

Second-Party Opinion

Export-Import Bank of India Environmental, Social and Governance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Export-Import Bank of India Environmental, Social and Governance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will facilitate the transition towards a sustainable economy, provide social benefits in developing countries and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11 and 12.



PROJECT EVALUATION / SELECTION Export-Import Bank of India's Sustainable Financing Committee (SFC), currently composed of representatives from its Compliance Group, Operations Group, and Legal Group, will decide eligible projects in accordance with the Framework's eligibility criteria. In addition, the SFC will conduct an annual review of all eligible projects and may decide to remove projects that are no longer eligible. The Bank's identification and assessment of environmental and social risks in the process of credit appraisals are applicable to all allocation decisions made under the Framework, which are viewed as adequate risk management systems. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Export-Import Bank of India will track the use of proceeds using a register. Pending allocation, net proceeds from each Sustainable Financing Transaction (SFT) will be held in accordance with the Bank's liquidity guidelines for short term time deposits or investments or will be used to repay debt excluding debt towards non-green activities. with the intended allocation period of no longer than 24 months. This is in line with market practice.



REPORTING Export-Import Bank of India intends to report on allocation and impact of proceeds in its Annual Report, ESG or Sustainability Report, or on its website on an annual basis until full allocation. The allocation reporting will include details of each outstanding SFT, aggregate amount of allocated proceeds, balance of unallocated proceeds, a list of eligible projects, where feasible and projects summary information. In addition, the Bank is committed to reporting on relevant impact metrics. Sustainalytics views Export-Import Bank of India's allocation and impact reporting as aligned with market practice.

Evaluation Date	December 17, 2021
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Issuer Location	Mumbai, India
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¹ (i) Renewable Energy, (ii) Sustainable Water and Wastewater Management, (iii) Pollution Prevention and Control, (iv) Clean Transportation, (v) Green Buildings, (vi) Energy Efficiency, (vii) Access to Essential Services and Basic Infrastructure, (viii) Food Security and Sustainable Food Systems, (ix) MSME Financing, and (x) Affordable Housing.

Introduction

Export-Import Bank of India (“EXIM Bank”, or the “Bank”) is an export finance institution owned by the Government of India to facilitate and promote India’s international trade. The Bank provides a variety of financial assistance and services to Indian exporters and importers, such as term loans for set-up, expansion, upgrades or acquisition of facilities, extension of Lines of Credit and Buyer’s Credit to overseas entities for the import of goods and services from India, as well as research and marketing advisory services. The Bank also has a dedicated Research Group which monitors the trends in global and domestic economies and analyses their impact on India and other developing economies. Established in 1982 by an Act of Parliament, the Bank has its headquarter in Mumbai and employs approximately 387 employees.

EXIM Bank has developed the Environmental, Social and Governance Framework (the “Framework”) under which it intends to issue sustainability bonds and loans² and use the proceeds to finance or refinance, in whole or in part, existing or future projects that advance the transition towards a sustainable economy and provide social benefits in developing countries. The Framework defines eligibility criteria in six green and four social areas:

Eligible Green Categories:

1. Renewable Energy
2. Sustainable Water and Wastewater Management
3. Pollution Prevention and Control
4. Clean Transportation
5. Green Buildings
6. Energy Efficiency

Eligible Social Categories:

1. Access to Essential Services and Basic Infrastructure
2. Food Security and Sustainable Food Systems
3. MSME Financing
4. Affordable Housing

EXIM Bank engaged Sustainalytics to review the Framework, dated December 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)³, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)⁴. This Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

² EXIM Bank intends to fund eligible projects by Term Loans and Lines of Credit, long term Buyers’ credit. The Bank has communicated to Sustainalytics that the Lines of Credit are not revolving in nature, where the whole instrument will be dedicated to eligible projects and assets as defined under the framework.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁵ The Environmental, Social and Governance Framework is available on Export-Import Bank of India’s website at: <https://www.eximbankindia.in/esg-framework>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;

The credibility and anticipated positive impacts of the use of proceeds; and

The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11.1, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of EXIM Bank's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. EXIM Bank representatives have confirmed (1) they understand it is the sole responsibility of EXIM Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and EXIM Bank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that EXIM Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Environmental, Social and Governance Framework

Sustainalytics is of the opinion that the Environmental, Social and Governance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of EXIM Bank's Sustainability Finance Framework:

- Use of Proceeds:
 - The eligible categories – (i) Renewable Energy, (ii) Sustainable Water and Wastewater Management, (iii) Pollution Prevention and Control, (iv) Clean Transportation, (v) Green Buildings, (vi) Energy Efficiency, (vii) Access to Essential Services and Basic Infrastructure, (viii) Food Security and Sustainable Food Systems, (ix) MSME Financing, (x) Affordable Housing – are aligned with those recognized by the GBP, SBP, GLP, and SLP. Sustainalytics is of the opinion that the bonds and loans financed and refinanced under this Framework may advance the transition towards a low-carbon and sustainable economy and provide social benefits for vulnerable groups in developing countries.
 - In regard to refinancing, the Bank has incorporated a look-back period of 3 financial years from the issuance, which Sustainalytics considers to be in line with market practice.

