

Korea Eximbank

Sustainable Finance Framework

May 2023

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1. Introduction

1.1 Business Overview

The Export-Import Bank of Korea (the “Bank” or “KEXIM”) is the official export credit agency of Korea established in 1976 with the mandate to facilitate the development of Korea's economy and enhance economic cooperation with foreign countries through the provision of a broad range of financial products.

KEXIM's financial support is mainly related to export and import transactions, overseas investment projects and the development of overseas natural resources, ranging from project financing for large-scale projects to loans and guarantees for small and medium-sized enterprises (“SMEs”).

KEXIM is also responsible for the operation of two funds entrusted by the government: the Economic Development Cooperation Fund (“EDCF”) and the Inter-Korean Cooperation Fund (“IKCF”).

Given its strategic importance as a key policy bank, KEXIM is wholly owned by the Korean government while maintaining the international credit ratings equivalent to the sovereign credit ratings, which are Aa2 (Moody's), AA (Standard & Poor's) and AA- (Fitch Ratings).

1.2 Sustainability Strategy

1.2.1 ESG Management Strategy

KEXIM is committed to delivering sustainable outcomes to its business, stakeholders and community by financing projects that have positive environmental and social impact. To reinforce the commitment, KEXIM adopted an Environmental, Social and Governance (“ESG”) Management Strategy in July 2021 which internalizes ESG considerations into all areas of its business activities.

The Bank's ESG Management Strategy sets out specific mission, objectives, quantified targets, strategic directions and net zero roadmap as follows:

- ✓ **Mission:** Spreading ESG values by promoting sustainable international economic cooperation
- ✓ **Objectives:**
 - (1) Advancing global ESG competitiveness of Korean companies
 - (2) Contributing to achieving the government's carbon neutrality goals
 - (3) Expanding social value-added projects and activities
- ✓ **Targets for the Period 2021-2030:**
 - (1) Providing more than KRW 180 trillion to ESG projects
 - (2) Issuing more than USD 20 billion of ESG bonds
 - (3) Reducing the operational carbon emissions by 50% or more

✓ **Strategic Directions:**

- (1) Providing export and import finance that generate positive environmental and social outcomes
- (2) Integrating climate change and ESG elements into the Bank's risk management system
- (3) Reinforcing bank-wide ESG activities

✓ **Roadmap to Net Zero by 2050:**

- (1) To become carbon neutral for KEXIM's operational carbon emissions by 2040 through increasing green procurement and purchasing RECs (Renewable Energy Certificates)
- (2) To achieve net zero asset portfolio by 2050 through expanding financial support for renewable energy projects, ending financing for new overseas coal-fired power plants and setting reduction targets for exposures to carbon-intensive industries

1.2.2 Sustainability Governance

KEXIM has strengthened its governance structure to ensure its sustainability agenda is well implemented with effective oversight and controls within every level of the Bank, including the senior management.

The ESG Management Department was established in July 2021, which is dedicated to planning the Bank's sustainability strategy and coordinating operational tasks concerning ESG management across the Bank. The ESG Committee was also set up in September 2021, which is responsible for reviewing the ESG strategy/policy and overseeing the ESG activities. The Committee includes the senior management and independent non-executive directors as members and external ESG experts as advisors.

1.2.3 Alignment with Government's Sustainability Policy

KEXIM, as a state-owned financial institution, aligns its business strategy with the government's policy directions and plays an important role in contributing to achieving the government's goals.

In December 2020, the Korean government announced its goal, under Korea's 2050 Carbon Neutrality Vision, to achieve net zero emission by 2050. Further to this, the government officially declared in April 2021 that Korea would end all public financing for new overseas coal-fired power plants, which is expected to accelerate the national carbon neutrality agenda.

Since the adoption of carbon-neutral strategy in 2020, the Korean government has developed its path towards a more sustainable and green economy.

In January 2023, the Ministry of Environment under the Korean government announced three key agendas which are:

✓ **Three Key Agendas:**

- (1) Carbon neutrality and circular economy
- (2) Expansion of three new green industries which are carbon neutrality, circular economy, water industry with the export target of KRW 20 trillion in 2023 and the accumulated export target of KRW 100 trillion by 2027
- (3) Establishment of environmental safety net in people's life

In March 2023, the Korean government further announced the blueprint for achieving carbon neutrality and green growth (2023~2042) with annual GHG emissions reduction targets by 2030 and specific implementation plans to work with.

