This team must have senior management buy-in as well as coordination with relevant internal (including shareholders as appropriate) and external (*e.g.* local authorities, emergencies and communities *etc.* as appropriate) stakeholders. Further guidance on governance and management response to Covid-19 is provided in references 3, 10, 14 and 16 in [Section 3](#).

References: See Section 3 References 3, 10, 13 and 16

2.2B: Management Plans

Risk registers and EPRPs should be updated and/or developed in the light of Covid-19. Project risks, including those associated with EPs compliance, should be identified and scenarios developed, including credible worst cases, as part of the plan updates. The plans should address impacts to workers, communities and the environment, and should involve Health and safety, environmental and social teams in their development. EPRPs should consider actions in event of Covid-19 cases within the Project, on-site medical response/facilities, quarantine procedures/facilities, medevac in remote areas, etc.. The plan should take due account of:

- the potential extended duration of the pandemic and potential future infection 'waves'
- the context of the pandemic in specific locations and geographies, including specific consideration of areas where under-reporting is likely and/or where peak infection rates may not have been reached.

Consideration should be given to developing a dedicated Covid-19 Community Response Plan (CCRP) addressing direct and indirect Covid-19 impacts to communities and Project impacts on communities (e.g. changed impacts and risks due to Covid-19). Projects in some locations, for example in remote areas, may be, or be perceived to be, a significant route of disease spread to local communities and this should be considered in the CCRP where appropriate. See also [Section 2.4](#) in relation to guidance for addresses Covid-19 risks within stakeholder engagement.

Management of change should be established as part of response procedures to ensure review and update in line with the evolving pandemic situation, legal requirements and guidance. This should include daily reviews of Covid-19 updates from the World Health Organisation (WHO), national public health authorities and national/local government. In addition, as the pandemic evolves, Borrowers are recommended to undertake periodic review of their Covid-19 response in order to identify any lessons learned and areas for improvement for inclusion in future contingency planning. This may include specific Covid-19 management in future, general pandemic risk management and wider business disruption topics.

Scenarios for the period of lifting of restrictions and recovery should also be included in the EPRP. This should include prevention and response for 'second wave' effects.

Potential Key Risk Project Scenarios

- Remote facilities
- Critical facilities (e.g. offshore)
- Developing countries with limited health care
- Key vulnerable groups (including Indigenous Peoples)
- Countries with poor human rights records
- Construction phase projects with large migrant workforce
- Countries with poor control of Covid-19, e.g. with limited data and control measures or where spread of pandemic may be under-reported
- Countries where the Covid-19 infection peak is yet to be reached
- Negative perception in local community of project as route for Covid-19 infection
- Key risks when national restrictions start to lift. Need for projects to determine if risk profile of project requires longer term/different restrictions for general national restrictions

2.3 Managing EPs / EPFI Compliance Risks

Covid-19 is likely to affect the Borrower's ability to meet compliance requirements, for example as set out in permit conditions, actions and measures specified in loan covenanted plans (e.g. EPAP, ESMP, SEP, Resettlement Action Plans (RAP), Livelihood Restoration Plans (LRP) etc.), and also to undertake required repair and maintenance

activities. Such compliance may be affected by restrictions on meetings with community groups, access to specialist services (for example closed laboratories, inability of specialists to travel to site, restrictions on import of materials) etc.. As part of the review of Covid-19 compliance risks, the Borrower should include development of mitigation actions, which should be communicated to relevant stakeholders. The review should include consideration of any third-party actions such as government led resettlement as relevant. The review should place a primary focus on those aspects that have the potential to result in significant E&S risks and should specifically distinguish between critical actions required in the short-term (e.g. to avoid significant E&S impacts that may be difficult to retrospectively remediate) and those that may be reasonably delayed without significant E&S impact (e.g. technical compliance issues with no immediate direct E&S impact or where suitable mitigation can be identified). See [Section 2.4A](#) for liaison with lenders over compliance risks.

Potential Key Risk Project Scenarios

- Key risk areas include actions likely to lead to significant E&S impacts/risks if not implemented on time schedule (e.g. implementation of RAP/LRP actions, repair/maintenance activities etc.)

