



FRAMEWORK ON SUSTAINABILITY

Version 2 (2024)

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Document Update History

Any updates to this Document shall be recorded in the following table:

No.	Date	Page No	Description	Approved By
CG/2023/76	29/11/2023		The Framework on Sustainability is the first version to be introduced and is designed to serve as an overarching guideline which encompasses the Bank's purpose, goals and targets in relation to promoting social resilience and safeguarding the environment.	333 rd Board of Directors meeting on 14 November 2023
CG/2024/75	11/9/2024		The Framework on Sustainability serves as an overarching guideline encompassing the Bank's purpose, goals, and targets in promoting social resilience and safeguarding the environment. This updated version includes a new chapter, Chapter 6: Guidance on Developing Sustainability Product which provides guidance in product design development in delivering EXIM Bank's goals.	338 th Board of Directors meeting on 29 August 2024

Note: For more information about this Document update as stated above, please refer to the Sustainability Department.

ACRONYMS

Name	Description
BNM	Bank Negara Malaysia
BOD	Board of Directors
BRC	Board Risk Committee
CBAM	Carbon Border Adjustment Mechanism
CCPT	Climate Change and Principle-based Taxonomy
DFI	Development Financial Institution
DO	Document Owner
ESG	Environmental, Social and Governance
GP	Guiding Principle
GPMD	Governance, Policy and Methods Department
GRI	Global Reporting Initiative
KPI	Key Performance Indicators
LCA	Life Cycle Assessment
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organisation
SAC BNM	Shariah Advisory Council of Bank Negara Malaysia
SME	Small Medium Enterprise
SPT	Sustainability Performance Targets
TCFD	Task Force on Climate-related Financial Disclosures
UNSDG	United Nation Sustainable Development Goals

DEFINITION

Terms	Definition
Bank/EXIM Bank	Export-Import Bank of Malaysia Berhad
Document Owner	Sustainability Department
Document	This Document refers to Framework on Sustainability
Employees	Employees of EXIM Bank
Greenhouse Gases (GHG)	Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the Earth's surface, the atmosphere itself and by clouds. This property causes the greenhouse effect. Water vapour (H ₂ O), carbon dioxide (CO ₂), nitrous oxide (N ₂ O), methane (CH ₄) and ozone (O ₃) are the primary GHGs in the Earth's atmosphere. Moreover, there are a number of entirely human-made GHGs in the atmosphere, such as the halocarbons and other chlorine- and bromine-containing substances, dealt with under the Montreal Protocol. Beside CO ₂ , N ₂ O and CH ₄ , the Kyoto Protocol deals with the GHGs sulphur hexafluoride (SF ₆), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).
GHG Emission	Release of a greenhouse gas into the atmosphere.
NDC	NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change, as per the Paris Agreement.
Net Zero	Net zero is the point at which global net human-caused greenhouse gases (GHG) emissions, including carbon dioxide and methane, released into the atmosphere are balanced by an equivalent amount removed from the atmosphere.
Scope 1 Emission	A direct GHG emission from sources owned or directly controlled by an organisation.
Scope 2 Emission	An indirect GHG emission from purchased of energy including electricity, heat, cooling or steam consumed by an organisation.
Scope 3 Emission	An indirect GHG emission that is a consequences of EXIM Bank's activities but arises from sources that are not owned or directly controlled by an organisation.
Senior Management	Executive Committee members, other heads of control function positions among others, Chief Internal Auditor and Chief Compliance Officer, and any other positions at SVP level.
Subsidiary	An entity that is controlled by EXIM Bank
Products and Services	EXIM Bank's approved Islamic and Conventional Financial Products and Services (Banking, Treasury, Takaful and Insurance)

ABOUT THIS DOCUMENT

1.1 Background

The Export-Import Bank of Malaysia Berhad (“EXIM Bank” or “the Bank”) Framework on Sustainability (“FS” or “the Framework”) serves as an overarching guideline which encompasses the Bank’s purpose, goals and targets in relation to promoting social resilience and safeguarding the environment. This Framework also provides guidance for the development of sustainable Products and Services and promotes the creation of sustainability Products and Services, through Sustainable Products and Services Concept.

1.2 Document Owner

The Sustainability Department is responsible for the development, update and review of this Document.