'The mid-to long-term sectoral greenhouse gas reduction policies' cover ten sectors that are designated to achieve carbon neutrality by 2030 NDC (Nationally Determined Contribution) and 2050 Carbon Neutrality. The ten sectors are:

✓ **Ten Sectors in focus:**

1. Transition
 - Switching energy sources for decarbonization (Coal↓, Nuclear and renewable energies↑)
 - Building infrastructure for renewable energy (Power grid, storage system)
 - Increasing demand efficiency (Using ICT)
2. Industry
 - Securing reduction technology (Technology innovation fund, increasing subsidies and loans)
 - Improving emissions trading scheme (benchmark↑, auctioning↑)
3. Building
 - Enhancing building performance (Zero-energy buildings, green remodeling)
 - Improve efficiency (Manage evaluations, disclose performance data)
4. Transportation
 - Increasing zero-emission vehicles (Electric vehicles and hydrogen cars↑, Charging stations↑)
 - Managing demand for zero-emission vehicles (Strengthening standards for internal combustion engine vehicles, promoting public transportation)
5. Agriculture, livestock, and fisheries
 - Transition to a low-carbon agricultural structure (Smart farm, low-methane feed)
 - Low-carbon fisheries and fishing vessels (LPG and hybrid fishing vessels)
6. Waste
 - Reducing waste (rating system for resource efficiency, reduce disposable products)
 - Circular use (high-value-added recycling)
7. Carbon Sinks
 - Maximizing carbon sequestration and storage (Forest management)
 - New carbon sinks (Coastal wetlands, urban forests)
8. Hydrogen
 - Developing key technologies (Green hydrogen based on water electrolysis)
 - Building and expanding regional hydrogen ecosystems (Hydrogen cluster, hydrogen cities)
9. CCUS (Carbon Capture, Utilization, and Storage)
 - Establishing an institutional foundation (Enact the CCUS law)
 - R&D for key technologies (Secure technology and commercialize)
10. Overseas Carbon Offset Projects
 - Establishing a foundation for implementation (Revise guidelines for businesses and sign agreements)
 - Discover projects for reduction (Investment and purchase)

The Korean government also introduced 'Foundations for implementation toward a transition to a carbon-neutral society' with six designated sectors to ensure a harmonious transition to carbon neutrality across all economic and social sectors and all walks of life.

✓ **Six designated Sectors**

1. Climate Change Adaptation
 - Responding to extreme weather events (Reduce the time needed to issue flood warnings)
 - Supporting vulnerable groups (Build a healthcare and welfare safety net)
2. Green Growth
 - Fostering green technologies (100 key Korean technologies to achieve carbon neutrality)
 - Growing green industries (Support the growth of new low carbon industries)
3. Just Transition
 - Supporting at-risk regions (special zones for just transition)
 - Supporting affected groups (Job transition training for workers)
4. Local Government-led projects
 - Laying regional foundations (Expand support centers for a transition toward carbon neutrality)
 - Strengthening the capability of local governments (Build carbon neutral cities)
5. Human resources training and Raising Awareness
 - Training talented individuals for new technology based on demand (Expand specialized graduate schools)
 - Expanding voluntary campaigns (Provide incentives for participating campaigns)
6. International Cooperation
 - Strengthening global leadership (Active bilateral and multilateral cooperation),
 - Contributing to global reduction efforts (Expand green ODA)

KEXIM will consistently deliver diverse financial products including loans, guarantees, equity investments and funds will be utilized in the Bank's endeavors to fund the transition to a more sustainable future and resilient growth which aligns with the government's vision and policy.

Consistent with the government's policy to strengthen the competitiveness of SMEs, KEXIM focuses on supporting SMEs to generate employment and increase access to finance for Korean enterprises. To further facilitate SMEs' sustainable growth and empowerment, KEXIM will continue to expand its outreach effort to SMEs.

1.2.4 Support for TCFD

To join the global efforts to tackle climate change, KEXIM officially declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in May 2021. KEXIM seeks to improve the transparency in disclosing its management strategies and governance with regards to climate change, focusing on the four core elements of the TCFD recommendations (Governance, Strategy, Risk Management, and Metrics and Targets).