2.4 Engagement and Communication

2.4A Engagement with Lenders

Adequate communication from Borrowers to Lenders on their Covid-19 response is essential. This should include details of identified key compliance risks, the proposed management response and any significant residual risks as outlined in Section 2.2. Where relevant, Borrowers and EPFIs should look for proactive input from the LESC and other advisers and agents in this process. The Borrowers' overall approach to managing Covid-19 risks can be reported to EPFIs as part of routine self-monitoring, LESC monitoring visits (as feasible - see [Section 1.2A](#)) and/or dedicated interim updates (for example where the next scheduled report or visit is several weeks or months away). Borrowers should report any key residual compliance risks to EPFIs as early as possible and where feasible prior to any actual non-compliance occurring. Significant outbreaks of Covid-19

and any Covid-19 deaths within the workforce should be reported as soon as reasonably possible (in line with existing good practice this is likely to be required under reporting clauses within loan

Potential Key Risk Project Scenarios

- Remote facilities
- Safety critical facilities (e.g. offshore)
- Developing countries with limited health care
- Construction phase projects with large migrant workforce
- Scenarios where engagement is critical to managing significant social/environmental risks in relation to ongoing project activities - e.g. active resettlement/livelihood restoration actions.
- Meaningful engagement may be difficult to achieve in every context regardless of alternative engagement options (especially where options are limited by technology availability, cultural context etc.)
- Negative perception in local community of project as route for Covid-19 infection

documentation). Any collective retrenchment should be notified to EPFIs and a retrenchment plan developed (see also [Section 2.6](#)).

2.4B Engagement with Workforce

The Borrower should communicate its approach to Covid-19 management to its workforce (including contractors) and provide information and advice about the virus. Engagement methods should ensure the ability to provide frequent updates. It is important to avoid out-of-date information in a rapidly evolving situation and it is recommended a central information portal/location is provided where the workforce can access all the latest information and guidance. Borrowers should consider the need for a 24-hour emergency hotline. Communications also need to be designed to avoid risks of stigma associated with infection in line with available good practice (e.g. see reference 24 in [Section 3](#)). See [Section 2.6](#) for engagement regarding any necessary reduction in labour.

2.4C Engagement with Communities and Other Third Parties

Borrowers need to review how existing planned/committed engagement activities may be affected by Covid-19 restrictions (e.g. by restrictions on social gatherings etc.) and develop mitigation and/or alternative engagement processes as necessary and feasible. This should include consideration of those engagement activities that are critical in the immediate future (and, for example, have the potential to result in significant adverse social/environmental that may be difficult to retrospectively remediate if not implemented) and those that can be deferred to when Covid-19 restrictions are relaxed without resulting in significant E&S impacts. Alternative engagement processes may include:

- Consideration of opportunities for engagement through local actors such as women and youth leaders, local authorities, traditional leaders, etc.
- Implementation of additional training for Community Liaison Officers to ensure they can effectively deliver key messages, particularly to the most vulnerable and where Project impacts will be significant.

The Borrower should further communicate information to local communities on the Project's response to Covid-19, including control of workforce-community interactions, any necessary changes to procedures (e.g. EPRP, grievance mechanism etc.), the Projects approach to controlling Covid-19 risks in the workforce and any aspects of support being offered by the Project to the local community (e.g. medical support, provision of Personal Protective Equipment, transport support etc. - see also commentary on Covid-19 Community Response Plans in [Section 2.5B](#)). This should include review of appropriate stakeholders (based on existing registers/lists) and include a focus on any identified vulnerable groups. Engagement will be especially important where Projects may be perceived to be a significant route of disease spread, for example in some remote locations. Proactive response and assistance may be a useful approach to gaining/improving trust within local communities.

Covid-19 engagement methods should be mindful of managing social stigma of Covid-19 (see WHO guidance). In addition, alternative engagement methods should consider the need to ensure anonymity (where appropriate, e.g. to prevent reprisals) and limitations in reach (e.g. vulnerable and other groups with limited access to electronic networks, social media etc.).

References: See Section 3 References 1, 8, 11, 23

2.5 Managing Health Risks

2.5A Workforce

Borrowers should develop a range of actions/procedures to manage worker risks. These must align with latest guidance/requirements at national/regional levels and WHO guidelines, and the roles and responsibilities defined by the Borrower should include ensuring that up-to-date information is maintained at the Project level. As appropriate the Borrower should liaise with national/local authorities to ensure alignment and appropriate collaboration. Topics to be covered are provided in the Checklist in [Annex 2](#).