1.3 Interpretation of this Document

In the event of any ambiguity on the content or where the interpretation of this Document is required, the Head of Sustainability shall be consulted.

1.4 Other Policies and Procedures

This Document must be read together with other related internal policies/procedures issued by EXIM Bank. Please refer to **Appendix A** for further details.

1.5 Compliance with Laws and Regulations

This Document is to be read together with any written laws as at the material time enforced in Malaysia and/or guidelines, policies and circulars issued by any relevant authorities such as BNM. In the event of any contradiction between this Document with the laws and/or guidelines, policies and circulars issued by any relevant authorities, the latter shall prevail. Please refer to **Appendix A** for further details.

1.6 Anti-Bribery and Corruption Commitment

EXIM Bank has developed and implemented controls to ensure commitment from business associates to prevent bribery and corruption. EXIM Bank will terminate the relationship with business associate in the event of bribery or corruption by, on behalf of, or for the benefit of the business associate in connection with the relevant transaction, project, activity, rendered services or relationship.

1.7 Islamic First Guiding Principles

EXIM Bank has strategically committed to instill Shariah compliance culture and the guiding principles are essential for ensuring that the Bank operates in accordance with Islamic principles and values. Please refer to **Appendix B** for further details.

1.8 Exception to this Document

Any deviation from this Document must be approved by the BOD.

1.9 Infringement of this Document

Any infringement or non-compliance of this Document shall constitute a misconduct and offence warranting disciplinary action against the offender.

1.10 Review of this Document

This Document must be reviewed once in 2 years or as and when required.

1.11 Getting Help

Any query pertaining to the content of this Document or request for further clarification can be forwarded to the Head of Sustainability Department.

1.12 Change Request

Any recommendation for amendments or changes to be made to this Document shall be forwarded to Sustainability Department by using the Document Change Request Form available from GPMD.

CHAPTER 1: OVERVIEW ON EXIM'S SUSTAINABILITY FRAMEWORK

1.1 Introduction

1.1.1 EXIM Bank's mandate is to provide credit facilities to finance and support exports and imports of goods, services and overseas projects with emphasis on non-traditional markets as well as the provision of export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.

In support of the nation's aspiration to become a developed country, EXIM Bank's objective is to ensure its roles and mandates are;

1.1.1.1 To be guided and are always in accordance with Shariah principles and requirements as per Shariah Advisory Council of Bank Negara Malaysia (SAC BNM) rulings and EXIM Bank's Shariah Committee (SC) decision. At its core, EXIM Bank's purpose is promotion of good and prevention of harm towards all creation

1.1.1.2 Continuously aligned with the economic development, initiatives and growth of the Nation, the UNSDG and the United Nations Universal Declaration of Human Rights

1.1.1.3 Moving towards improvement on the competitiveness of the Nation by enhancing sustainable value creation

1.1.1.4 Support Malaysia's aspiration to be Net Zero by 2050 according to the National Determined Contribution implementation targets, the National Energy Transition Roadmap and other related policies

1.1.1.5 Contribute towards supporting exporters and other stakeholders' resilience by advocating for continuous safeguards in managing sustainability-related risks

1.1.1.6 Partner with stakeholders to create an ecosystem that will enable identification and promotion of opportunities to markets in support of new green technologies and low-carbon projects

1.1.2 One of the fundamental responsibilities is to lead by example in reducing EXIM Bank's own environmental footprint by continuously embedding sustainable practices within its operations and incorporating evidence-based data in its approach.

1.1.3 As EXIM Bank analysis of impact and sustainability data is ever evolving, this Document will undergo periodic updates and enhancements.

1.2 Governance

- 1.2.1** To strengthen sustainability governance within the Bank, it has established the Sustainability Committee, which is responsible to provide strategic oversight on the Bank's Sustainability Framework and related policies, standards, procedures and guidelines.
- 1.2.2** The Sustainability Committee reports to the Executive Committee and the Board of Directors on the Bank's environmental and social initiatives and has overall responsibility to oversee the implementation of the Bank's activities and practices related to environmental and social sustainability.