1.2.5 Adoption of Impact Investing principles

KEXIM adopted the Impact Investing principles launched by the International Finance Corporation (IFC) in November 2021 for the first time in Korea with the objective of enhancing social and environmental values in the financial support it provides to its clients and partners.

KEXIM has since aligned its investment activities in relation to ESG bonds with the principles and publicly discloses the annual Disclosure Statement and the Verification Report conducted by an independent verifier on a regular basis.

1.2.6 Environmental and Social Risk Management

KEXIM has a comprehensive framework in identifying, analyzing and monitoring environmental and social (“E&S”) risks.

Firstly, in undertaking E&S due diligence, KEXIM strives to adhere to international standards and uphold transparency. KEXIM applies the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the “OECD Common Approaches”) to all types of officially supported export credits for exports of capital goods and/or services with a repayment term of two years or longer and (i) the officially supported amount equal to or above SDR (Special Drawing Rights) 10 million or (ii) the financing related to environmentally sensitive areas. The outcome of E&S due diligence is an important factor in KEXIM’s internal credit approval process and determines the E&S conditions attached to its financial support. Moreover, KEXIM seeks to ensure, through E&S monitoring throughout the course of the loan and/or guarantee, that the projects it supports are implemented in accordance with international E&S standards. When conducting E&S due diligence for the projects that are not export credit-supported transactions, KEXIM’s internal E&S risk management policy is applied, which is also aligned with the OECD Common Approaches.

Secondly, the Bank has exclusionary criteria to restrict financing of projects associated with high environmental and social risks. Furthermore, the Bank has developed the Environmental and Social Impact Assessment & Review Checklists for Overseas Large-scale Projects, based on internationally recognized standards such as International Finance Corporation Performance Standards and Environment, Health and Safety Guidelines, to provide guidance to exporters, sponsors or borrowers on the assessment and mitigation of E&S impacts.

1.2.7 Contribution to Achieving UN’s SDGs

KEXIM supports the United Nations’ Sustainable Development Goals (“SDGs”) as defined in the Sustainable

Development Summit of the United Nations in 2015, joining the global partnership which aims to achieve a better and more sustainable future by addressing many of the global challenges, including poverty, climate change, inequality, etc.



As a key policy bank in Korea, KEXIM can impact the real economy and therefore plays a significant role on achieving SDGs. Even though KEXIM considers all 17 SDGs as relevant and interconnected, KEXIM has identified 9 specific SDGs that are most relevant to its business and stakeholders:



SDG 3: Good Health and Well-Being

Financing into provision of essential healthcare/medical services, including national level emergency financial support during pandemic (e.g. COVID-19 pandemic)



SDG 5: Gender Equality

Financing of corporates that have obtained Social Enterprise Certification or Family-friendly Corporation Certification



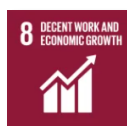
SDG 6: Clean Water and Sanitation

Financial support for establishment of water and wastewater management systems to provide clean water and wastewater treatment



SDG 7: Affordable and Clean Energy

Financing into development, connection and operation of renewable energy systems, including solar, wind, etc.



SDG 8: Decent Work and Economic Growth

Financial support for SMEs which generate employment or are adversely affected by natural disaster/socioeconomic crisis/pandemic (e.g. COVID-19)



SDG 9: Industry, Innovation, and Infrastructure

Financing into infrastructure providing the basic physical systems and structure essential to the society



SDG 11: Sustainable Cities and Communities

Financing into clean transportation and infrastructure aimed at preventing/controlling pollution



SDG 12: Responsible Consumption and Production

Financing of waste treatment projects such as recycling/reuse of materials, recycling of organic waste, etc.



SDG 14: Life Below Water

Financing into sustainable marine transportation aimed at minimizing and addressing the impacts of ocean acidification

2. Sustainable Finance Framework

The Sustainable Finance Framework (the “Framework” or “SFF”) sets out how KEXIM intends to issue Sustainable Financing Transactions (“SFTs”), including, inter alia, green/social/sustainable bond(s), green/social loan(s) and other forms of debt financing, to contribute to a more sustainable future and resilient growth. The issuance of SFTs aims to deliver positive environmental and/or social outcomes by funding projects that meet the eligibility criteria outlined in the Framework, which will, in turn, support KEXIM’s sustainability strategy and mission.

