

# ***Sustainable Finance Framework***



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## 1. INTRODUCTION

The Export–Import Bank of Thailand (EXIM Thailand) is a state-owned, specialized financial institution under the Ministry of Finance’s supervision. It was established by the Export–Import Bank of Thailand Act, 1993 (B.E. 2536), which took effect on September 7, 1993. The bank’s objective is to conduct business that promotes and supports Thai exports, imports, and investments for the purpose of national development by providing credit facilities, guarantees, insurance against risks, and other services conducive to the achievement of these goals.

EXIM Thailand is financially self-sufficient. It raises funds by borrowing from financial institutions, both at home and abroad, and issues short- and long-term financial instruments for sale to financial institutions and the general public. The bank also receives occasional capital injections from the Ministry of Finance to facilitate its business operations. The bank can conduct any business under its mission pursuant to the EXIM Thailand Act and that is customary to other commercial banks, except for accepting deposits from the general public.

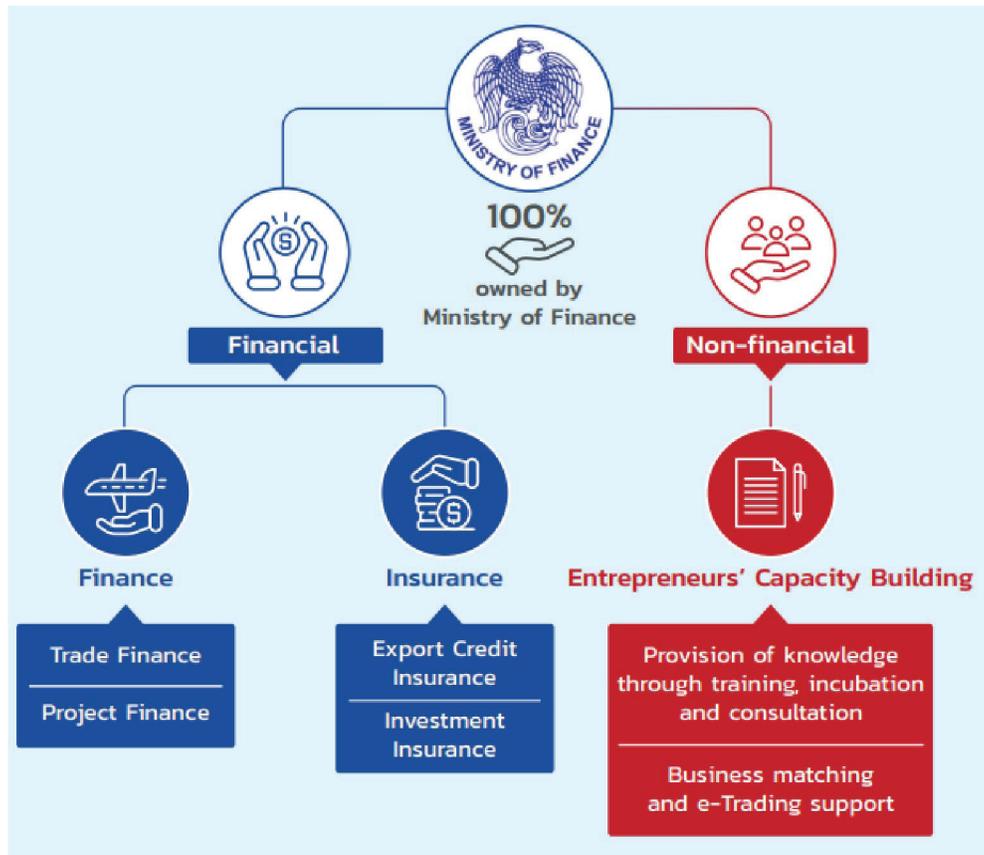
In 1999, EXIM Thailand’s objective was amended with an additional mandate to support Thai investments both at home and abroad to bring in foreign currencies to a greater extent. In 2018, the EXIM Thailand Act (No. 3), 2018 (B.E. 2561) was enacted to expand the bank’s scope of trade and investment insurance services for Thai entrepreneurs. This aimed to promote and support Thai entrepreneurs in their bidding for contracts that expand trade and investment overseas.