1.3 Overview

EXIM Bank's goal is to foster a lasting and positive impact to customers, to environment, and to community. The Bank have defined the impact that it aims to create across the following three (3) core pillars:

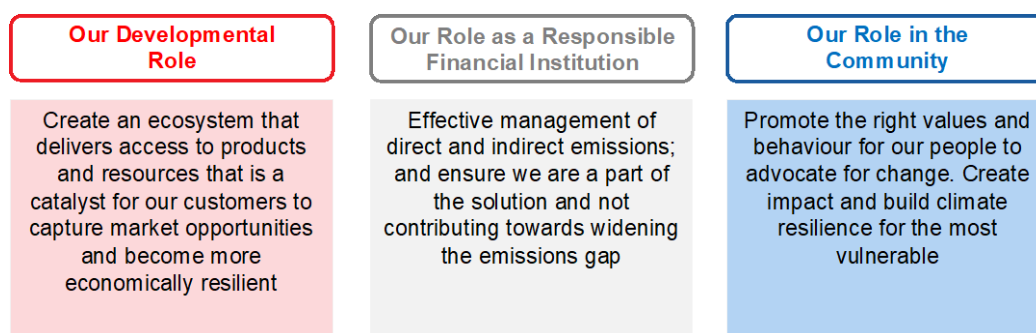


Diagram 1 Our Role in Creating Sustainable Impact

- 1.3.1** In support of EXIM Bank's aspirations, the Sustainability Framework focuses on the following key areas: Sustainability Principles, Integrated Risk and Opportunities Management and the processes involved to achieve the Bank's aspirations. The diagram below depicts how the framework supports the achievement of the Bank's strategic end goals:

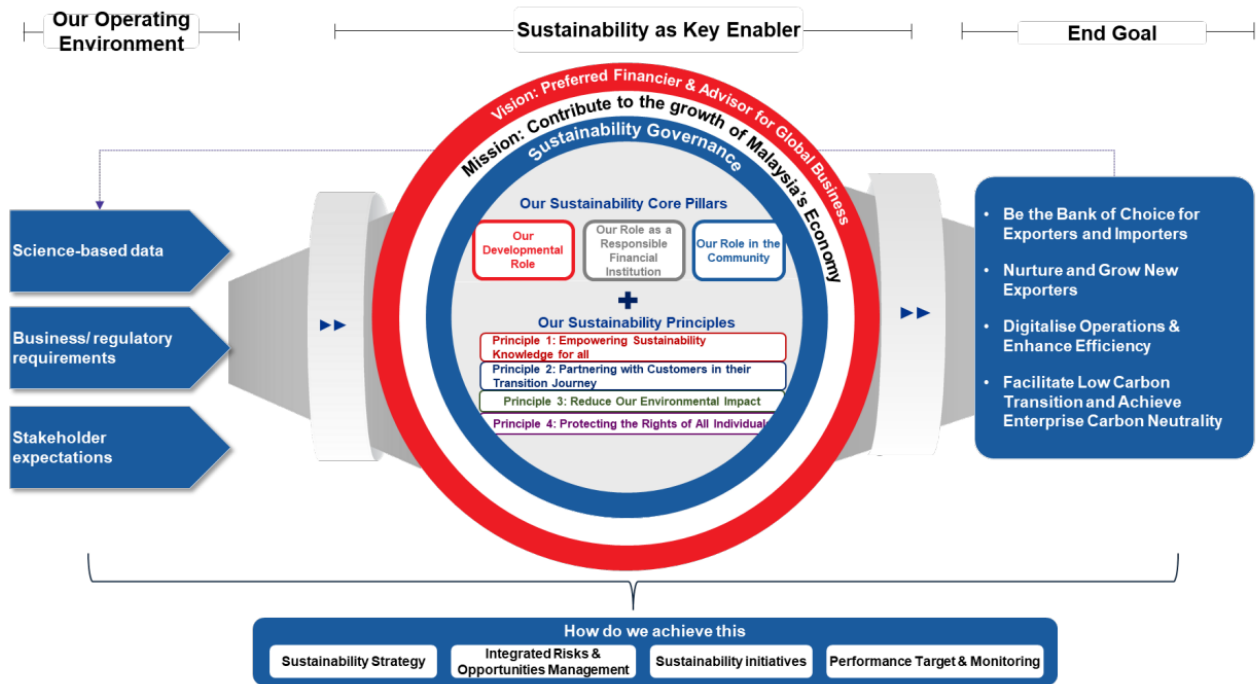


Diagram 2 Overview of our Sustainability Framework


Note: The strategic end goals are included in the EXIM Bank 2024-2026 Strategy Roadmap