The Framework has been developed in alignment with the following sustainable finance principles and guidelines:

- With respect to bonds, bonds issued under this Framework will be aligned with the International Capital Market Association (“ICMA”) Green Bond Principles (“GBP”) 2021¹, Social Bond Principles (“SBP”) 2021², Sustainability Bond Guidelines (“SBG”) 2021³, and the Sustainable Blue Economy Finance Principles⁴ hosted by the United Nations Environment Programme – Finance Initiative
- With respect to loans, loans issued under this Framework will be aligned with the Loan Market Association (“LMA”) Green Loan Principles (“GLP”)⁵ and Social Loan Principles (“SLP”)⁶

SFTs do not place restriction on the tenor and currency and can include other terms and conditions including covenants, to reflect the financing strategy and plans of KEXIM as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender. SFTs may also be done in any jurisdiction and market reflecting KEXIM’s current and future business needs.

The Framework is structured according to the following five core components:

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

KEXIM is dedicated to follow the best market practices and will periodically update the Framework to ensure compliance with voluntary market practices as well as evolving standards and classification systems. The Framework may be subsequently revised and updated and any future revised and updated version of this Framework will be published on [KEXIM’s website](#) and will replace this Framework.

¹ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

² https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles_June-2022v3-020822.pdf

³ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁴ <https://www.unepfi.org/blue-finance/the-principles/>

⁵ https://www.lma.eu.com/application/files/4716/7715/0338/Green_Loan_Principles_23_February_2023.pdf


⁶ https://www.lma.eu.com/application/files/3716/7715/0338/Social_Loan_Principles_23_February_2023.pdf

2.1 Use of Proceeds


The net proceeds of the SFTs will be used to finance or refinance, in whole or in part, new or existing Eligible Green and/or Social Projects or Assets (collectively “Eligible Projects or Assets”, together forming the “Eligible Portfolio”) that comply with respective green or social project categories and eligibility requirements listed in Sections 2.1.1 and 2.1.2 below. For the case of refinancing, Eligible Projects or Assets that are financed up to 36 months prior to the issuance date of the relevant SFT shall qualify.


The eligible use of proceeds also contributes to EU Taxonomy Environmental Objectives as well as the SDGs as listed below (this list is not exhaustive given the interconnectedness of the SDGs).

2.1.1 Eligible Green Projects or Assets

Renewable Energy		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Infrastructure dedicated to connecting renewable energy production and storage units to the grid (including powerlines and related infrastructure such as substations)</p> <p>Projects aiming at developing the generation and use of renewable energy, such as:</p> <ul style="list-style-type: none"> • Solar energy (PV and CSP) • Wind energy (onshore and offshore) • Marine energy including but not limited to offshore wind farms, offshore solar farms, tidal and wave energy generation facilities, other marine electricity generation facilities using ocean thermals, where fossil fuel backups are only used for restart capability and monitoring, operating or resilience measures in the event of no power in the system • Hydro energy (generating less than 25MW, or run-of-river, or life-cycle emissions <100g CO₂e/kWh or power density >5W/m²) • Bioenergy for electricity generation (limited to life-cycle emissions of <100g CO₂e/kWh)⁷ • Geothermal energy for electricity generation (limited to direct emissions of <100g CO₂e/kWh) • Fuel cell and other energy storage systems for renewable energy projects/assets 	Climate change mitigation	

⁷ Biomass/fuel that is derived from sources of high biodiversity, that competes with food sources or that depletes carbon pools is excluded.