As of December 31, 2021, the bank’s staff totalled 849 employees at nine branches in Thailand and four overseas representative offices to respond to the demand of customers engaging in trade and investment in Thailand and beyond, thereby strengthening national as well as regional development.

## 2. BUSINESS STRUCTURE

As depicted in the illustration below, EXIM Thailand, which is wholly owned by the Ministry of Finance, provides Thai trade and investment businesses with financial support in the form of credit and insurance facilities, as well as nonfinancial services, to boost Thai entrepreneurs’ competitiveness and promote sustainable export and investment expansion.

EXIM Thailand has a vision to become by 2027 a globally recognized, specialized financial institution (i.e., a global export credit agency) that uplifts the Thai economy and promotes innovation on a sustainable basis. To drive its corporate governance and sustainability initiatives, the bank established the Corporate Governance and Social Responsibility Committee (CG and CSR Committee), under the direction of the Board of Directors, to regulate corporate governance in accordance with international economic, social, and environmental norms.



The CG and CSR Committee is made up of between three and five members, comprising the bank chairman and other members appointed by the board such as subject area experts and top bank executives who are able to adequately dedicate time and give opinions as members of the committee. The CG and CSR Committee's roles, duties, and responsibilities are as follows:

1. Approve all committee action plans before submission for the Board of Directors' acknowledgment.
2. Scrutinize the committee's policy and handbook before submission for the Board of Directors' consideration.
3. Scrutinize the handbook of ethical conduct for the Board of Directors, management, and staff members before submission for the Board of Directors' consideration.
4. Oversee the bank's operations to ensure compliance with all CG and CSR policies and guidelines and the achievement of action plans on (at least) a quarterly basis.
5. Encourage the Board of Directors, management, and staff members to engage actively in all CG and CSR activities.

6. Give recommendations to the Board of Directors and supervise the performance of directors and management to ensure conformity with all CG and CSR policies and guidelines.
7. Appoint a working committee to support and assist in CG and CSR activities as deemed fit.
8. Perform other duties in relation to CG and CSR as assigned by the Board of Directors.

### 3. EXIM THAILAND'S SUSTAINABLE DEVELOPMENT FRAMEWORK

As a state-owned specialized financial institution under the supervision of the Ministry of Finance, EXIM Thailand has incorporated the United Nations' Sustainable Development Goals (SDGs) as part of its business framework. EXIM Thailand aligns its vision, mission, and values with the most relevant SDGs and seek positive changes within the bank's sphere of influence.



EXIM Thailand has integrated the SDGs presented above into our key strategic roadmap, with a focus on exploring trade and investment opportunities in new frontier markets for Thai entrepreneurs on a fair and equitable basis; providing support for entrepreneurs throughout EXIM Thailand's supply chain, which includes economically, socially, and environmentally responsible financing; and strengthening small and medium-sized enterprises (SMEs) capabilities to boost their competitiveness in the global trade arena. The Board of Directors oversees and determines the bank's policies and direction to empower it toward the promotion of sustainable development in line with the organization's objective of serving all groups of stakeholders.

## 4. EXAMPLES OF ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE LOAN PRODUCTS

EXIM Thailand, in its role as a development bank, provides financial support for Thai entrepreneurs and cooperates with the public sector in promoting Thai exporters and export-related businesses in all industries and of all sizes, particularly SMEs, to enhance their potential for expanding business operations and exports to new frontier markets. Amid the COVID-19 pandemic, the bank, as a specialized financial institution and a key mechanism for the delivery of state support, has aimed to enable the recovery of the Thai economy and individual entrepreneurs in accordance with our sustainable banking policy.

EXIM Thailand's customers are categorized into one of three groups in accordance with the Ministerial Regulation on the Characteristics of Medium and Small Enterprise, 2019 (B.E. 2562) issued by the Office of Small and Medium Enterprises Promotion (effective December 20, 2019):

1. Small enterprises are manufacturing enterprises that employ  $\leq 50$  employees or have income of  $\leq$  THB100 million, and service and trade enterprises that employ  $\leq 30$  employees or have income of  $\leq$  THB50 million.
2. Medium enterprises are manufacturing enterprises that employ  $> 50$  but  $\leq 200$  employees or have income of  $>$  THB100 million but  $\leq$  THB500 million, and service and trade enterprises that employ  $> 30$  but  $\leq 100$  employees or have income of  $>$  THB50 million but  $\leq$  THB300 million.
3. Large enterprises are manufacturing enterprises that employ  $> 200$  employees or have income of  $>$  THB500 million, and service and trade enterprises that employ  $> 100$  employees or have income of  $>$  THB300 million.