CHAPTER 2: EXIM BANK'S SUSTAINABILITY PRINCIPLES AND COMMITMENTS

2.1 EXIM Bank's sustainability aspirations are anchored on the following principles and commitments:



Diagram 3: Sustainability Principles

 Principle 1: Empowering Sustainability Knowledge for all
<ul style="list-style-type: none"> Understand EXIM Bank's responsibilities in preservation of the environment and safeguarding the rights of all living creation according to Shariah principles and requirements. Continuous learning towards understanding how the Bank's operations and activities impact the environment and community Utilising scientific aspects of conserving resources and ensuring its management are developed in ways that benefits all generations equitably Engage with regulators and policy makers and keeping track of local and international environmental and climate-related regulations in order to be able to form policies, advise customers and support them in complying with evolving regulatory requirements
Commitments for Principle 1
<ul style="list-style-type: none"> Advocate for sustainability learning based on Shariah principles and requirements and global supervisory guidelines Talent management which takes into consideration requirements for the necessary knowledge and skills related to ESG and climate risk Contribute towards the development of impactful national policy formation and implementation through multi-stakeholder engagements



Principle 2: Partnering with Customers in their Transition Journey

- Forming collaborative relationships with customers towards navigating change and achieving their decarbonisation targets
- Being a trusted partner for customers by providing tailored financial solutions needed to support their transition goals
- Support projects and initiatives that create high environment and social impact

Commitments for Principle 2

- Incorporate industry-specific assessments relating to preservation of biodiversity, natural habitats and climate-related risks and opportunities in the Bank's decision-making process
- Identify sectors which have material negative environmental impact (i.e. high emissions sectors") and engage with customers in their transition towards sustainable business practices
- Quantify the Bank's portfolio emissions and develop decarbonisation strategies



Principle 3: Reduce Our Environmental Impact

- Determine the Bank's enterprise-level emissions and monitor and reduce its impact towards the environment. Utilise science-based and data-centric methodologies to achieve the Bank's goals
- Be transparent in the disclosure of our environmental impact to stakeholders

Commitments for Principle 3

- Assess the enterprise-level carbon footprint by calculating Scope 1 and Scope 2 and determine pathways towards achieving enterprise carbon neutrality by FY2030
- Monitor and report on emissions reduction progress against the established targets
- Incorporate sustainability in the supply chain and communicate the Bank's expectations to suppliers in upholding environmental and social responsibilities



Principle 4: Protecting the Rights of All Individuals

- Comply with Islamic rules and principles, other applicable laws and regulations that relates to human rights and fair labour practices
- Safeguard the rights of all stakeholders and prevent negative impacts towards the most vulnerable members of the community. The Bank will not knowingly engage in any business relationships with customers who are involved in bribery, child or forced labour, modern slavery, human trafficking, illegal deforestation, unfair and unlawful businesses in Islamic transactions such as Riba, Gharar and Maysir and any activities deemed illegal under country laws and regulations
- Prioritise employee welfare and ensure that the Bank create a healthy, safe and inclusive workplace environment for the Bank's employees. The Bank will also focus on building a strong sustainability culture within the Bank
- Commit to promoting financial inclusion, particularly for the unserved and underserved segments

Commitments for Principle 4

- Establish policies to safeguard human rights concerns, fair labour practices and employee well-being
- Align corporate social responsibility and social impact initiatives with advocacy efforts relating to creating awareness on sustainability for the underserved segments
- Establish suppliers' evaluation criteria which incorporates elements of diversity, equality and inclusiveness, and assess whether vendors are adopting sustainable and responsible practices

CHAPTER 3: STAKEHOLDER ENGAGEMENT

- 3.1** Stakeholder engagement is an essential component of setting EXIM Bank's sustainability strategy. Given the Bank's role and mandate as a development financial institution, it requires the Bank to continuously engage with stakeholders to understand, assess and respond to their expectations and relevant matters.
- 3.2** These engagements seek to address a wide range of sustainability-related opportunities and challenges which underpins EXIM Bank's sustainability strategy and mitigation of ESG-related risks. The outcome of these engagements are being leveraged to identify any potential/emerging ESG-related matters.