Energy Efficiency		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Projects aiming at developing/ manufacturing infrastructure, equipment and technology which yield an energy efficiency improvement of minimum 20% as compared to baseline or market average, including but not limited to:</p> <ul style="list-style-type: none"> • Battery facilities⁸ • Energy storage facilities⁹ • Smart grids technologies • Waste heat recovery technologies¹⁰ • Energy management systems • Building technologies such as LED lighting, smart meters for households and replacement of boilers to improve energy performance 	Climate change mitigation	

Clean Transportation		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Projects aiming at developing/ manufacturing low-carbon passenger and freight transportation or related infrastructure, including but not limited to:</p> <ul style="list-style-type: none"> • For passenger non-public transportation (e.g. passenger cars and commercial vehicles), either zero direct emissions (fully electric or hydrogen) or with tailpipe emissions of below 50g CO₂e/km until 2025 (non-eligible thereafter) • For passenger public transportation (e.g. light rail transit, metro, tram, trolleybus, bus and rail), either zero direct emissions (fully electric or hydrogen) or with tailpipe emissions of below 50g CO₂e per passenger kilometer (gCO₂e/pkm) until 2025 (non-eligible thereafter) • For freight rail¹¹(trains), either zero direct emissions (fully electric or hydrogen) or with tailpipe emissions at or below (\leq) 25g CO₂/t-km (tonne-kilometer) until 2029 • For road freight, zero direct emissions (fully electric or hydrogen) 	Climate change mitigation	

⁸ Screening of the project will be done to determine that the following positive environmental outcome is met: Result in substantial GHG emission reductions in transport, stationary and off-grid energy storage and other industrial applications.



⁹ https://www.climatebonds.net/files/files/Taxonomy/CBI_Taxonomy_Tables-08A%20%281%29.pdf



Screening indicators are 1) Is a dedicated connection to a power production plant eligible under one of the Climate Bonds sector criteria (e.g. Solar), b. Is a dedicated connection to a power production plant operating under the low carbon power threshold (100g CO₂/kWh), c. The infrastructure is located on a system with a grid factor at or below 100g CO₂/kWh, d. The infrastructure is located on a system for which at least 67% of its added generation capacity in the last 5 years falls below the low carbon power threshold.

¹⁰ For the avoidance of doubt, this excludes waste heat recovery from coal or oil fuelled power generation.

¹¹ Fossil fuel freight must not be more than 25% of the freight transported (in tonne/km).

<ul style="list-style-type: none"> Development, manufacturing and recycling of rechargeable batteries and fuel cell for clean transportation 		
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Pollution Prevention and Control		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Projects aiming at developing/ manufacturing infrastructure¹², equipment and technology for:</p> <ul style="list-style-type: none"> Recycling of materials, including the prevention, collection, treatment and processing of waste¹³ Reuse of materials, including refurbishing or repairing products for reuse Recycling of organic waste (i.e. food waste) into biogas/biomass energy¹⁴ 	<p>Pollution prevention and control</p> <p>The transition to a circular economy</p>	 

Sustainable Marine Transportation		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Projects aiming at:</p> <ul style="list-style-type: none"> Investments and expenditures related to construction, design, and maintenance of CSVs Investments and expenditures in relation to retrofit¹⁵ of existing vessels engines with alternative fuels <p>Clean and Sustainable Vessels (“CSVs”) are defined according to IMO¹⁶ and the Norwegian shipping¹⁷ regulations and would represent Methanol Dual Fuel Vessels under the Framework.</p> <p>In alignment with the EU Taxonomy, CSVs will attain one or more of the following criteria¹⁸:</p> <ul style="list-style-type: none"> Hybrid and dual fuel vessels derive at least 25 % of their energy from zero direct CO2 emission fuels or plug-in power for their normal operation at sea and in ports The vessels have attained Energy Efficiency Design Index (EEDI) value 10 % below the IMO's EEDI requirements 	<p>Climate change mitigation</p>	 

¹² For clarification purposes, this will exclude collection vehicles and other infrastructure for the transportation.

¹³ For clarification purposes, this will exclude waste from electrical and electronic equipment and hazardous waste. Waste hierarchy (reduce and reuse are always preferred over recycling) should be observed for any project related to recycling.