References: Refer to applicable guidance including advice, guidance and requirements from WHO (see https://www.who.int/health-topics/coronavirus#tab=tab_1), national public health authorities and national/local governments. See also additional guidance in references 4, 8, 12, 12, 18, 19, 23 and 25. In additional sector-specific guidance is available from the WHO (ref 26) and other sources (e.g. see references 3, 6 and 16).

Potential Key Risk Project Scenarios

- Remote locations with difficult travel links and/or limited health care infrastructure.
- Construction phase projects, especially with large migrant workforce.
- Risk period when national/regional measures (e.g. on travel/quarantining) are relaxed
- Countries where spread of pandemic either may be under-reported or where peak is yet to be reached.
- Developing countries with limited health care
- Negative perception in local community of project as route for Covid-19 infection

2.5B Local Communities

Borrowers should review potential risks on local communities, including direct and indirect impacts of Covid-19 and any Covid-19 related Project impacts (e.g. worker-community interfaces, how any Project changes during to Covid-19 may affect communities, etc.). The Borrower should then assess its mitigation approach to Project-related impacts and also identify any opportunities to support communities mitigate wider Covid-19 risks/impacts either through new initiatives or building on existing programmes. The latter may include sharing/provision of resources (medical facilities, equipment, transport, test kits, food for vulnerable people in isolation etc.). Such approaches may be included within a dedicated Covid-19 Community Response Plan (see also [Section 2.1](#)).

References: See Section 3 Reference 1

2.6 Welfare and Livelihoods

Where travel restrictions lead to workers remaining on site for longer rotations, fatigue management procedures (e.g. reduced shifts, additional non-working days) may need to be considered. Where reduction in the workforce is required:

- Workers/worker representatives should be consulted during the process of evaluating the different viable options.
- Options for avoiding redundancy should be considered in the first instance (e.g. remote working, flexible, paid/unpaid leave, reduced hours/pay, furloughing where available etc.) with retrenchment taken as a last option.
- Reductions in workforce should be undertaken incrementally where possible and regularly reviewed.

Potential Key Risk Project Scenarios

- May affect all projects, but especially locations/sectors/projects with:
 - limited government support
 - vulnerable/ disproportionately affected elements of workforce (including women, casual workers, specific hardship cases)
- Developing countries with limited health care
- Countries with poor Covid-19 control
- Countries with poor human rights records
- Where high-risk supply chains used

Consideration should also be given to specific impacts on vulnerable workers (e.g. hardship cases, where women may be disproportionately affected, casual workers, consideration of support for workers with childcare issues, etc.). Supply-chain workers may also be disproportionately impacted by the pandemic, including being at increased risk of exposure to Covid-19, interruption of safeguard mechanisms, lack of health care provision, and loss of livelihood. Borrowers should assess any vulnerable high-risk supply chains and ensure that adequate engagement with primary supply chain providers.

Borrowers should also assess the economic impacts that any suspension of the Project may have on the local supply chain and indirect employment in the local community. Key risk/vulnerable groups should be identified and considered within support programmes (see commentary on Covid-19 Community Response Plans in [Section 2.5B](#)).

References: See Section 3 Reference 3, 6, 11, 18 and 19

3 LIST OF GOOD PRACTICE REFERENCES AND SOURCES

1. AngloAmerican: Community Response Action Plan: Site Planning Guidance and Template (<https://www.angloamerican.com/~media/Files/A/Anglo-American-Group/PLC/sustainability/covid-19-community-response-planning.pdf>)
2. ADB: Managing Infectious Medical Waste during the Covid-19 Pandemic (<https://www.adb.org/publications/managing-medical-waste-covid19>)
3. CDC: Covid-19 guidance for employers (https://assets.cdcgroup.com/wp-content/uploads/2020/03/14182319/CDC_Covid-19-Guidance-for-Employers.pdf)
4. CDC: Covid-19 guidance for investors and financial institutions on job protection (https://assets.cdcgroup.com/wp-content/uploads/2020/04/20171325/CDC_Covid-19JobProtection_A4_20-April-2020.pdf)
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23. WHO: Social Stigma associated with Covid-19 (https://www.who.int/docs/default-source/coronaviruse/covid19-stigma-guide.pdf?sfvrsn=226180f4_2)
24. WHO Covid-19 Situation Reports (<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/>)
25. WHO sector-based guidance for healthcare, education, food and agriculture and solid waste and waste water management (see WHO web pages)

See also applicable requirements and guidelines from relevant national/local public health authorities and national/local governments.