Please refer to **Appendix C** for further details.

CHAPTER 4: INTEGRATED RISK AND OPPORTUNITIES MANAGEMENT

- 4.1** Management of sustainability-related risks and opportunities are not a stand-alone discipline and needs to be integrated within existing business processes.
- 4.2** EXIM Bank's Risk Management Framework sets out the strategic direction and approach for the identification, assessment, management and reporting of risks. The same processes apply to identifying and evaluating sustainability-related risks and opportunities ("sustainability matters").
- 4.3** EXIM Bank have identified 23 sustainability matters that are relevant to the business operations. Each of these matters are aligned with the three (3) core pillars, as shown in the diagram below:

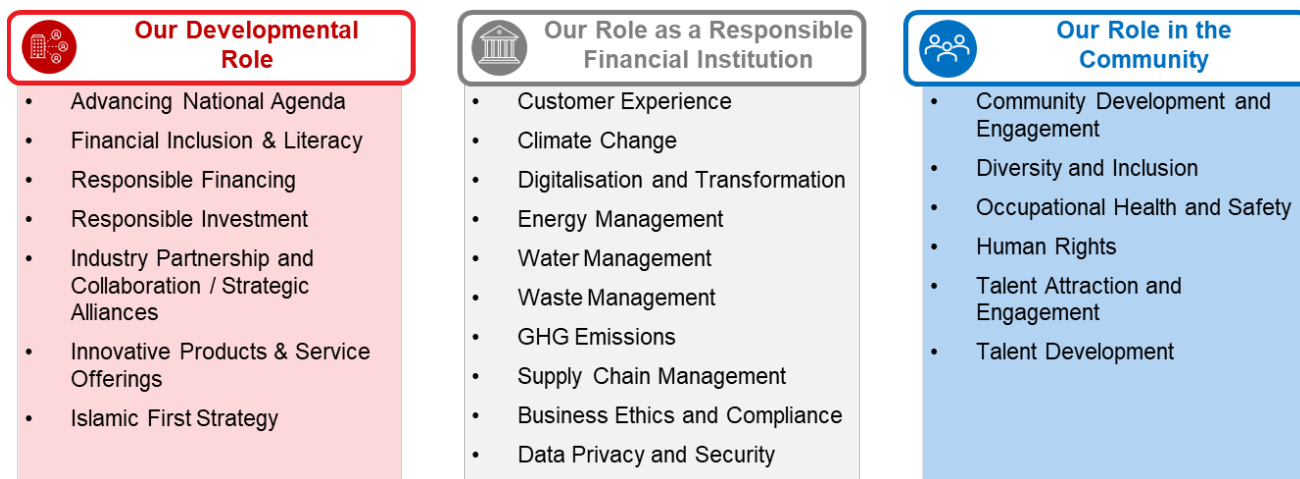


Diagram 4: Sustainability Matters

Please refer to **Appendix D** for further details

- 4.4** In addition to the above, based on the stakeholders' input in the materiality survey, the Bank have identified these key sustainability focus areas which it will focus on, as the Bank perform its mandate as a Development Financial Institution. Each of these are aligned with the Bank's three (3) core pillars and four (4) Sustainability Principles:

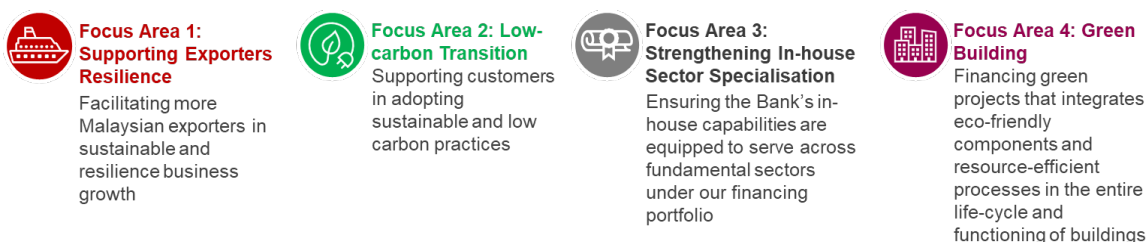


Diagram 5: Sustainability Focus Area

CHAPTER 5: SUSTAINABILITY STRATEGY

- 5.1** EXIM Bank has established a Corporate Strategy Plan that includes sustainability consideration into its strategic pillars which are Business, Developmental Mandate, Governance and Operational Excellence, and Environment. It set an overarching direction as EXIM Bank establish its sustainable practices, integration of ESG considerations into its business operations (across the value chain), decision-making processes and its contribution to sustainable development. Within each pillar, EXIM Bank has identified sustainability matters and targets and KPIs that are important to its business and operations as well as to its stakeholders. EXIM Bank has also mapped the pillars with local and international sustainability agenda such as UNSDGs and 12th Malaysia Plan.








Strategic Pillars	Business		Developmental Mandate	Governance & Operational Excellence			Environment
Sustainability Pillars	Awareness, Advocacy & Advisory	Sustainable Banking	Institutional Mandate	Good Governance & Operational Improvement	People-centric Workplace	Empowering Society	Climate Impact Management
Sustainability Matters	<ul style="list-style-type: none"> Financial Inclusion & Literacy Islamic First Strategy 	<ul style="list-style-type: none"> Customer Experience Innovative Products & Service Offerings Responsible Financing Responsible Investment 	<ul style="list-style-type: none"> Industry Partnership and Collaboration / Strategic Alliances Advancing National Agenda 	<ul style="list-style-type: none"> Digitalisation and Transformation Data Privacy and Security Supply Chain Management Business Ethics and Compliance Human Rights 	<ul style="list-style-type: none"> Occupational Health and Safety Diversity and Inclusion Talent Attraction and Engagement Talent Development 	<ul style="list-style-type: none"> Community Development and Engagement 	<ul style="list-style-type: none"> Climate Change Energy Management Water Management Waste Management GHG Emissions
Mapping to UNSDGs							
Mapping to 12 th Malaysia Plan	<ul style="list-style-type: none"> Propelling Growth of Strategic and High Impact Industries as well as Micro, Small and Medium Enterprises (Theme 1: Resetting Economy) 	<ul style="list-style-type: none"> Improving Regional Balance and Inclusion (Theme 2: Strengthening Security, Wellbeing and Inclusivity) Advancing Green Growth for Sustainability and Resilience (Theme 3 Advancing Sustainability) 	<ul style="list-style-type: none"> Restoring Growth Momentum (Theme 1: Resetting Economy) 	<ul style="list-style-type: none"> Boosting Digitalisation and Advanced Technology (Policy Enabler 2) 	<ul style="list-style-type: none"> Developing Future Talent (Policy Enabler 1) 	<ul style="list-style-type: none"> Addressing Poverty and Building an Inclusive Society (Theme 2: Strengthening Security, Wellbeing and Inclusivity) 	<ul style="list-style-type: none"> Advancing Green Growth for Sustainability and Resilience (Theme 3 Advancing Sustainability) Enhancing Energy Sustainability and Transforming the Water Sector (Theme 3 Advancing Sustainability)

Diagram 6: Sustainability matters, targets and KPIs mapped to UNSDGs and 12th Malaysia Plan

CHAPTER 6: SUSTAINABILITY PRODUCT GUIDANCE

6.1 Objective

In today's rapidly evolving global landscape, the need to have imperative sustainable development has never been more pressing. As the world is confronting unprecedented challenges such as climate change, social inequality, and environmental degradation, the role of the financial sector in driving positive change has become increasingly prominent. Developmental financial institutions (DFIs), including EXIM Bank, play a pivotal role in advancing environmental and social goals aligned with government aspirations and socio-economic development plans.

The Bank, recognises the pivotal role that finance plays to ensure capital and funding is allocated to initiatives that create a lasting and positive impact to environment, and to the community. This chapter serves as a guidance for the development of sustainable Products and Services and promotes the creation of sustainability-linked Products and Services by considering the Bank's role in creating positive impact for the environment and society. It outlines the considerations when developing and designing Products and Services offered by EXIM Bank.

