

PROJECT CHENIERE ENERGY PARTNERS, LP

Project name: Cheniere Energy Partners, L.P.

Borrower: Sabine Pass Liquefaction, LLC

Project Sponsors: (i) Cheniere Energy Inc (50.6%); (ii) Blackstone (40.3%); (iii) Public (Free Float, 9.1%)

Sector: Oil&Gas

Country: USA

Financial Product: Project Finance

Intesa Sanpaolo S.p.A., New York Branch (ISP NY): Joint Lead Arranger

Equator Principles category: B

Project description

In 2019 Intesa Sanpaolo S.p.A., New York Branch (ISP NY) was one of the lenders to the US's leading LNG exporter – Sabine Pass Liquefaction, LLC ("SPL"), whose parent company, Cheniere Energy Partners, L.P. ("CQP"), was seeking financing to expand its LNG capacity. SPL exports liquefaction natural gas ("LNG") to Asia Europe, Latin America and the Middle East from its 5 operational LNG liquefaction trains and had a 6th LNG train under construction. As low cost, low emitting energy source LNG has many applications in the global economy.

Summary of Key Environmental Impacts and Risks

The SPL financing was assessed in accordance with the Equator Principles IFC Performance Standards and EHS Guidelines as well as the Bank's Environmental and Social Risk Policy for the energy sector. A technical, environmental and social review of the 6th LNG trains financing was conducted by an independent 3rd party technical advisor to ensure that the appropriate environmental and social management plans were in place. We were satisfied that the 3rd party review did not find any discrepancies with the Bank's Environmental and Social Risk Policy and was compliant with Equator Principles, IFC Performance Standards and EHS Guidelines.

Regarding safety, being located on the US Gulf Coast where major windstorms occur annually, the SPL facility has in place the necessary safeguards in place to withstand such an event should it occur during operations. The Bank is further comforted by SPL's detailed windstorm preparedness procedures which include annual and quarterly emergency response plan drills as well as post windstorm recovery plans and drills.

SPL is located along the Sabine River a low laying area that required a geotechnical and site preparation assessment to ensure safe construction and operational safety. A comprehensive site and soil stabilization plan was developed and implemented which the 3rd party consultant found to be well suited to accommodate equipment and infrastructure. Additionally, with an occurrence of a major windstorm with high winds, heavy rainfall and storm-surge could potentially result in flooding. Again, the 3rd party review indicated that due to SPL's footprint being raised due and the installation of an adequate site drainage system, such an occurrence could result in only minor flooding.

A major operational hazard associated with an LNG liquefaction facility is processing of LNG at cryogenic temperatures and natural gas at high pressure. However, SPL has conducted a detailed hazards risk assessment to document potential effects upon human health and the environment in the event of an incident during operations. The results of this risk assessment were used to design the Facility's operating procedures to limit potential risks.

Summary of Key Social Impacts and Risks

On social issues, SPL and ultimate parent Cheniere Energy, Inc., are very active in maintaining strong ties to the local community. The local community was consulted during the design, construction and operation phases of SPL. If an environmental and social impact could not be sufficiently avoided and/or mitigated, a number of improvement projects were implemented to address the situation. The 3rd party consultant reported that it was not aware of any unresolved social issues between SPL and the local community.

In sum, we take comfort that SPL and its Cheniere parents have established corporate Climate and Sustainability principles to guide its operations and reports on its Environmental Social and Governance (“ESG”) performance. Lastly, SPL provides clean, affordable energy to the global market while adhering to established environmental and social guidelines.