

# CHECKLIST FOR ENVIRONMENTAL AND SOCIAL REVIEW OF TRANSACTIONS - Projects

## 1 Aim

This is an Export Finance Australia tool used by the Technical, Environmental and Social (TES) Team for confirming that the Procedure for environmental and social review of transactions was implemented. It is through the Procedure that Export Finance Australia's Policy for environmental and social review of transactions is applied.

This checklist aims are to:

- ensure consistent application of the Policy and Procedure.
- aid external reviewers.

**Completed checklists for transactions are not made public.**

This checklist does not apply to existing projects, non-projects or bond transactions or transactions where a general facility review is applicable or transactions assessed by use of the SBEL or SME environmental and social screen as those transactions are, by definition, determined to have low environmental and/or social risk. Only relevant sections of this template are required for the completed checklist. Sections may be removed from the template if not needed.

## 2 Transaction information

### 2.1 Request Description

*Information matching the opportunity details from EXFOS submitted as part of a Request for Tech, E&S Review. The TES Team is not responsible for generating this information.*

Client:	
Transaction name:	
Is Facility?	
Facility type:	
Supply chain transaction?	
Transaction value:	
Industry sector:	
Country location of transaction or project:	
Known export destinations (as provided in EXFOS):	

### 2.2 Other transaction information

*Information provided or relevant to the transaction that supported the review.*

Transaction description:		
Global Approaches	For reporting purposes, nominate which Global Approaches apply to the transaction:	
	Common Approaches <input type="checkbox"/>	Equator Principles <input type="checkbox"/> <i>If yes, complete Section 3.3.</i>
Modern Slavery Statement		Only required when annual revenue <b>greater</b> than \$100million.

Required:		
Military Equipment:		If <b>yes</b> , the review is completed in line with the Military Policy and conclude in Section 4 – <b>Military Equipment</b> .
Energy Efficiency Related:		
Main reference reviewed:		
Client discussions / meetings / site visit:		

## 2.3 Screening and Classification

### 2.3.1 Applicable Environmental and/or Social Standards, Policies and Management Systems

Select appropriate within the tables and complete all relevant sections for the transaction.

Environmental and/or social information	Yes/No/Unknown/Not Relevant
Which standard is the project designed to comply with?	
<ul style="list-style-type: none"> <li>Host country</li> </ul>	
Is the host country an EP Designated country?	
<ul style="list-style-type: none"> <li>IFC Performance Standards</li> </ul>	
<ul style="list-style-type: none"> <li>World Bank EHS Guideline, or Sector Guideline</li> </ul>	
<ul style="list-style-type: none"> <li>Australian</li> </ul>	
<ul style="list-style-type: none"> <li>Other</li> </ul>	
If the standard used is not the IFC Performance Standard, is it equivalent to or more stringent?	
Located in or adjacent to a sensitive area (see Procedure Glossary of terms)?	
Environmental &/or Social Policies:	
Export Finance Australia client	
Project sponsor	
Management systems applicable:	
Export Finance Australia client	
Project sponsor	
Management plans applicable	
Export Finance Australia client	
Project sponsor	
Other:	
Environmental and social impact assessment documentation available?	
Independent adviser reports available?	

If other key information sources were used these should be described in Section 5. That information may include information from others such as affected communities, civil society organisations, and the Australian public, etc.

## 2.3.2 New project categorising screening

The categorisation should consider the definitions provided in the Export Finance Australia Procedure. Indicate where there may be a potential for environmental and social impact relating to the Project. Complete all relevant sections for the transaction.