- Under the Renewable Energy category, EXIM Bank may finance or refinance projects related to renewable energy generation, transmission and distribution, as well as development, manufacture and supply of technologies, equipment or key components wholly dedicated to renewable energy generation from solar PV, wind and small hydro (< 25 MW).
 - The Bank may finance the construction, development and maintenance of transmission and distribution infrastructure such as transmission lines⁷ and grid components (distribution assets)⁸ such as transformers, fuses, voltage regulators among others in developing countries⁹. Where the share of renewable electricity transmitted is less than 90%, the Bank confirmed that (i) the financing will be on a pro rata basis, made in proportion to the current renewables share in the grid, and (ii) financing will be provided where there is evidence of expected growth in the renewables share in the short and medium term. Based on the above, Sustainalytics considers the financing of transmission and distribution infrastructure to be in line with market practice and encourages the Bank to report on the share of renewable energy transmitted on grids it finances.
 - For small-scale hydropower projects, the Bank has communicated to Sustainalytics that it commits to limit financing to those projects where (i) an environmental and social impact assessment has been done by a credible body, with no significant risk or expected negative impact identified, and ii) there is no significant controversy surrounding the project. Additionally, financing for refurbishing an existing hydropower project will exclude any projects that increase the size of the dam or reservoir to a capacity above 25 MW.
- Under the Sustainable Water and Wastewater Management category, EXIM Bank may finance or refinance infrastructure for wastewater treatment¹⁰ and urban drainage systems. The Bank may additionally finance river training and other flood mitigation projects which are supported by vulnerability assessments and adaptation plans. Sustainalytics considers this to be in line with market practice.
- Under the Pollution Prevention and Control category, EXIM Bank may finance or refinance projects related to reduction of air emissions, and recycling of waste metals, plastic¹¹ or paper, including development, operation and upgrade of recycling facilities. The Bank may also finance the collection and treatment of non-hazardous waste, composting of waste and waste-to-energy projects.
 - In the case of electronic waste, the Bank will limit financing to projects with robust waste management processes.
 - The Bank will exclude projects related to fossil fuel production or reliant on fossil fuels as well as any investments in collection vehicles.
 - Regarding air emissions reduction, the Bank intends to finance installation of smog towers in cities to help reduce air pollution. While recognizing the benefits of mitigating air pollution through smog towers, Sustainalytics notes that the technology is fairly recent with not enough conclusive evidence of impact, and therefore encourages the Bank to report periodically the environmental impact achieved by installing the smog towers.
 - Regarding waste-to-energy projects, the Bank commits to limit financing to those projects using municipal solid waste (MSW) and biomass as feedstock. Further, for MSW projects, the Bank intends to ensure waste segregation at the source such that recyclables such as plastics and metals are removed from the feedstock for energy conversion. Where biomass is used as feedstock, the Bank commits to limit financing to forestry and agricultural waste/residues such as bagasse and wood chips and to exclude waste from non-Roundtable on Sustainable Palm Oil (RSPO)-certified palm operations.

⁷ The Bank confirmed that eligible transmission infrastructure will exclude those that are dedicated or directly connected to fossil fuel power generation.

⁸ The Bank specified that distributed assets are intended to reduce the curtailment of renewable energy into the grid.

⁹ Developing countries will be defined as per OECD, "Development Assistance Committee list of Official Development Assistance Recipients", at: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

¹⁰ Eligible wastewater treatment projects exclude treatment of wastewater from fossil fuel operations.

¹¹ The Bank has confirmed that plastic recycling will be limited to physical recycling of plastics.

Sustainalytics considers these criteria to be aligned with market practice.