In 2021, EXIM Thailand launched a total of 21 credit and insurance schemes—divided into 11 new product programs, 8 special relief measures, and 2 special projects—promoted by the government to encourage Thai entrepreneurs to engage in international trade, support SMEs' access to financial sources, foster confidence in exports, and promote sustainable business operations. These credit and insurance schemes are detailed in the table below.

## Entrepreneur Support Measures and Schemes

Products/Schemes	Details
EXIM Global Comfort Credit Scheme	The schemes offer a long-term revolving credit facility for use in the operations of entrepreneurs engaging in global trade or export to the CLMV (Cambodia, Lao PDR, Myanmar, and Viet Nam) or those having operations overseas, aiming to ensure their consistent and adequate liquidity in business operations.
Credit Facility Support Scheme for Entrepreneurs (Rehabilitation Credit)	A soft loan scheme supported by the Bank of Thailand (BOT) assists entrepreneurs affected by the COVID-19 pandemic but still have good potential in their access to credit facilities from financial institutions so as to sustain their businesses, maintain labor employment, and facilitate their quick recovery.
EXIM CLMV Comfort Credit Scheme	The scheme offers a revolving credit facility to Thai entrepreneurs in the CLMV affected by COVID-19 and economic slowdown.
Debt Set-off Asset Transfer Scheme (Asset Warehousing)	The scheme supported by the BOT is aimed to assist business debtors with good potential and having assets that can be used for debt set-off that they can suspend their financial cost burden temporarily and resume their businesses, and would not be forced to make asset fire sale. They also have the right to redeem the assets later on.
Red, Orange, and Yellow Zone Suspension Scheme	This debt suspension scheme aims to relieve hardship of entrepreneurs hit by the new wave of COVID-19 pandemic and having not existing credit lines with EXIM Thailand.
Voluntary Debt Suspension Scheme	This scheme aims to assist EXIM Thailand's existing SME clients in all industrial sectors which have credit lines of not exceeding 3 million baht with EXIM Thailand and are affected by the new wave of COVID-19.
EXIM Relief Scheme for Thai Entrepreneurs in Myanmar	This debt suspension scheme supports entrepreneurs affected by the situation in Myanmar by offering extension of loan repayment period to boost liquidity for the existing clients which have credit lines with EXIM Thailand and are still in operation at present.
EXIM Government Debt Suspension Scheme	This debt suspension scheme aims to assist debtors pursuant to the government measures under the Emergency Decree on Public Administration in Emergency Situation No. 27, offering debt payment suspension for a minimum of two months for SME clients having credit lines with EXIM Thailand.
Credit Facility Support Scheme for Fruit Industry	The 2021 Fruit Management Program of the Department of Internal Trade helps boost liquidity for target groups which are fruits buyers under a credit facility package in the total amount of not exceeding 3,300 million baht (combined amount from all financial institutions).
Credit Facility Support Scheme for Rubber Industry (Phase 2)	This scheme under the Rubber Authority of Thailand supports downstream processed rubber producers by way of subsidizing their interest payment at the actual rates but not exceeding 3% per annum.

## Product Programs for SMEs and Star-ups

Products/Schemes	Details
SMEs-Financial Institutions Loans Matching Project	The revolving credit facility boost liquidity for start-ups' and SMEs' export, import, and domestic trade, under a collaboration between the Ministry of Commerce and EXIM Thailand.
Brand New Export Financing Scheme	This revolving credit facility for export and import of start-ups and SMEs beginning their export focuses on clients in the S-curve and eco-friendly industries.
EXIM for Small Biz	The export credit insurance facility aims to support SMEs having export value of not exceeding 100 million baht per year in their export start-up with confidence by raising their awareness of export risk management tools.

## Product Programs to Strengthen Medium Enterprises

Products/Schemes	Details
EXIM Smart SMEs	The export credit insurance facility is deprived for SMEs, as defined by the Office of SMEs Promotion, that have export experience, aiming to edge up their competitiveness with offering of more relaxed payment conditions.