¹⁴ Subject to all of the following exclusions and thresholds: 1) Biomass/fuel that is derived from sources of high biodiversity, that competes with food sources or that depletes carbon pools is excluded; 2) Total methane emissions ≤ 1,285g CH₄/tonne of waste input; 3) Woody waste must be segregated before or after processing and sent to an eligible EfW (Energy from Waste) or composting plant; 4) Monitoring, sampling and control is carried out in accordance with BSI PAS (British Standard Institution's Publicly Available Specification) 110 guidance; and 5) The solid and liquid products are not landfilled and replace non-waste materials in the market


¹⁵ In alignment with the EU Taxonomy, until 31 December 2025, the retrofitting activity reduces fuel consumption of the vessel by at least 10 % expressed in grams of fuel per deadweight tons per nautical mile, as demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations. <https://ec.europa.eu/sustainablefinance-taxonomy/activities/activity/217/view>

¹⁶ International Maritime Organization: <http://www.imo.org/en/About/Pages/Default.aspx>

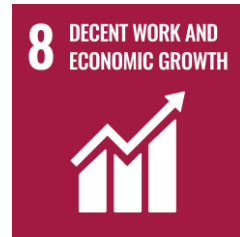
¹⁷ Norwegian Maritime Authority: <https://www.sdir.no/en/shipping/legislation/>

¹⁸ The criteria will apply until December 2025, in alignment with EU Taxonomy, and follow the subsequent updates. <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/215/view>

applicable on 1 April 2022 if the vessels are able to run on zero direct (tailpipe) CO2 emission fuels or on fuels from renewable sources		
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Sustainable Water and Wastewater Management		
Eligible Criteria and Description	EU Taxonomy Environmental Objectives	UN SDGs Contribution
<p>Projects aiming at developing/ manufacturing infrastructure, equipment and technology for:</p> <ul style="list-style-type: none"> Provision of clean and/or drinking water¹⁹ Wastewater treatment²⁰ Prevention of water pollution Increase of water-use efficiency such as digital water metering, smart control center, leakage prevention and irrigation system to promote water saving and recovery Restoration of hydro-ecological systems Flooding mitigation such as urban drainage systems 	The sustainable use and protection of water and marine resources	

2.1.2 Eligible Social Projects or Assets




Employment Generation			
Social benefits: Supporting employment stability and expanding employment			
Social Category	Eligible Criteria and Description	Target Populations	UN SDGs Contribution
SME financing	<p>(Re)financing of activities of:</p> <ul style="list-style-type: none"> SMEs (as defined by the Enforcement Decree of the Framework Act on Small and Medium Enterprises²¹) which are negatively affected by a natural disaster/socioeconomic crisis/ pandemic (e.g. COVID-19 pandemic) Job-creating SMEs which have expanded their 	SMEs	

¹⁹ The water supply system complies with one of the following criteria: 1) The net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply. Net energy consumption may take into account measures decreasing energy consumption, such as source control (pollutant load inputs), and as appropriate, energy generation (such as hydraulic, solar and wind energy); and 2) The leakage level is either calculated using the Infrastructure Leakage Index (ILI) rating method and the threshold value equals to or is lower than 1.5. For the avoidance of doubt, longdistance water diversion projects will be excluded from consideration for eligibility under this project category.

²⁰ The net energy consumption of the wastewater treatment plant equals to or is lower than: 1) 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10,000 p.e.; 2) 25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10,000 and 100,000 p.e.; and 3) 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100,000 p.e.

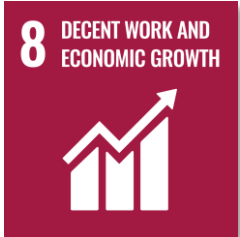

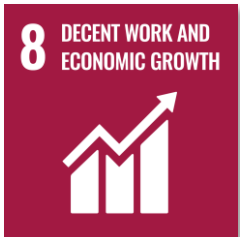
²¹ https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=22788&type=part&key=28

	headcounts by at least 1% in the previous 6 months ²²		
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Access to Essential Services Social benefits: Promoting access to essential services			
Social Category	Eligible Criteria and Description	Target Populations	UN SDGs Contribution
Medical and Healthcare	(Re)financing of activities of: <ul style="list-style-type: none"> Corporates and other type of entities which provide medical and healthcare goods and services to the general public adversely affected by a natural disaster/ socioeconomic crisis/pandemic (e.g. COVID-19 pandemic) 	General Public	
Hospitals /Care facilities	(Re)financing of activities of: <ul style="list-style-type: none"> Corporates and other type of entities which provide the construction or refurbishment of public hospitals, elderly care facilities, and/or facilities for people with disabilities 	General Public, Aging Population, People with disabilities	 

Socioeconomic Advancement and Empowerment Social benefits: Promoting socioeconomic advancement and empowerment			
Eligible Projects/Assets Category	Eligible Criteria and Description	Target Populations	UN SDGs Contribution