LIST OF ABBREVIATIONS

CCRP	Covid-19 Community Response Plan
EPs	Equator Principles
EPAP	Equator Principles Action Plan
EPFI	Equator Principles Finance Institution
EPRP	Emergency Preparedness and Response Plan
E&S	Environmental and Social
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
HSES	Health, Safety, Environmental and Social
LESC	Lenders' Environmental and Social Consultant
LRFP	Livelihood Restoration Plan
RAP	Resettlement Action Plan
SEP	Stakeholder Engagement Plan
WHO	World Health Organisation

ANNEX 1 Good Practice Checklists for EPFIs

General Considerations		
1	Take a risk-based approach to assessment of Covid-19 impacts on Project compliance with E&S requirements	
2	Where appropriate take a sectoral and geographical approach to risk assessment across the relevant transaction portfolio	
3	For identified high-risk Projects request information of the Borrowers' management response to Covid-19	
4	Utilise support from the LESC in undertaking the risk assessment and to assess Borrowers' Covid-19 management responses on relevant Projects	
Reference Sources: See reference 14		
Scoping the ESDD and the Role of the LESC		
1	Define the scope of the ESDD:	
	A	The ESDD needs consider both how Covid-19 related restrictions on the ESDD process and the Borrower's management response to pandemic.
	B	Define and agree the ESDD scope in liaison with advisers (including the LESC) and, where applicable, other lenders.
2	Include general pandemic and Covid-19 specific requirements in LESC scopes of work (pre-signing/FC) and then reflected in loan documentation. Requirements to be considered include: <ul style="list-style-type: none"> • Performance of Covid-19 constrained site visits • Review and monitor Borrowers' approach to pandemic risk management • Ensuring specific liaison with the lenders' technical consultant on emergency and business continuity aspects 	
Site Visits Under Covid-19 Restrictions		
1	Where travel restrictions limit the ability to undertake site visits, agree optimal approaches to site visits in discussion with agents, LESC and Borrower. Approaches to site visits include: <ul style="list-style-type: none"> • Delay of site visit • Virtual site visits (see below) • Use of local consultants • Combinations of the above 	
2	Good practice for virtual site visits includes: <ul style="list-style-type: none"> • good planning, ensure that there is a clear agenda and that the necessary information and Borrower personnel is available • the visit may have to be structured in a series of conference calls • technology options for consideration include videoconferencing, drone footage, time-lapse photography, orbital satellite imagery, video/photographic evidence and real-time video footage/communication (using Project personnel onsite) • final technology selection should be based on feasibility, best ensuring provision relevant information and ability to check gaps and uncertainties as identified in previous review and assessment • technology should be tested prior virtual visit 	
3	Identify limitations of agreed approach to site visits and assess associated risks to the ESDD to develop management approach	

4	Consider joint LESC/technical consultant virtual visits	
ESDD Prior to Signing/Financial Close		
1	Identify limitations of ESDD due to Covid-19, optimise mitigation approaches and assess associated risks within decision making	
2	Ensure general E&S provisions are tested for adequacy and resilience of approach to Covid-19 and similar pandemic/business continuity scenarios	
3	Include specific provisions within the loan documentation to manage potential Covid-19 risks and impacts, including consideration of: <ul style="list-style-type: none"> • The definition of force majeure to include reference to time period of disruption • Definition of material E&S incident and remedial action/cure to address pandemic related impacts • Link the timing of key E&S compliance actions (e.g. EPAP deliverables) to Project milestones rather than calendar dates • IESC scope of work and monitoring activity (including visits) to address Covid-19 	
4	ESDD review of the ESIA and ESMP (where required) should take into consideration: <ul style="list-style-type: none"> • Any limitations in their development due to Covid-19 restrictions • Whether Covid-19 risks have been adequately addressed 	
Reference Sources: See Reference 9.		
Post Financial Close Monitoring and Compliance		
1	Liaise with advisers and Borrowers to identify any areas where Covid-19 restrictions may limit the ability of the Borrower to meet compliance requirements (e.g. loan covenants and EPAP actions). Specific actions are summarised below	
A	Request Borrowers to undertake a review of their compliance risks in order to identify any such risks as early as possible and where feasible prior to any actual non-compliance occurring.	
B	Undertake risk-based reviews to enable focus on time-critical compliance risks	
C	Developed mitigation actions for any identified compliance risks (options may include: suspension, delay, or amendment of Project activities to remove any actual E&S impacts; provision of additional support to affected parties; and/or identification of additional impact offsets.)	
2	Review the Borrowers management of Covid-19 (benchmark against the good practice outlined in Annex 2 and against any agreed Borrower Covid-19 response plans).	