## Product Programs for Liquidity Enhancement

Products/Schemes	Details
EXIM Jump Start Credit	The revolving credit facility helps strengthen business operation liquidity for SMEs in all industrial sectors.
EXIM Loan for Employment Credit Phase 2 - Series 1	This long-term revolving credit facility boosts liquidity for entrepreneurs and ensures their continued labor employment as a collaboration between the Social Office and EXIM Thailand.
EXIM Loan for Employment Credit Phase 2 - Series 2	
EXIM4SMEs Plus Credit	The revolving credit facility supports facility supports SMEs exporters' working capital for the business operation, secured by EXIM4SMEs export credit insurance policy and personal guarantee by key executive(s).

## Product Programs for Business Expansion

Products/Schemes	Details
EXIM BIZ Transformation Loan	This credit facility offers support to entrepreneurs that wish to acquire or improve machinery and equipment, construct factories, or make new investments for efficiency enhancement in response to the post-COVID. Next Normal context.

Products/Schemes	Details
EXIM for EEC and Financial Industrial Estate Credit	This credit facility support investment in the Eastern Economic Corridor (EEC), other Special Economic Zones (SEZs), industrial estate networks and entrepreneurs with promotion certificates from the Board of Investment (BOI) finances entrepreneurs' investment and operation, expansion of production capacity or improvement of machinery efficiency, with priority given to the S-curve, energy and infrastructure industries.
EXIM Supply Chain Financing Solution	It is post-shipment revolving credit facility to suppliers for a payment for goods and collection of payment from large entrepreneurs (sponsors) through the Supply Chain Financing Platform (SCF Platform).

Source: EXIM Thailand.

## 5. EXIM THAILAND'S SUSTAINABLE FINANCE FRAMEWORK

EXIM Thailand's Sustainable Finance Framework prioritizes both green and social lending to support environmentally friendly projects and businesses through credit and insurance schemes (that are in line with bank policies) and to support in the implementation of the Government of Thailand's Bio-Circular Green economic model.

In 2021, outstanding loans for eco-friendly projects totalled THB39.1 billion, or 25.6% of the bank's total outstanding loans of THB152.77 billion. This was an increase from 24.8% in 2020. EXIM Thailand also aims to support social outcomes, such as the improved financial literacy of entrepreneurs, traders, and investors.

EXIM Thailand's Sustainable Finance Framework was created to raise capital via bonds, loans, and other financial instruments, and to label those individual transactions as either green, social, or sustainable. The framework was developed in alignment with the following international principles and standards:

1. Green Bond Principles 2021, Social Bond Principles 2021, and Sustainability Bond Guidelines 2021, published by the International Capital Market Association.
2. Association of Southeast Asian Nations (ASEAN) Green Bond Standards, ASEAN Social Bond Standards, and ASEAN Sustainability Bond Standards, issued by the ASEAN Capital Markets Forum in 2018.
3. Green Loan Principles 2021 and Social Loan Principles 2021, published by the Loan Market Association, Loan Syndications and Trading Association, and Asia-Pacific Loan Market Association.

EXIM Thailand's Sustainable Finance Framework covers the following core elements:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

### Use of Proceeds

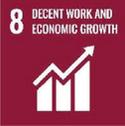
An amount equal to the net proceeds of green, social, and sustainable bonds; loans; and other financing instruments issued by EXIM Thailand under this framework will be exclusively used to finance and/or refinance, in whole or in part, expenditures directly related to eligible green, social, and sustainable projects.

The green bonds, loans, and other financing instruments issued by EXIM Thailand will support green projects in the following categories as presented in the table below, with a particular emphasis on supporting the implementation of the bank's CG and CSR policies.