- Within the Clean Transportation category, the Bank may finance or refinance low-carbon transportation, including manufacture, purchase, development or acquisition of: (i) electric or hybrid rail transportation for freight or passenger, (ii) mass transit projects, (iii) electric or hybrid vehicles and (iv) related infrastructure.
 - Regarding low-carbon transportation related infrastructure, the Bank may finance acquisition, development, operation, and maintenance of EV charging stations, as well as manufacture and supply of specialized parts or key components for clean transportation such as EV batteries.
 - In addition, the Bank may finance auto-manufacturing plants, but commits to limit financing to plants or facilities that are wholly dedicated to components for EV or hybrid vehicles.
 - Sustainalytics positively highlights that EXIM Bank will limit eligible projects under this category to those aligned with the Climate Bonds Initiative (CBI) Low Carbon Transport Criteria Version 2,¹² and views this in line with market practice.
- Under the Green Buildings category, the Bank may finance or refinance acquisition and construction of residential or commercial buildings that achieve the following certification levels: LEED (Gold or above), BREEAM (Excellent or above), Indian Green Building Council (IGBC) (Gold or above) or any other equivalent green building label. Expenditures may also include refurbishment of buildings that results in achieving the eligible certification level as set out above. Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages EXIM Bank to report on any other schemes it intends to include. For Sustainalytics' assessment of the referenced building certification schemes, please refer to Appendix 1.
- Within the Energy Efficiency category, EXIM Bank may finance or refinance acquisition, manufacture or installation of energy efficient equipment such as LED lights and motion sensor lights. Additionally, the Bank may finance building refurbishment that delivers at least a 30% energy efficiency improvement over baseline or grade improvement that results in a minimum of 20% energy efficiency or emissions improvement. This is in line with market practice.
- Under Access to Essential Services and Basic Infrastructure category, EXIM Bank may finance the following expenditures in developing countries as defined by OECD Development Assistance Committee (DAC)¹³ list of Official Development Assistance Recipients:
 - Free or subsidized healthcare, emergency services for natural disasters or pandemic and education services, including construction of public and private not-for-profit hospitals, clinics, and educational campuses and training facilities for tertiary and vocational education. In addition, the Bank may finance manufacture and distribution of vaccines, medical equipment, and medicines as well as costs associated with emergency preparedness that may arise due to pandemic or natural disasters related emergencies. EXIM Bank has confirmed to Sustainalytics that all services financed under this expenditure will be accessible to all regardless of their ability to pay. Sustainalytics considers this investment to be in line with market practice.
 - Clean drinking water, sewers and sanitation, including desalination plants. EXIM bank has confirmed to Sustainalytics that the desalination plant will be powered through low carbon sources and will have a robust brine water management plan in place. Sustainalytics considers this investment to be in line with market practice.
 - Basic transport infrastructure such as railway infrastructure including track and stations to increase connectivity in remote areas with poor connectivity. EXIM Bank has defined remote areas as places which had no access or inadequate access to public transport. Sustainalytics encourages the Issuer to provide further details on the definition of regions/populations with inadequate access.
 - Information and telecommunications services in remote areas and disadvantaged communities that lack access to telecom and internet infrastructure. EXIM Bank may

¹² According to the CBI criteria, the thresholds are 50g CO₂ per p-km for passenger transportation and 25g CO₂ per t-km for freight transportation for issuance prior to 2025, and will be raised to zero thereafter. Dedicated fossil fuel freight transportation does not qualify under the CBI criteria. CBI, "Low Carbon Transport", at: <https://www.climatebonds.net/standard/transport>

¹³ OECD, "Development Assistance Committee list of Official Development Assistance Recipients", at: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

- finance the import of all telecommunication infrastructure related equipment and infrastructure. This is in line with market practice.
- Electricity, including development and expansion of transmission and distribution infrastructure for people in rural/remote areas with inadequate or no access to electricity. Sustainability considers this investment to be in line with market practice.
- Under Food Security and Sustainable Food Systems, the Bank may extend loans (food credit) to developing countries faced with food scarcity or shortages due to emergency situations such as natural disasters or pandemics. Additionally, the Bank may finance food storage facilities and warehouses in low-developing (LDCs) and low-income countries (LICs).
- The food credits will be used by the beneficiary country / borrower to then purchase or import food grains from India. The Bank confirmed that financing would be limited to government food distribution programs that target the low-income¹⁴ and vulnerable groups. Further, the food credits would be extended to developing countries at an interest rate no higher than the low interest rates specified by the Lines of Credit/Buyer's Credit/ NEIA booklet¹⁵/manual of EXIM Bank. Based on the targeting of vulnerable populations and the description of emergency situations, Sustainability views this as aligned with market expectations.
 - While recognizing the social benefits of food storage and warehouse projects in LDCs and LICs, which may lack adequate resources to provide safe and secure food storage leading to wastage/spoilage and greater food insecurity, Sustainability encourages the Bank to report on how the financed projects help reduce food waste and improve food security.
- Within the MSME Financing category, EXIM Bank, may provide loans to MSMEs in Low and Lower Middle-Income countries (L & LMI)¹⁶. EXIM Bank defines MSMEs as per the definition provided by the Ministry of MSME, Government of India¹⁷. Sustainability notes that definition of MSME may vary in different countries, therefore encourages EXIM Bank to also report on scale of enterprises who would be availing these loans in countries other than India in its annual reporting cycle.
- Additionally, EXIM Bank may also finance Indian MSMEs which qualify for Grassroots Initiatives and Development Programme (GRID), Marketing Advisory Services (MAS) and Ubharte Sitaare Programme (USP) to help them increase their competitiveness, export capabilities and scaling up in markets outside India. The programmes intend to provide advisory services and finance in form of equity/equity like instruments, and term loans for modernization, technology upgradation, Research and Development and technical assistance.
 - Sustainability notes the some of the MSME initiatives and programmes include MSMEs from defense sector as well as hard to abate sectors such as steel and iron. However, the Bank confirmed that for financing under the Framework MSMEs that operate in carbon intensive and hard to abate sectors such as steel, along with other controversial sectors such as defence sector, will be excluded.
- Under the Affordable Housing category, EXIM Banks may finance the construction of housing units under government affordable housing schemes in developing countries as defined by OECD DAC. While recognizing that such government schemes generally aim to increase the availability of affordable housing in their respective countries, Sustainability notes that the Framework does not include criteria to ensure the targeting of lower-income households that face barriers to affordability, which is a deviation from market expectation. Sustainability encourages the Bank to provide additional disclosures about mechanisms to ensure affordability for the government housing schemes it intends to finance.