	Yes/No	Comments
<b>Step 1 – Australian Project</b>  Is the Project in Australia? <ul style="list-style-type: none"> <li>• If “YES”, proceed to step 3.</li> <li>• If “NO”, proceed to step 2.</li> </ul>		
<b>Step 2 – Country Screening</b>  Is the project in an EP designated country <sup>1</sup> ? <ul style="list-style-type: none"> <li>• Proceed to step 3.</li> </ul>		
<b>Step 3 – Industry and Sector Screening</b>  Is the Project in one of the industry sectors <sup>2</sup> listed below? <ul style="list-style-type: none"> <li>➤ Communications or communications technology</li> <li>➤ Chemical manufacturing</li> <li>➤ Clothing and footwear manufacturing</li> <li>➤ Dams for water supply or hydro power</li> <li>➤ Live animal exporting or animal farming</li> <li>➤ Mining and smelting</li> <li>➤ Oil and gas</li> <li>➤ Non-Renewable Power generation</li> <li>➤ Pulp and paper manufacturing</li> <li>➤ Security forces, private and/or state</li> <li>➤ Waste processing or disposal of hazardous wastes</li> </ul> <ul style="list-style-type: none"> <li>• Proceed to step 4</li> </ul>		If yes, select the applicable sector:
<b>Step 4 – Human Rights including Modern Slavery</b>  Does the country, sector, specific industry, or company have credible evidence of human rights issues or modern slavery?		

Provide a summary of the screening and categorisation rationale.

<sup>1</sup> List of countries as defined by the Equator Principles as those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment (<https://equator-principles.com/designated-countries/>).

<sup>2</sup> Risk sectors are chosen based on the projects/activities listed as Category A Projects in ANNEX I of the Common Approaches ([http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg\(2016\)3](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg(2016)3)).

	Potential Impacts	Relevant?	Comment where the potential impacts are relevant to Categorisation
<b>Environmental</b>	Air emissions (i.e. generation of significant air emission, including GHG).		
	Waste (i.e. generation of effluents, waste, hazardous waste, wastewater).		
	Noise and vibration.		
	Significant use of natural resources.		
	Impacts on endangered species.		
	Located in or near sensitive areas.		
<b>Social</b>	Labour and working conditions.		
	Community health, safety, and security.		
	Land acquisition and involuntary resettlement.		
	Indigenous peoples, cultural heritage		
	Project-related human rights impacts, including forced labour, child labour and life-threatening occupational health and safety situations.		
<b>Other</b>	Overseas Infrastructure Project related to 5G communications networks or communications technology.		

Based on available information, and where all answers are **No**, then the new Project has minimal to no potential for adverse environmental or social impacts, no further action is required, and the transaction is a **Category C** Project.

Category A	<input type="checkbox"/>	Go to Part 3, Part 4 and Part 5
Category B	<input type="checkbox"/>	Go to Part 3 and Part 5
Category C	<input type="checkbox"/>	Go to Part 5

Guidance for determining the category was obtained from:

Category guidance used	Yes/No/Not Relevant
Category definitions (E&S Procedure)	
OECD Common Approaches Annex 1	
Other	

### 3 Risk evaluation

#### 3.1 Independent Environmental and Social Consultant

Appointment of an IESC	Yes/No	Comments
1 Has an Independent E&S Consultant ( <b>IESC</b> ) been appointed to the project?		
2 Has an E&S Action Plan ( <b>ESAP</b> ) been prepared to address gaps in the Project's compliance with the applicable E&S standards?		

3.2 IFC Performance Standards and EHS Guidelines

Export Finance Australia’s usual benchmark is the IFC Performance Standards. Indicate which Performance Standards were relevant for the project risk evaluation in the Table below. Attachment 2 provides additional guidance for the risk evaluation. The risk evaluation report should consider each relevant Performance Standard.

Complete where appropriate within the tables and complete all relevant sections for the transaction.