Eligible Project Category as per Green Bond Principles 2021	Eligibility Criteria	Alignment with UN SDGs
Renewable energy	<p>To finance or refinance projects related to development, construction, management, operation, or maintenance of renewable energy projects (e.g., production, power generation, transmission, and parts manufacturing), including the following:</p> <ul style="list-style-type: none"> <li>▪ Solar PV and solar thermal (less than 15% usage of non-renewable energies as backup power)</li> <li>▪ Wind</li> <li>▪ Biomass</li> <li>▪ Geothermal (less than 100 grams of CO<sub>2</sub>/kilowatt)</li> <li>▪ Electricity storage facilities</li> </ul>	
Energy efficiency	<p>To finance or refinance projects related to the installation of systems or products that optimize energy performance of all buildings or factories.</p>	

Eligible Project Category as per Green Bond Principles 2021	Eligibility Criteria	Alignment with UN SDGs
Waste Management and Resource Efficiency	To finance or refinance circular projects related to the development, construction, management, operation, or maintenance of facilities, equipment, and value chains that result in the following: <ul style="list-style-type: none"> <li>Reduction of air emissions</li> <li>Waste reduction and prevention (e.g., use of biodegradable packaging materials)</li> <li>Waste recycling</li> </ul>	 
Environmentally sustainable management of living natural resources and land use	To finance or refinance projects related to environmentally sustainable agriculture, animal husbandry, climate-smart farming, environmentally sustainable fishery and aquaculture, forestry (including afforestation or reforestation), and natural landscape preservation or restoration.	
Sustainable water and wastewater management	To finance or refinance projects related to clean and/or drinking water infrastructure, wastewater treatment, sustainable urban drainage systems, river training, and other forms of flooding mitigation.	
Clean transportation	To finance or refinance projects related to the production, installation, and operation of a clean transportation system, such as the installation of EV charging stations and the purchase of electric vehicles.	

EXIM Thailand's social bonds, loans, and other financing instruments will support social projects in the following categories as presented in the table below.

Eligible Project Category as per Social Bond Principles 2021	Eligibility Criteria	Alignment with UN SDGs
Access to essential services	Implementation of the Government of Thailand's policy of providing low-interest rate loans to SMEs. This includes nonperforming loan debtors who have undergone debt restructuring and would otherwise be unable to obtain financial assistance elsewhere.	
Employment generation	Loans given to SMEs to generate employment and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.	

Eligible Project Category as per Social Bond Principles 2021	Eligibility Criteria	Alignment with UN SDGs
Socioeconomic advancement and empowerment	<p>Implementation of programs to support entrepreneur development activities such as the EXIM Excellence Academy, which aims to support and create market opportunities for SME entrepreneurs and exporters who wish to increase their competitiveness and expand their market share.</p> <p>Other training programs organized by EXIM Thailand include, but are not limited to, the Exporting Excellence Program, Neo Exporter, Mid-Pro and High Achiever Course, and projects to develop franchise business toward new frontier countries.</p>	

The target populations of EXIM Thailand’s Sustainable Finance Framework are SMEs that meet the qualifications stated in the Ministerial Regulation on the Characteristics of Medium and Small Enterprise, 2019 (B.E. 2562). Target populations include but not strictly limited to the following:

- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed
- Aging populations and vulnerable youth
- Other vulnerable groups, including those vulnerable due to natural disasters.

The projects and financing that meet the category outlined above will form the eligible projects for the green, social, and sustainability bonds (“eligible projects”).

### Exclusionary Criteria

EXIM Thailand commits to not knowingly allocating the net proceeds of green, social, or sustainability bonds to finance the assets, projects, and sectors included in the following exclusionary criteria:

- Development, refining, and transportation of fossil fuels (including coal, oil, and gas)
- Fossil fuel power generation
- Nuclear power generation
- Weapons and defence
- Gambling and casinos
- Tobacco