¹⁵ EXIM, “National Export Insurance Account (NEIA)”, at:

¹⁶ As defined under Guidelines on Lines of Credit extended by the Government of India under the Indian Development and Economic Assistance Scheme - <https://www.eximbankindia.in/assets/pdf/loc/GOI-Guidelines-on-LOC.pdf>

https://msme.gov.in/sites/default/files/IndianGazzate_0.pdf

- In accordance with the exclusionary criteria, proceeds from Sustainable Financing Transactions (SFT) under this Framework will not finance expenditures related to fossil fuel extraction, processing and distribution, fossil fuel related power generation, gambling, alcohol, tobacco, weapons and military equipment.
- Project Evaluation and Selection:
 - The Sustainable Financing Committee (SFC), which may include representatives from the Bank's Compliance Group, Operations Group and Legal Group, will decide projects that comply with eligibility criteria defined under this Framework. The SFC will annually review all eligible projects and may decide to remove projects that are no longer eligible.
 - EXIM Bank has in place ESG policies and risk management tools, along with its risk management and internal control systems and policies, which are applicable to all allocation decisions made under the Framework. For additional detail see Section 2.
 - Based on the governance of project selection, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Bank's Operations Group will be in charge of the allocation process. EXIM Bank will track the use of proceeds for each SFT using a register that contains information on eligible projects, amount of allocated proceeds to each category and balance of unallocated proceeds.
 - Pending allocation, the net proceeds from each SFT will be held in accordance with the Bank's liquidity guidelines for short term time deposits or investments or will be used to repay debt, excluding any debt towards non-green activities. EXIM Bank intends to allocate the proceeds within the current financial year at the time of the issuance and the next two financial years (each ending March 31).
 - Based on the oversight of proceeds management and disclosure of allocation period, Sustainalytics considers this process aligned with market practice.
- Reporting:
 - EXIM Bank intends to report on the allocation and impact of proceeds on the Bank's website or the Annual Report, ESG or Sustainability Report on an annual basis until full allocation. Allocation reporting will include details of each outstanding SFT, aggregate amount of allocated proceeds, balance of unallocated proceeds from each SFT, and, where feasible, a list of eligible projects.
 - The Bank is in addition committed to reporting, wherever applicable, on relevant impact metrics such as capacity of renewable energy plant(s) constructed or rehabilitated (MW), annual GHG emissions reduced or avoided (t CO₂ eq.), number of low-carbon transport vehicles, annual energy savings (MWh/GWh), number of affordable housing units constructed, number of individuals/households benefited, number of MSMEs financed.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Environmental, Social and Governance Framework aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of EXIM Bank

Contribution of Framework to Export-Import Bank of India's sustainability agenda

EXIM Bank has a Board-approved ESG Policy for Sustainable Development and Responsible Financing. The Policy intends to ensure compliance with host country regulations and evolve a common policy approach for all lenders. The Bank is also a part of the deliberations led by the Indian Banks' Association (IBA) on a sustainability framework for Banks. EXIM Bank is exploring the opportunities to adopt the Principles of Responsible Financing and has signed the Memorandum of Understanding (MoU) with the development Banks of BRICS Nation, to further its sustainability commitment.¹⁸

¹⁸ The Export-Import Bank of India, "Annual Report 2020-21", at: <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication Resources/AnnualReports/29file.pdf>

As an approach to sustainable financing, EXIM Bank has been promoting various programs locally and internationally. The Bank has been funding (1) water projects in Sri Lanka, Uganda, and Cameroon, (2) irrigation projects in Suriname and (3) connectivity projects in the Maldives, Zambia, Ghana.¹⁹ In addition, the Bank has been financing projects in renewable energy, energy efficiency, waste management, water management, mass transportation, and energy-efficient transport.²⁰

The Bank has formed a cross-functional team called Sustainable Enterprise and Export Development (SEED) to initiate and operationalize its programme for MSMEs with good export potential, called "Ubharte Sitaare". In partnership with United Nations Development Program (UNDP), the Bank is implementing the "Capacity Building of Micro, Small and Medium Enterprises (MSMEs) in North-East India for Export Competitiveness" initiative that aims to boost exports for MSMEs in the region. Similarly, its Grassroot Initiatives and Development (GRID) program addresses the livelihood needs of the underserved sections of society by creating new business opportunities for enterprises working with traditional artisans and rural entrepreneurs.²¹

However, the Bank has not released a publicly accessible sustainability strategy or targets. Sustainalytics notes the importance of the Bank's overall ESG policy and initiatives that may further its actions on supporting and financing investments in a low-carbon and inclusive economy but also encourages EXIM Bank to develop a Bank-wide sustainability strategy with transparent targets. "

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact, Sustainalytics is aware that by offering lending and financial services, Banks are exposed to risks associated with financing controversial companies and/or projects, and activities that have negative social or environmental impacts. Some key environmental and social risks associated with the eligible projects could include emissions, effluents, waste and land use and biodiversity issues related to infrastructure projects, occupational health and safety risks, and adverse community relations. The social projects, in general, can possess risks of increasing inequality if not targeted well at the relevant population group. Sustainalytics is of the opinion that the EXIM Bank is able to manage or mitigate potential risks through the implementation of the following processes:

- The Bank has an ESG policy and Social and Environment Management System to identify and assess social and environmental impacts and ensure compliance with relevant local laws concerning environmental and social issues, associated with their lending.²² Additionally, the Bank has formed a 'Responsible Finance Committee' consisting of members from Operating, Risk Management and Legal groups responsible for identifying and evaluating the environmental and social risks associated with the projects financed.
- The EXIM Bank has confirmed with Sustainalytics that they have integrated ESG based risk assessment in their credit appraisal process, wherein the borrower has to ensure compliance with the local environmental laws and address the social issues for projects in India up to INR 5 billion. For projects in India in which EXIM Bank is the sole lender, and the cost is above INR 5 billion, the Bank has been mandated to carry out a separate Environment & Social Impact Assessment (E&SIA) by a reputed third-party to identify and address the environmental and social impact of the project. In the case of syndicated transactions / consortium lending in India, where EXIM Bank is a minority lender, the Bank accepts the E&SIA assessment carried out by the consortium for the projects weighted to be high risk.
- The Bank follows credit processes that align with its internal policies such as Anti-Money Laundering (AML), Prevention of Money Laundering (PML), Counter-terrorism Financing and sanctions while carrying out enhanced due diligence before initiating business associations.²³
- According to the EXIM Bank's statement on anti-slavery and human trafficking, the Bank has zero tolerance to acts of slavery and human trafficking and communicates the same to all its suppliers,

¹⁹ The Export-Import Bank of India, "Buyer's Credit under NEIA", Pg. 11 – 19, at:

https://www.eximbankindia.in/assets/pdf/default/Exim_BC_NEIA_Booklet_English170421.pdf

²⁰ The Export-Import Bank of India, "Annual Report 2020-21", Pg. 29 - 30, at:

<https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/AnnualReports/29file.pdf>

²¹ The Export-Import Bank of India, "Annual Report 2020-21", Pg. 33 - 34, at:

<https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/AnnualReports/29file.pdf>

²² 'ESG policy, 2016' and 'Procedure for Social and Environment Management System (SMES), 2009' as shared by EXIM Bank India.

²³ EXIM Bank, Public Declaration, AML-PML at: <https://www.eximbankindia.in/aml-pml>

contractors, and business partner. The Bank is committed to maintaining transparency in its business practices and working conditions.²⁴

- EXIM Bank has committed to exclude financing projects and assets related to fossil fuel extraction, processing and distribution, fossil fuel-related power generation, gambling, alcohol, tobacco, weapons and military equipment under this Framework. The Bank has confirmed with Sustainalytics that they prohibit lending to activities that involve harmful or exploitative forms of forced labor, activities deemed illegal under country law or international conventions. Moreover, the Bank will prohibit financing for production or trade of unbonded asbestos fibres, polychlorinated biphenyls (PCB), trade in wildlife and its products regulated under Convention on International trade in Endangered Species (CITES), production or trade in pharmaceuticals, pesticide/herbicide, ozone-depleting substances subject to international phase-out.²²
- Nonetheless, EXIM Bank extended a USD 1.6 billion loan to the Bangladesh-India Friendship Power Company (BIFPCL) for Bangladesh's 1,320 MW ultra-super-critical Maitree Super Thermal Power Project, also called Rampal coal power plant, which has been exposed to scrutiny. The coal power plant, which is currently under construction, is located near the Sundarbans, a UNESCO World Heritage Site. Due to the nature and location of the project, it may cause severe negative impacts on the environment and local communities. As the Bank commits to exclude fossil fuel power generation and operation under this Framework, the controversy is not directly related to the use of proceeds. In addition, the Bank has confirmed that a third-party service provider has been appointed to monitor and report on environmental concerns such as air, water and land pollution and impact on aquatic life, and to ensure compliance with relevant national environmental regulations. Further, the Bank also shared a list of community welfare programs to provide livelihood support and access to essential services such as healthcare, education and water to surrounding communities. EXIM Bank also states that it has made efforts to integrate ESG based risk assessment into the credit appraisal process.

Based on the above assessment, Sustainalytics is of the opinion that EXIM Bank has adopted sufficient measures to identify, monitor and mitigate various risk associated with the use of proceeds. Sustainalytics encourages the Bank to establish publicly available ESG risk management policies and integrate ESG considerations in its lending mechanism. Further, Sustainalytics encourages EXIM Bank to uphold its commitments and to take effective and proactive steps to adequately integrate environmental and social consideration in their investment and lending processes.

Section 3: Impact of Use of Proceeds

All ten use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on three below where the impact is specifically relevant in the local context.