Performance Standard	Relevant?	Discussion
1 Assessment and Management of Social & Environmental Risks and Impacts		
2 Labour and Working Conditions		
3 Resource Efficiency and Pollution Prevention		
4 Community Health, Safety, and Security		
5 Land Acquisition and Involuntary Resettlement		
6 Biodiversity Conservation and Sustainable Management of Living Natural Resources		
7 Indigenous Peoples		
8 Cultural Heritage		

List any World Bank EHS Guidelines used in the risk evaluation:

List any other guidelines used in the risk evaluation:

If an alternate benchmark was used identify and describe below:

Benchmarking may identify a need for further studies, many of which can be required as conditions of support. Some factors, those involving human rights, may require further work prior to making a decision and the Performance Standard benchmarking should generally identify the need for such work.

3.3 Equator Principles

*Note: only relevant if screening and classification identifies the project as a transaction within the scope of Equator Principles.*

Are the Equator Principles relevant:

If no, move to section 3.4. If yes, the table provides an assessment by Export Finance Australia of overall compliance with each Principle.

Principle	Status <sup>3</sup>	Discussion / Recommendations <sup>4</sup>
1 Review and Categorisation		
2 Environmental and Social Assessment		
3 Applicable Environmental and Social Standards		
4 Environmental and Social Management System and Equator Principles Action Plan		
5 Stakeholder Engagement		
6 Grievance Mechanism		
7 Independent Review		
8 Covenants		
9 Independent Monitoring and Reporting		
10 Reporting and Transparency		

### 3.4 Additional factors

Some additional factors to consider are presented in the following table:

Characteristic	Relevant?	Adequately addressed in Project Documentation?
Export Finance Australia's Country Risk Assessment identifies human rights issues relevant to the transaction		
Located in a conflict or post conflict area		
Large-scale influx of workers		
Use of armed security or a security force not managed by the project sponsor		
Host country with any of the following characteristics: <ul style="list-style-type: none"> <li>large migrant workforce</li> <li>documented repression of minorities</li> </ul>		

Additional assessment is required when:

- a "Yes" response is provided to any characteristic, and the issue is not adequately addressed in the project documentation, or
- Export Finance Australia's due diligence identifies human rights concerns that are not adequately addressed in the project documentation.

The additional assessment must address the identified risks, including any adversely affected human rights.

## 4 Disclosure

For all Category A projects, Export Finance Australia's potential involvement must be disclosed (refer to Procedure for

<sup>3</sup> Project compliance status:

- Materially Compliant (MC): No significant areas of non-compliance for current stage of project development (long term items may be identified as ESAP items).
- Partially Compliant (PC): Mainly compliant but significant non-compliance in some respects.
- Non-Compliant (NC): Numerous significant compliance gaps.
- No Opinion Possible (NOP): Awaiting information to assess compliance.
- Pending: Currently not required at this stage of the Project.
- Not Applicable (NA).

<sup>4</sup> For inclusion in the ESAP or for further DD.

environmental and social review of transactions, Section 2.2.3).

Is the transaction a Category A Project? Choose an item.

If yes, Insert relevant information from the disclosure table from the Export Finance Australia website. If no, move to Section 5.

Project name and description	Location	Industry Sector	Facility Type	Reasons for classification	Project sponsor's environmental and social assessment	Disclosure period

5 Consideration

Provide a summary of the rationale for determining the transaction's level of potential environmental and/or social impact below (with supporting information contained in the transaction folder).

- 5.1 Background
- 5.2 Risk Assessment
- 5.3 Environmental and Social Action Plan
- 5.4 Conditions Precedent
- 5.5 Monitoring
- 5.6 Reputation Risk
- 5.7 Conclusion

Based on the available information, we categorise this Project:

Approvals necessary are summarised below:

Criterion	Approval required
Transaction associated with a Category A New Project not located in Australia and a value greater than SDR 10 million	Board
Transaction associated with a Category A New Project located in Australia	Board delegated approval to the Managing Director for transactions with a value less than A\$50 million. Above A\$50 million are subject to Board approval.
All other transactions	Made in accordance with Board delegated credit approvals.