ANNEX 2 Good Practice Checklists for Borrowers

Planning and Assessment Prior to Financial Close		
1	Where Borrowers are required to develop an ESIA and ESMP in line with the EPs the Borrower should ensure that: <ul style="list-style-type: none"> Any limitations in the development of the ESIA due to Covid-19, for example due to limited ability to undertake stakeholder engagement or baseline study should be clearly identified. The ESIA and ESMP include specific consideration of Covid-19 risks and impacts 	
Management Response – Post Financial close		
1	Establish Covid-19 response committee/management team.	
2	Back-up members identified in case of illness within the committee/team and other key HSES roles	
3	Development of Covid-19 response plan and/or update existing management plans as appropriate. The response plans should address the identification and management of impacts and risks to workers, communities, the environment and E&S compliance requirements.	
4	Develop scenarios to underpin response plans including covering input from environmental and social teams	
5	Update risk registers and ERPP for Covid-19 risks and response (including in event of Covid-19 cases)	
6	Consider development of specific Covid-19 Community Response Plan	
7	Include unlock scenarios and associated risks in all the above plans, including the EPRP	
8	At relevant stages undertake management review of Covid-19 response to identify lessons learned and areas for improvements	
Reference Sources: Refer to applicable guidance including references 3, 10, 13 and 18		
Assessment of Compliance Risks with Lender Requirements		
1	Borrower to assess all forward compliance requirements with focus on key risk activities, develop mitigation actions and communicate with relevant stakeholders (including lenders).	
2	The assessment should evaluate and distinguish between critical actions required in the short term and actions that may be reasonably delayed (with potential mitigation)	
3	Proactive communication with lenders/LESC/ICA on Covid-19 response and risk management – ensure that any significance compliance risks are communicated as early as possible	
4	Provide comprehensive Covid-19 response plan that includes both direct and indirect impacts on the Project including material aspects of the Project (programme, supply chain, workforce etc) and the parameters associated with this	
Stakeholder engagement		
1	Develop a Covid-19 specific communication procedure for the workforce.	
2	Provide 24-hr emergency hotline	
3	Update SEP to include both: <ul style="list-style-type: none"> modification of existing planned/committed engagement activities to meet Covid-19 restrictions as necessary engagement activities focused on the Borrower's response to Covid-19 	

4	Consider alternative engagement approaches during Covid-19 as necessary, including for instance: <ul style="list-style-type: none"> • social media • traditional media (radio, TV, newspapers) • leaflets • signage • telephone • questionnaires (online, telephone or text/WhatsApp etc.) • Covid-19 hotline • Opportunities for engagement through local actors – such as women and youth leaders, local authorities, traditional leaders, etc. 	
5	Consider whether additional training for CLOs is required to ensure they can effectively deliver key messages, particularly to the most vulnerable and where Project impacts will be significant.	
6	Limitations in alternative methods need to identified and associated risks understood.	
Reference Sources: Refer to applicable guidance including references 1, 8, 11, 23		
Managing health risks - workforce		
1	Covid-19 procedures to be developed and implemented – topics (A to L) to be considered are, but not limited to, those listed in A to L below. These must be in line with national/local requirements and latest WHO guidance and other reference guidance is also provided below.	
A	Communications (information and training - see also engagement above)	
B	Isolation/care for sick and potentially infected staff	
C	Identification of vulnerable workers (incl. older employees, those with underlying health conditions etc.)	
D	Quarantine of staff travelling to site (if required and aligning with national/regional requirements - gain agreements where necessary/appropriate to provide Project-operated quarantine facilities as alternative to local authority quarantine facilities (if any)). This should include consideration of the Covid-19 status in the Project location and the main countries of origin of the workforce.	
E	Testing of staff	
F	Social distancing - procedural (e.g. use of 'closed' teams etc.) and infrastructural (physical separation systems/work zones, homeworking where possible, division between essential and non-essential teams)	
G	Hygiene including personal (coughing control, handwashing), cleaning of work and communal areas (including deep clean of any areas potentially exposed to virus), food preparation)	
H	Ventilation and air filtration of confined areas (include consideration of areas where open-windows are not an option)	
I	Covid-19 PPE (workers and medical staff)	
J	Health provision (staff training, PPE, isolation facilities, medevac arrangements, management of contaminated medical waste etc.)	
K	Workforce transport and access to site (including reduced bus occupancy, temperature testing etc.)	
L	Worker accommodation (including above aspects applied to accommodation)	
2	Management of Change should be established as part of procedures to ensure review and update in line with evolving situation, legal requirements and guidance. This should include daily reviews of Covid-19 updates from the WHO, national public health authorities and national/local government.	