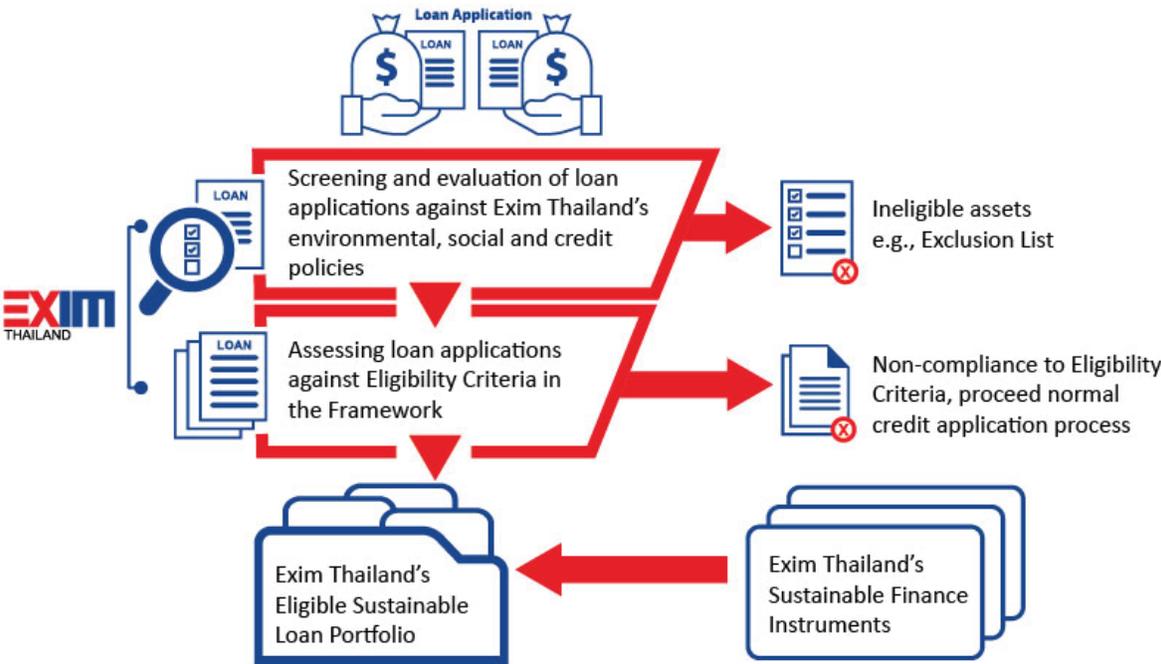
Projects, assets, or expenditures associated with human rights, labor rights, and environmental harm are also excluded.

### Evaluation and Selection of Projects and Assets

EXIM Thailand’s evaluation and selection process ensures that the proceeds from all green, social, and sustainable bonds, loans, and other financing instruments are earmarked to finance or refinance projects, assets, and expenditures that meet the eligibility criteria set out in this framework.

After receiving loan applications, the bank will screen and evaluate them in accordance with our environmental, social, and credit policies. Only loans that comply with these policies will be evaluated against the eligibility criteria of the framework. These loans or projects will be included in the bank’s portfolio of sustainable loans, which will be funded by the proceeds of sustainable finance instruments issued under this framework.

The pool of eligible projects, assets, and expenditures may be replenished as EXIM Thailand’s sustainability programs expand; additional eligible projects, assets, and expenditures are identified and funded; and non-eligible items are removed from the pool.



EXIM Thailand realizes the importance of corporate governance as evidenced by the bank policy. EXIM Thailand’s corporate governance structure consists of the CG and CSR Committee, which performs its duties in accordance with the bank’s sustainability policy for environmental, social, and economic responsibility.

The President of EXIM Thailand has also appointed the Sustainable Finance Working Group (SFWG), comprising representatives from the following departments:

- Corporate Business Department
- SME Business Department
- Corporate Strategy Department
- Credit Analysis Department
- Treasury Department
- Risk Management Department
- Accounting Department
- Sustainable Development and Corporate Communication Department
- Internal Audit Department

The SFWG is responsible for the bank's adherence to the Sustainable Finance Framework, which has been approved by the Asset and Liability Management Committee. The SFWG meets at least once per year, based on material developments in the bank's operations, to

- review the eligibility of the projects, assets, and expenditures in the pool;
- review social and environmental risks associated with the projects;
- review the earmarking of net proceeds to eligible projects, assets, and activities, and the alignment with associated bonds, loans, and other financial instruments already issued;
- review the impact metrics and performance of the relevant areas of the business; and
- approve the annual updated report under EXIM Thailand's Sustainable Finance Framework.

For the internal approval of a project, its assets, and its expenditures, the SFWG will assess and select existing lending portfolios (with a maximum look-back period of three years) and prospective new lending projects against the eligibility criteria of the framework and report to the Asset and Liability Management Committee for acknowledgement. The SFWG will identify appropriate funding sources for such programs. This procedure will be repeated as the bank issues new sustainable bonds. This will enable proper tracking and monitoring of funding and the eligible portfolio.

The group's composition helps to ensure process governance and that the proposed eligible projects meet the eligibility criteria. The SFWG's composition is subject to change as the bank deems necessary.