Environmental and/or social risk evaluation report prepared:

By:

Date:

For all Category A and B transactions, an E&S Certificate of Currency shall be completed prior to signing of the transaction.

The review for this transaction is now complete.

6 Checklist amendments

Checklist version	Date and details
5 February 2024	Last combined E&S Checklist.
1 July 2025	New E&S checklist only for Projects.



## ATTACHMENT 1 Project Screen Explanatory Guidance

### Step 1 – Australian Project

Is the project located in Australia? Australian is subject to robust environmental and social governance, legislative systems and institutional capacity.

### Step 2 – Country Screening

The destination of the export is known and if that location is a designated country, then absent other information to the contrary, the transaction has low potential for environment and social impact.

List of countries as defined by the Equator Principles as those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment (<https://equator-principles.com/designated-countries/>). Designated Countries are:

Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States

### Step 3 – Industry and Sector Screening

The sector/industry list is an amalgamation of business or project types into Sectors that are known to have the potential for environmental and/or social impacts or are based on the projects/activities listed as Category A Projects in ANNEX I of the Common Approaches

([http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg\(2016\)3](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg(2016)3)).

### Step 4 – Human Rights including Modern Slavery Screening

Search country, sector, specific industry or company for identified human rights issues. If any human rights issue is identified via online searches, then undertake an appropriate assessment (websites to assist:

<https://www.globallslaveryindex.org/> or <https://www.hrw.org/> or <https://www.amnesty.org/en/> or <https://www.ohchr.org/EN/Pages/Home.aspx>).

**ATTACHMENT 2: Examples of E&S RISK Indicators for transaction with Potential for E&S Impacts.**

EXAMPLES OF TRANSACTION CHARACTERISTICS*	ASSESSMENT	LIKELY E&S RISK RANGE	RESULT
<ul style="list-style-type: none"> <li>ESIA publicly available</li> <li>MLFI(s) are supporting the Project</li> <li>Project located in a Designated country</li> <li>No adverse information from internet search</li> <li>Not in a sensitive area</li> <li>Not an industry sector of potential concern</li> <li>No Modern Slavery risk</li> </ul>	Satisfies Export Finance's benchmark	LOW to MODERATE	Transaction subject to normal delegations.
<ul style="list-style-type: none"> <li>Aware that an ESIA exists, but not available to Export Finance (either publicly or through client)</li> <li>Support provided by other OECD ECAs or EPFI's</li> <li>No adverse information from internet searches</li> <li>Not in a sensitive area</li> <li>Country where E&amp;S standards are legislated with acceptable implementation</li> </ul>	Likely to meet Export Finance's benchmark but only indirect information available to support this view.	LOW to HIGH	<p>If risk LOW or MODERATE transaction subject to normal delegations.</p> <p>Refer to Export Finance Executive if risk greater than MODERATE.</p>
<ul style="list-style-type: none"> <li>Aware that an ESIA exists, but not available to Export Finance (either publicly or through client)</li> <li>No other EPFI, MLFI or OECD ECAs involved</li> <li>Not in a Designated country</li> <li>Country where E&amp;S standards are legislated but poor implementation</li> <li>Limited adverse information from internet search</li> <li>Not in a sensitive area</li> </ul>	<ul style="list-style-type: none"> <li>Lack of information limits E&amp;S assessment.</li> <li>Unlikely to meet Export Finance's benchmark</li> </ul>	HIGH to EXTREME.	Refer to Export Finance Executive.
<ul style="list-style-type: none"> <li>No evidence that an ESIA was prepared</li> <li>No other EPFI, MLFI or OECD ECAs involved</li> <li>Not in a Designated country</li> <li>Country where little E&amp;S legislation exists</li> <li>Adverse information from internet search and CSO/NGO negative reports</li> <li>Project located in a sensitive area</li> </ul>	Cannot meet Export Finance's benchmark	EXTREME	Refer to Export Finance Executive.

\* Not all the listed examples need to apply to a transaction