²² <https://www.koreaexim.go.kr/HPHKWG029M01#tab4>

Equitable participation and integration	<p>(Re)financing of activities of:</p> <ul style="list-style-type: none"> Corporates and other type of entities which provide social services or job opportunities for vulnerable social groups and have acquired Social Enterprise Certification by Korea Social Enterprise Promotion Agency 	Unemployed, Undereducated, People with disabilities	
Empowerment	<p>(Re)financing of activities of:</p> <ul style="list-style-type: none"> Corporates and other type of entities which provide family-friendly workplace practices that facilitate productivity and women's empowerment and have acquired Family-friendly Corporation Certification by Ministry of Gender Equality and Family 	General Public, Women and/or gender minorities	 

2.1.3 Exclusions

Lending to projects or activities in the following exclusionary criteria is excluded from consideration for eligibility under the SFF:

Fossil fuel means a thermal power generation which burns a fossil fuel such as coal, oil, and natural gas to produce electricity

Controversial weapons cover both weapons that are prohibited by international (and national) laws and weapons that are banned based on a broad/international consensus

Luxury sectors cover precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage

Other socially sensitive sectors which include Alcohol and Tobacco

For the avoidance of doubt, a project falling into any of the above-mentioned excluded industries will not be considered an Eligible Project or Asset regardless of meeting the eligibility set out in Section 2.1.1 or 2.1.2.

2.2 Process for Project Evaluation and Selection

KEXIM has established a Sustainable Finance Working Group (“SFWG”) to ensure that Eligible Projects or Assets are reviewed and selected in accordance with the criteria outlined above in Sections 2.1.1, 2.1.2 and 2.1.3.

The SFWG is comprised of the representatives from the Treasury, ESG Management, Credit Policy, Engineering & Environment Advisory and Finance departments and will carry out its mission which includes:

- Identifying and selecting Eligible Projects or Assets that will comply with the criteria set out in Sections 2.1.1, 2.1.2 and 2.1.3
- Approving the annual Allocation and Impact Report referred to in Section 2.4
- Managing any future updates of the Framework, including any expansion of Eligible Projects or Assets
- In the review of the Eligible Projects or Assets, the SFWG will specifically identify (if any) and assess known material risks of negative environmental and/or social impacts to ensure whilst an environmental and/or social objective is achieved, it is not done at the expense of other material environmental and/or social objectives, i.e. Do No Significant Harm principle

To ensure proceeds are allocated in accordance with the SFF, the SFWG will meet every twelve (12) months, and as necessary, reviewing and monitoring the allocation of net proceeds to Eligible Projects or Assets.

2.3 Management of Proceeds

2.3.1 Tracking of Proceeds

KEXIM will adopt a portfolio approach to manage proceeds of the SFTs. The net proceeds from SFTs issued under this Framework will be deposited in KEXIM's general funding accounts. KEXIM will aim to achieve and maintain, on a best-effort basis, a level of allocation for the Eligible Portfolio that matches or exceeds the balance of net proceeds from its outstanding SFTs. Eligible Projects or Assets will be added, or removed, from the Eligible Portfolio to the extent required.

KEXIM will monitor the allocation of net proceeds to Eligible Projects or Assets and track the net proceeds through its internal records.

During the life of the SFTs issued, if the designated projects cease to comply with the Framework or if they are postponed or if Eligible Assets are divested by KEXIM, the net proceeds will be re-allocated to other Eligible Projects or Assets, as soon as reasonably practicable and in any case, within twelve (12) months.

To prevent double counting of Eligible Projects or Assets, KEXIM will ensure that the same project or asset will not be listed more than once in the allocation of net proceeds.

2.3.2 Allocation of Proceeds

KEXIM is committed to allocating all proceeds from the SFTs to Eligible Projects or Assets on a best-effort basis within one (1) year from issuance date of the SFTs in accordance with the evaluation and selection process set out above.

2.3.3 Use of Unallocated Proceeds

While pending allocation, the net proceeds from the SFTs issued may be managed in cash or cash equivalents or used to repay existing borrowings under general credit facilities of KEXIM. For the avoidance of doubt, these net proceeds will not be used to finance any projects or assets in the list of excluded industries in Section 2.1.3.