## Management of Proceeds

EXIM Thailand is aligning its eligible projects with sustainable bonds issued through a portfolio approach. The proceeds of EXIM Thailand's green, social, and sustainable bonds, loans, and other financing instruments will be earmarked to finance or refinance loans to projects, assets, and expenditures that meet the eligibility criteria set out in this framework. For as long as the bond is outstanding, the bank's Treasury Department, together with members of the SFWG, will manage the associated projects registered through the bank's internal information system, and the balance of the tracked proceeds will be regularly monitored to ensure that the inflow of funds does not exceed the value of the portfolio.

This will enable an estimation of the share of proceeds being used for financing and refinancing. Proceeds are to be managed by Treasury Department. Pending the allocation of any proceeds, EXIM Thailand will temporarily invest the balance of unallocated proceeds in cash or cash-equivalent instruments within its normal treasury processes.

Any unallocated proceeds will not be invested in excluded categories as defined in this framework.

## Reporting

EXIM Thailand will produce an update report at least annually and when appropriate based on material developments in the bank's operations. The update report for EXIM Thailand's Sustainable Finance Framework will be published annually. All relevant documents—including this framework, update reports, and reports from external reviewers—will be made available on EXIM Thailand's website<sup>1</sup>.

The update report will include allocation reporting and impact reporting. The allocation of proceeds will be reported on a portfolio basis with details of selected projects, assets, and expenditures when available and not constrained by confidentiality agreements. Impact reporting will be aligned with EXIM Thailand's existing information flows and will highlight key achievements across the bank's sustainability programs, with a focus on lending to eligible projects, assets, and expenditures under this framework.

### Allocation Report

EXIM Thailand will publish an annual sustainability bond allocation report, which will include the following information:

- Confirmation that eligible assets in the portfolio comply with this framework
- Total amount of eligible assets
- List of green, social, or sustainability bonds issued and their outstanding amounts

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<sup>1</sup> See <https://www.exim.go.th>.

- Breakdown of eligible assets by eligible category
- Breakdown of eligible assets by geographic location
- Share of new financing and refinancing
- Balance of unallocated proceeds at the reporting end-period.

## Impact Report

Apart from disclosing the detailed allocation of the proceeds, EXIM Thailand will also assess and report on the impact of the proceeds in terms of, where possible, both qualitative and quantitative parameters outlining key performance indicators. To the extent available, the impact indicators presented in the table below will be reported on an annual basis.

Eligible Projects	Impact Indicators
Renewable energy	Capacity of renewable energy generation installed (Megawatts/hour or Gigawatts/hour)
Energy efficiency	Annual energy savings in Megawatts/hour.
Waste management and resource efficiency	Tonnes of waste prevented, minimized, reused, or recycled.  Recycled waste may include plastic, paper, words, glass, or cans, among others, and in absolute amounts or tonnes per annum.
Environmentally sustainable management of living natural resources and land use	Areas covered by sustainable agriculture and organic farms financed (hectares)
Sustainable water and wastewater management	Annual volume of wastewater reused, treated, or avoided (m <sup>3</sup> )
Clean transportation	Number of EV charging stations installed Number of EVs manufactured or in operation
Access to essential services	Number of SMEs financed or supported Amount of loans disbursed
Employment generation	Geographic location Entrepreneurs who participated in training projects
Socioeconomic advancement and empowerment	

## External Review

EXIM Thailand will seek a second-party opinion from a recognized provider of these services prior to the issuance of its first green, social, or sustainable financial instrument. The scope of the external review will be to assess alignment of this framework with the relevant principles,

guidelines, and standards published by the International Capital Market Association and the ASEAN Capital Markets Forum.

A post-issuance external review will be undertaken on annual basis under this framework. The scope of the external review will be to assess alignment of EXIM Thailand's sustainable finance reporting with this framework and all relevant principles, guidelines, and standards. EXIM Thailand's update reports will be published annually.

#### [Updating this Sustainable Finance Framework](#)

EXIM Thailand's SFWG will update this Sustainable Finance Framework as required by market developments or as part of the evolution of EXIM Thailand's sustainable finance strategy. All updates will be published on EXIM Thailand's website.



[www.exim.go.th/](http://www.exim.go.th/)

