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Dear Miss Shreve,

Equator Principles (EP III) Draft Public Comment Period

I am writing to comment on behalf of Standard Life Investments regarding the draft Equator Principles (EP III) guidance, released for stakeholder consultation and public comment.

Standard Life Investments is a leading UK institutional investor, with assets under management of £161 billion as at 31 March 2012. We invest around the world in the securities of a wide range of public and private companies, including a number of financial institutions. We believe that EP III is one of the leading voluntary social and environmental initiatives within the banking sector and commend the work that has been done to ensure that the Principles continue to evolve to meet new challenges. We therefore welcome the opportunity to comment on the new guidelines and have outlined our views regarding the latest draft below.

Scope of the Principles

We recognise that the level of diligence required by the Principles limits the scope of financial transactions it can be applied to. We were encouraged to find that the Principles are being expanded beyond project finance to also include certain corporate finance and bridging loans.

Further clarity on how the Principles will be applied to bridging loans, which currently varies depending on a project's stage of development, would be useful, as would clarity on the rationale underlying the different reporting requirement of projects in OECD countries compared to non-OECD countries.

We would recommend that mechanisms are in place to ensure that projects in OECD countries publish the equivalent of an Environmental and Social Management Plan (ESMP), which is currently a requirement of non-OECD projects.

We would also recommend that the distinction between OECD and non-OECD countries is subject to regular review, to ensure it remains consistent with regulatory changes which may not be represented within the scope of the OECD.

Environmental and Social Management

We would like to commend the Principles on going beyond the IFC Standards to inform its approach on human rights and also considering the UN Guiding Principles on Business and Human Rights. We believe that the Principles should also consider how it interacts with the various other initiatives that consider human rights, such as the UN Global Compact, and the Thun Working Group on Human Rights.

We would welcome further clarity on the Principle's definition of 'impacted communities' and 'consent' with regard to the guidance on free prior and informed consent (FPIC).

The publication of stakeholder consultations carried out by borrowers is a constructive method of increasing transparency and disclosure. Will the grievance mechanisms housed within these consultations allow impacted stakeholders to raise grievances with both the borrower and the lender?

Greater clarity on the evaluation of alternative fuel or energy sources would be beneficial, particularly the methodology applied to measure the financial feasibility of alternative energy sources against the technically feasible of energy sources.

Implementation of the Principles

With the launch of the new Principles expected to be completed by Jan 2013, during which reporting cycle should investors expect to see the application of the Principles?

Global project finance levels have shifted over the past few years, with the majority of projects now funded by non-EP signatories largely based in emerging markets, particularly Asia. Does this shift represent a decline in the significance of the Principles? What efforts are being taken to attract new signatories and have the additional requirements of the Principles made them unattractive to emerging market banks?

Furthermore, the new Principles require enhanced disclosure by borrowers (particularly for projects that emit more than 100,000 tones of CO2) and levels of stakeholder engagement. We would welcome analysis of whether these provisions create a risk that borrowers will favour non-EP signatories.

We hope these comments are helpful and invite you to contact me if you require any elaboration on the above. Thank you very much for giving us the opportunity to contribute our views.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andy Mason', written over a dotted horizontal line.

Andy Mason

SRI Analyst

Standard Life Investments