2.4 Reporting

KEXIM intends to publish a report on the allocation of net proceeds and associated impact metrics of its SFTs within one (1) year from issuance date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of material developments. This report will be made available on [KEXIM's website](#) and will contain at least the following information:

2.4.1 Allocation Reporting

KEXIM will provide the following information for the net proceeds of all the SFTs during the period:

- The aggregate amount allocated to Eligible Projects or Assets
- Examples of Eligible Projects or Assets subject to confidentiality disclosures
- The remaining balance of unallocated proceeds (if any)
- Proportion of net proceeds used for financing versus refinancing
- The share of co-financing²³ for the Eligible Projects or Assets (in the case of joint financing with other lenders)
- A description on material developments, issues and/or controversies, if any, related to the Eligible Projects or Assets

2.4.2 Impact Reporting









Where possible, KEXIM will include the environmental and/or social impacts, aggregated at Eligible Project Category level, associated with the Eligible Projects or Assets funded with the net proceeds of the SFTs in its impact report. KEXIM intends to align, on a best-effort basis, the reporting with the portfolio approach described in Handbook – Harmonized Framework for Impact Reporting (June 2022)²⁴ and Working Towards a Harmonized Framework for Impact

²³ Share of co-financing of an Eligible Project or Asset is defined as the allocated proceeds to a project as a percentage of the total project funding amount.

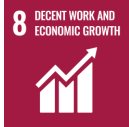




²⁴ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

Reporting for Social Bonds (June 2022)²⁵. KEXIM intends to use an external consultant to support on impact reporting, and this consultant will assist with the methodology selection and where feasible, disclosure of such methodology(ies).

Subject to the nature of Eligible Projects or Assets and availability of information, KEXIM aims to include, but not limited to, the following impact indicators with the reference to UN SDGs.

Eligible Green Category		
Eligible Project	Impact Indicators – Examples	UN SDGs Contribution
Renewable Energy	<ul style="list-style-type: none"> Renewable energy generated (MWh) Renewable energy capacity (MW) 	
Energy Efficiency	<ul style="list-style-type: none"> Estimated avoided GHG emissions (tCO₂eq) Annual energy savings (MWh p.a.) 	
Clean Transportation	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent (tCO₂eq p.a.) 	
Pollution Prevention and Control	<ul style="list-style-type: none"> Percentage amount of waste minimized, reused or recycled (%) Annual GHG emissions reduced/avoided (tCO₂eq p.a.) Decrease in concentration level of EAF (Electric Arc Furnace)/fine dust in business sites 	 
Sustainable Marine Transportation	<ul style="list-style-type: none"> Number of clean and sustainable vessels financed Consumption of renewable fuel vs. conventional fossil fuel oil (tonnes and fuel oil equivalents) GHG emissions avoided (tCO₂e/year) Annual emission reduction of NO_x, SO_x 	 
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Amount of clean potable water supply (litres) Amount of wastewater treated (litres) Number of people benefited 	

²⁵ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds_June-2022-280622.pdf

Eligible Social Category		
Eligible Project	Impact Indicators – Examples	UN SDGs Contribution
Employment Generation	<ul style="list-style-type: none"> Number of jobs created Number of SMEs financed/supported Number of employees of SMEs supported 	
Access to Essential Services	<ul style="list-style-type: none"> Number of beneficiaries Number of people reached with improved healthcare Number of Corporates financed/supported 	 
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> Number of Corporates financed/supported Number of people benefiting from the eligible financial support 	 

2.5 External Review

2.5.1 Second Party Opinion (Pre-Issuance)

This Framework has been reviewed by DNV which has issued a Second Party Opinion. The Framework and Second Party Opinion will be published on [KEXIM's website](#).

2.5.2 Verification (Post-Issuance)

KEXIM intends to issue on an annual basis or more frequently in case of any material changes, starting one (1) year after issuance and until full allocation, a limited assurance report on the allocation of the proceeds of the SFTs, provided by an external verifier. The report will be made available on [KEXIM's website](#).

Appendices

- [KEXIM's Guidelines for Environmental & Social Due Diligence](#)
- [KEXIM's Export Credit and Environmental Review](#)

- [OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence](#)

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