Importance of affordable housing in developing countries

The urban planning and development authorities across the developing nations are struggling with the unexpected and exponential growth of cities due to rapid urbanization and migration, causing severe urban housing shortages.²⁵ In 2020, approximately 1.6 billion people (around 20% of the world's population) resided in slums and informal settlements due to a lack of affordable housing.²⁵ In addition, as per Habitat by Humanity, in 2020, people living in informal settlements in developing nations increased by 22% (an estimate of 881 million) compared to 1990 levels.²⁶ According to United Nations Statistics, Eastern and South-eastern Asia (370 million), sub-Saharan Africa (238 million), and central and southern Asia (227 million) contributed to about 80% of the world's population living in such settlements, which has grown to about an absolute figure of 1 billion worldwide. Further, it is estimated that 3 billion people will require affordable housing by 2030.²⁷

²⁴ EXIM Bank, "Slavery and Human Trafficking Statement, (2021), at: <https://www.eximbankindia.in/assets/pdf/public-declarations/Declaration-Modern-Slavery-Act-12052021.pdf>

²⁵ UN Habitat, "World Cities Report 2020", at: https://unhabitat.org/sites/default/files/2020/10/wcr_2020_report.pdf

²⁶ Habitat for Humanity, "Affordable housing in developing countries", at: <https://www.habitat.org/emea/about/what-we-do/affordable-housing>

²⁷ United Nations, Department of Economic and Social Affairs, "Make cities and human settlements inclusive, safe, resilient and sustainable", at: <https://unstats.un.org/sdgs/report/2019/goal-11/>

The fact that cities are too expensive for poor or low-income people to live in endangers their right to adequate housing and thus their right to the city life and therefore to economic opportunities and basic amenities.²⁶

Based on the above, Sustainalytics is of the opinion that Exim Bank's financing of affordable housing projects in developing countries could contribute to alleviating housing problems for low-income groups and lower middle-income groups in developing countries.

Importance of affordable basic infrastructure in developing countries

A significant portion of the population in developing nations lacks access to basic infrastructure (such as roads, piped water supply, improved sanitation, and electricity) due to unreliable, poor quality, inefficiently supplied, or unaffordable services.²⁸

As per World Resources Institute, access to water remains a pervasive development issue across developing nations.²⁹ Plan International estimates that nearly 700 million people lack access to potable water in Asia, and close to 1.8 billion people still lack access to proper sanitation.³⁰ Further, as per UNICEF, more than 70% of Eastern and Southern Africa (340 million) live without basic sanitation services, with access only improving by 6% since 2000 and expecting to cover only 36% of the population by 2030.³¹

According to UNICEF, close to 1.3 billion children aged 3 to 17 years old do not have access to the internet in their homes³². Lack of internet access, limit children and young people's ability to connect online, compete in the modern economy and in the event of school closures such as due to COVID-19, it causes them to lose out on education. The cost of the service and infrastructure development are a major hindrance to telecom infrastructure.³³ Further, emerging Asia-Pacific nations contributed just about 34% of the global telecom market in 2020, whereas Africa had the smallest share.³⁴

Similarly, as per the World Bank report, in 2018, 13% of the world's population still live without electricity, with Sub-Saharan Africa, and Central and South Asia contributing to the largest access deficits.³⁵ It is forecasted that 660 million people will lack access to electricity in 2030, most of them in Sub-Saharan African countries.³⁶

Based on the above, Sustainalytics is of the opinion that EXIM's affordable basic infrastructure projects are expected to deliver a positive socioeconomic impact by improving the access to basic amenities amongst the underserved and vulnerable populations in developing countries across the regions.

Importance of renewable energy in achieving global climate goals in the developing nations.

By 2040, the global energy use by the developing countries is expected to increase to 67%, from 57% in 2017.³⁹ Although China and India will account for most of the energy consumption, Africa will have a 2% per year growth in the primary energy consumption,³⁷ whereas non-OECD Asian nations, excluding China and India will account for 10% of the world's primary energy consumption.^{38,39} The developing nations have ample renewable energy sources⁴⁴ and their choice to meet the challenge of the goals will ultimately impact the

²⁸ World Bank, Open Knowledge Repository, "Infrastructure in Asia and the Pacific: Road Transport, Electricity, and Water and Sanitation Services in East Asia, South Asia, and the Pacific Islands", (2020), at: <https://openknowledge.worldbank.org/handle/10986/34228>

²⁹ Holtz, Leo. et al. (2021), "Addressing Africa's extreme water insecurity", Brookings, at:

<https://www.brookings.edu/blog/africa-in-focus/2021/07/23/addressing-africas-extreme-water-insecurity/>

³⁰ Plan International, "Sanitation and Hygiene in Asia", at: <https://plan-international.org/asia/sanitation-hygiene-asia>

³¹ UNICEF, Sanitation and Hygiene Program, at: <https://www.unicef.org/esa/sanitation-and-hygiene>

³² UNICEF, "Two thirds of the world's school-age children have no internet access at home, new UNICEF-ITU report says", at: <https://www.unicef.org/press-releases/two-thirds-worlds-school-age-children-have-no-internet-access-home-new-unicef-itu>

³³ Development Aid, "Experts' Opinion| Lack of telecommunication in developing countries. Consequences and solutions.", (2020), at: <https://www.developmentaid.org/#/news-stream/post/56569/experts-opinion-lack-of-telecommunication-in-developing-countries-consequences-and-solutions>