3	Consider on a risk-basis the need for Covid-19 response procedures (e.g. quarantining) that may go beyond national/local authority requirements.	
4	Liaise with contractors to ensure adoption of appropriate and consistent measures (including at interfaces)	
5	Liaise with local medical facilities to identify available facilities, seek opportunities for collaboration and identify any opportunities to provide assistance.	
<p>Reference Sources: Refer to applicable guidance including advice, guidance and requirements from WHO (see https://www.who.int/health-topics/coronavirus#tab=tab_1), national public health authorities and national/local governments. See also additional guidance in references 3, 7, 11, 17, 18, 22 and 24. In additional sector-specific guidance is available from the WHO (ref 26) and other sources (e.g. see references 3, 6 and 16).</p>		
<p>Managing health risks – local communities</p>		
1	Assess and manage Project-related Covid-19 risks to local communities	
2	Assess non-Project related direct and indirect Covid-19 risks to local communities and seek opportunities to support through new initiatives and/or building on existing programmes	
<p>Reference Sources: See reference 1.</p>		
<p>Welfare and Livelihoods</p>		
1	Engage with workers/representatives on any labour reduction measures	
2	Implement labour reduction incrementally and consider options avoiding redundancy with retrenchment as a last option	
3	Any collective retrenchment should be notified to lenders and a retrenchment plan developed.	
4	In high-risk supply chains engage with primary suppliers to ensure continued control of forced labour and child labour risks	
<p>Reference Sources: Refer to applicable guidance including references 3, 6, 11, 18 and 19.</p>		

ANNEX 3 Summary of Key Factors in Evaluating Covid-19 Compliance Risks

Status of Financing

Pre-Signing/Financial Close

- No site visit undertaken and ability to do so restricted
- Risks may be exacerbated if significant construction has started prior to signing/FC
- Key assessments and engagement activities by Borrower not completed may be compromised

Post Signing/Financial Close

- Key E&S compliance milestones (e.g. E&S Conditions Precedents to drawdowns, ESAP deliverables) due imminently that may be affected by Covid-19 restrictions

Project Setting/Context

- Category A Projects
- Remote facilities
- Safety critical facilities (e.g. offshore)
- Key vulnerable community groups identified (including Indigenous Peoples)
- Negative perception in local community of project as route for Covid-19 infection
- High-risk supply chains used
- Vulnerable/ disproportionately affected elements of workforce (including women, casual workers, specific hardship cases)

Geographic Context

- Developing countries with limited health care
- Countries with poor human rights records
- Countries with limit/no welfare support in event of retrenchment
- Countries with poor control of Covid-19
- Countries where spread of pandemic either may be under-reported or where peak is yet to be reached
- Danger that economic imperatives at national, local and project/Borrower level over-ride compliance requirements

Borrower Capacity

- Concerns identified with Borrower's prior E&S compliance performance
- Evidence of key Covid-19 management and response measures not provided by Borrower

Project Status

- Construction phase projects with large migrant workforce
- Project activities ongoing/imminent:
 - related to key E&S sensitivities
 - where stakeholder engagement* is critical to managing significant E&S risks
 Examples may include active resettlement, livelihood restoration, construction in critical habitat etc.
- Project activities suspended / potential need for workforce reduction
- Covid-19 cases reported in Project workforce

*Note: Meaningful engagement may be difficult to achieve in all contexts regardless of alternative engagement options, especially where options are limited by technology availability, cultural context etc.

Pandemic Status

- Risk period when national/regional measures are relaxed:
 - Danger that economic imperatives at national, local and project/Borrower level over-ride compliance requirements
 - Second wave risks
- Evolving global and regional status of pandemic