³⁴ GlobeNewsWire, "Global \$3461.03 Billion Telecom Markets Analysis & Forecasts, 2015-2020, 2020-2025F, 2030F", (2021), at: <https://www.globenewswire.com/en/news-release/2021/07/29/2271031/28124/en/Global-3461-03-Billion-Telecom-Markets-Analysis-Forecasts-2015-2020-2020-2025F-2030F.html>

³⁵ The World Bank, "Progress on Global Energy Goals Slow, but Strong Gains in Countries Show Promise", (2018), at: <https://www.worldbank.org/en/news/press-release/2018/05/02/sustainable-development-goal-sdg-7-global-progress-report>

³⁶ The World Bank, "Report: Universal Access to Sustainable Energy Will Remain Elusive Without Addressing Inequalities", (2021), at: <https://www.worldbank.org/en/news/press-release/2021/06/07/report-universal-access-to-sustainable-energy-will-remain-elusive-without-addressing-inequalities>

³⁷ IEA, "Africa Energy Outlook 2019", at: https://iea.blob.core.windows.net/assets/2f7b6170-d616-4dd7-a7ca-a65a3a332fc1/Africa_Energy_Outlook_2019.pdf

³⁸ EIA, "Beyond China and India, energy consumption in non-OECD Asia continues to grow", (2017), at: <https://www.eia.gov/todayinenergy/detail.php?id=32972>

³⁹ Akanonu, Precious. (2019), "Energy Consumption in the Developing World by 2040: Implications and Goals", Impakter, at: <https://impakter.com/energy-consumption-in-the-developing-world-by-2040-implications-and-goals/>

global economy, markets geopolitics, and the dynamic of climate change.⁴⁰ However, developing nations face significant barriers including financial gap, lack of technical expertise and resources, and poor governance which prevents them from adopting renewable energy plans.⁴¹

Over the past decade, the cost of renewable energy technologies has declined significantly year on year,⁴² giving the developing nations a strong business case to move beyond traditional fossil fuel and achieve net-zero growth.⁴³ As per International Energy Agency, solar power is set to become cheaper as a source of power than coal between 2020-2025 globally. China and India are the forefront runners in the trend of clean energy transition and these nations are the drivers behind the growth in the solar capacity the world has been witnessing, which expanded by 40% in 2019.⁴⁴ As per IRENA contribution of renewable energy consumption in Africa's total energy consumption may increase to 22% by 2030.⁴⁵ The ASEAN nations plan to have a 35% share of renewable energy in their installed power capacity by 2025.⁴⁶

In this context Sustainalytics is of the opinion that EXIM Bank's financing of renewable energy projects is expected to support the decarbonization of energy needs in developing countries while contributing to a low-carbon economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Environmental, Social and Governance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Water and Wastewater Management	6. Sustainable water and wastewater management	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Pollution Prevention and Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Clean Transportation	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

⁴⁰ Benoit, Philippe. (2019), "Energy and Development in a Changing World: A Framework for the 21st Century", Columbia | SIPA, Center on global energy policy at: <https://www.energypolicy.columbia.edu/research/energy-and-development-changing-world-framework-21st-century>

⁴¹ Delgado, Carla. (2019), "How Developing Countries Can Reduce Emissions Without Compromising Growth", Earth.org, at: <https://earth.org/how-developing-countries-can-reduce-emissions-without-compromising-growth/>

⁴² IRENA, "Renewable Power Generation Costs in 2020", (2021), Pg. 3 at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/Jun/IRENA_Power_Generation_Costs_2020.pdf

⁴³ IRENA, "Majority of New Renewables Undercut Cheapest Fossil Fuel on Cost", (2021), at: <https://www.irena.org/newsroom/pressreleases/2021/Jun/Majority-of-New-Renewables-Undercut-Cheapest-Fossil-Fuel-on-Cost>

⁴⁴ Kalbande, Shivani. (2021), "Present and Future Scope of Renewable Energy in Developing Countries", Distributed Energy, at: <https://de.energy/blog/present-future-scope-renewable-energy-developing-countries/>

⁴⁵ IRENA, "Africa 2030: Roadmap for Renewable Energy Future", at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2015/IRENA_Africa_2030_REmap_2015_low-res.pdf

⁴⁶ McLaren, Miranda. (2021), "Governments across Southeast Asia accelerate renewable energy investment to revive the pandemic-hit economies", Power technology, at: <https://www.power-technology.com/comment/south-east-asia-renewable-energy/>

Green Buildings	11. Sustainable cities and communities	11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Access to Essential Services and Basic Infrastructure	3. Good health and well-health	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
	6. Sustainable water and wastewater management	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
	7. Affordable Clean Energy	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support
	9. Industry, Innovation, Infrastructure	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Food Security and Sustainable Food Systems	2. Zero hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Small, Medium and Micro Enterprises Lending	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization

		and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Affordable Housing	11. Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Conclusion

EXIM Bank has developed the Environmental, Social and Governance Framework under which it may issue sustainability bonds and/or loans and use the proceeds to finance projects related to (i) Renewable Energy, (ii) Sustainable Water and Wastewater Management, (iii) Pollution Prevention and Control, (iv) Clean Transportation, (v) Green Buildings, (vi) Energy Efficiency, (vii) Access to Essential Services and Basic Infrastructure, (viii) Food Security and Sustainable Food Systems, (ix) MSME Financing, (x) Affordable Housing. Sustainalytics considers that the projects funded by the sustainability bond or loan proceeds are expected to facilitate the transition towards a sustainable economy and provide social benefits in developing countries.

The Environmental, Social and Governance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Environmental, Social and Governance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 8, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that EXIM Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Export-Import Bank of India is well-positioned to issue sustainability bonds and/or loans and that that Environmental, Social and Governance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendices

Appendix 1: Certification schemes for Green Buildings

	LEED ⁴⁷	BREEAM ⁴⁸	IGBC ⁴⁹
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM is used for new, refurbished and extension of existing buildings.	The Indian Green Building Council (IGBC), part of the Confederation of Indian Industry (CII) was formed in the year 2001. IGBC rating system is an Indian Certification System for new and existing buildings.
Certification levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum
Areas of Assessment: Environmental Performance of the Building	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy • Water • Materials and resources • Sustainable architecture and design • Site Selection and Planning • Indoor environmental quality • Innovation and design • Health and comfort
Requirements	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item⁵⁰ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.	To achieve the IGBC rating, the project must satisfy all the mandatory requirements and the minimum number of credit points. There are several different rating systems within IGBC. Each rating system is designed to apply to a specific sector (e.g. New Buildings, Existing Buildings, Schools, Factory Building, Green Townships, Landscapes and Mass Rapid Transit System).

⁴⁷ Leadership in Energy and Environmental Design, at: <https://new.usgbc.org/leed>

⁴⁸ BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

⁴⁹ IGBC, Indian Green Building Council, at: <https://igbc.in/igbc/>

⁵⁰ BREEAM weighting: Management 12%, Health, and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.

	/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	
Performance display			

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Export-Import Bank of India
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Environmental, Social and Governance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 17, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds - (i) Renewable Energy, (ii) Sustainable Water and Wastewater Management, (iii) Pollution Prevention and Control, (iv) Clean Transportation, (v) Green Buildings, (vi) Energy Efficiency, (vii) Access to Essential Services and Basic Infrastructure, (viii) Food Security and Sustainable Food Systems, (ix) MSME Financing, (x) Affordable Housing - are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will facilitate the transition towards a sustainable economy and provide social benefits in developing countries, and advance the UN Sustainable Development Goals, specifically SDG 2, 3, 4, 6, 7, 8, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| ☒ Renewable energy | ☒ Energy efficiency |
| ☒ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☒ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | ☐ Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| ☒ Affordable basic infrastructure | ☒ Access to essential services |
| ☒ Affordable housing | ☒ Employment generation (through SME financing and microfinance) |
| ☒ Food security | ☐ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Export-Import Bank of India's Sustainable Financing Committee (SFC), currently composed of representatives from its Compliance Group, Operations Group, Legal Group, will decide eligible projects in accordance with the Framework's eligibility criteria. In addition, the SFC will conduct annual review of all eligible projects and may decide to remove projects that are no longer eligible. The Bank's identification and assessment of environmental and social risks in the process of credit appraisals are applicable to all allocation decisions made under the Framework, which are viewed as adequate risk management systems. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Export-Import Bank of India will track the use of proceeds using a register. Pending allocation, net proceeds from each sustainable financing transaction SFT will be held in accordance with the Bank's liquidity guidelines for short term time deposits or investments or will be used to repay debt excluding debt towards non-green activities. with the intended allocation period of no longer than 24 months. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| ☐ Allocations to future investments only | ☐ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☐ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Export-Import Bank of India intends to report on allocation and impact of proceeds in its Annual Report, ESG or Sustainability Report, or on its website on an annual basis until full allocation. The allocation reporting will include details of each outstanding SFT, aggregate amount of allocated proceeds, balance of unallocated proceeds, a list of eligible projects, where feasible, have been allocated and projects summary information. In addition, the Bank is committed to reporting on relevant impact metrics. Sustainalytics views Export-Import Bank of India's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (please specify): |

Information reported:

- | | |
|---|---|
| ☒ Allocated amounts | ☐ Sustainability Bond financed share of total investment |
| ☒ Other (please specify): a list of eligible projects, where feasible, to which proceeds from each SFT have been allocated and projects summary information | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
|---|--|

☒ Decrease in water use☒ Target populations☒ Number of beneficiaries
☐ Other ESG indicators (please specify): Annual renewable energy generation (MWh/GWh), capacity of renewable energy plant constructed/rehabilitated (MW), annual amount of sewage sludge treated (tonnes and %), passenger-kilometers or tonne-kilometres, number of low-carbon transport vehicles, level of green building certification, number of affordable housing/infrastructure units constructed, number of hospitals/schools constructed/upgraded, capacity of basic food and dairy processing facilities, number of housing units constructed

Frequency:

☒ Annual☐ Semi-annual☐ Other (please specify):**Means of Disclosure**☒ Information published in financial report☒ Information published in sustainability report☐ Information published in ad hoc documents☒ Other (please specify): website of EXIM Bank☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**☐ Consultancy (incl. 2nd opinion)☐ Certification☒ Verification / Audit☐ Rating☐ Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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