6.2 Purpose and Commitment

As a Development Financial Institution (DFI), EXIM Bank is driven by a set of core objectives that extend beyond financial gain. EXIM Bank is committed to a threefold commitment:

6.2.1 Empowering Exporter and Importer Resilience

EXIM Bank plays a crucial role in supporting Malaysian exporters and importers, equipping them with the financial tools and resources they need to compete effectively in the global marketplace. This includes providing export credit Takaful and insurance, financing solutions, and market access initiatives that bolster customers' resilience in the face of international competition and economic fluctuations.

6.2.2 Unlocking Global Export and Import Opportunities

EXIM Bank actively cultivates global trade partnerships and fosters a conducive environment to Malaysian exports and imports. This is achieved through facilitating access to new markets, mitigating trade risks, and promoting Malaysian goods and services on a global scale. By expanding export avenues, it contributes to Malaysia's economic growth and diversification.

6.2.3 Doing the Right Thing

EXIM Bank is committed to ensure that the Bank do its part to strategically allocate financial resources to projects and business initiatives that generate positive social and environmental impacts alongside economic benefits for the nation. EXIM Bank prioritises activities that align with Shariah principles and requirements underpinning the ethos of

promotion of public interest and benefit and prevention of harm, alongside financial, economic benefits to the Bank and the nation. EXIM Bank is also in alignment with UN's Sustainable Development Goals (SDGs), for as long as its targets and principles do not contravene with the Shariah principles and requirements.

6.2.3.1 The principle of "promotion of public interest and benefit and prevention of harm"- a fundamental concept in Islamic law. It essentially means that any action or decision should be evaluated based on its overall benefit to society and the avoidance of harm. The developmental role that we play in the promotion of benefit focuses on delivering financial products and services to support our customers to contribute positively to the country's economy and society, promoting growth in the real economy, creating jobs and uplifting people's livelihood. As a responsible financial institution that aspires to play a positive role in the community, in delivering our products and services, the Bank need to ensure that our operations, and the operations of the businesses and projects that we are financing, are taking the necessary actions to minimise negative impacts towards the environment and society.

6.2.3.2 The Bank's approach to customers' transition - the Bank is also cognisant that not all customers fall under the category of "green" businesses, or businesses that contributes positively to the environment. There are certain sectors that are in "brown" industries, in which their business operations may have negative effects on the environment such as high emissions. As a developmental financial institution, the Bank is committed to supporting equitable and just energy transition efforts. As a trade-focused developmental financial institution that supports the growth of Malaysian exporters worldwide, the Bank recognise that many customers may still be operating in high emission sectors, and may be early in their transition journey, but are contributing towards the current needs of the economy and society. The Bank is committed to supporting equitable and just energy transition efforts and approaches environmental considerations from a multifaceted perspective: reducing emissions through high-efficiency technology, supporting renewable energy and energy efficient efforts, and ensuring that underserved customers are not left behind in this transition. The Bank supports customers who do not contravene their respective Nationally Determined Contributions (NDCs).

6.2.4 EXIM Bank aspires to:

6.2.4.1 Promote the benefits of Islamic Products and Services, within the sustainability product framework.

6.2.4.2 Attract environmentally conscious businesses and investment/projects seeking finance solutions that align with their sustainability goals.

6.2.4.3 Support the growth of new exporters and importers operating in a sustainable and green economy.

6.2.4.4 Play a significant role in facilitating the low carbon transition for businesses and contribute to achieving enterprise carbon neutrality.

6.2.4.5 Promote inclusive growth and economic empowerment that creates decent jobs and contributes to the development of underserved communities, promotes inclusive economic growth and social equity.

6.2.4.6 Improve working conditions and uphold human rights adopting fair labour practices, ensuring safe working conditions and respecting human rights throughout their supply chains.

6.2.4.7 Advance social development and community well-being addressing social needs, such as providing access to clean water or sanitation facilities in underserved communities.

6.2.4.8 Promote diversity and inclusion encouraging diversity and inclusion within its own workforce and among its customers, fostering a more equitable and representative business environment.

6.3 EXIM Bank acknowledges its responsibility to operate in accordance with Shariah principles and requirements. EXIM Bank believes that adhering to these principles fosters long-term economic prosperity. Its approach, therefore, in the development of sustainability-linked Products and Services, is to deliver the vision of societal and environmental developing according to the Shariah principles and requirements.

6.4 Sustainable Finance

This guide aims to steer product development towards impact creation on community and environment as follows:

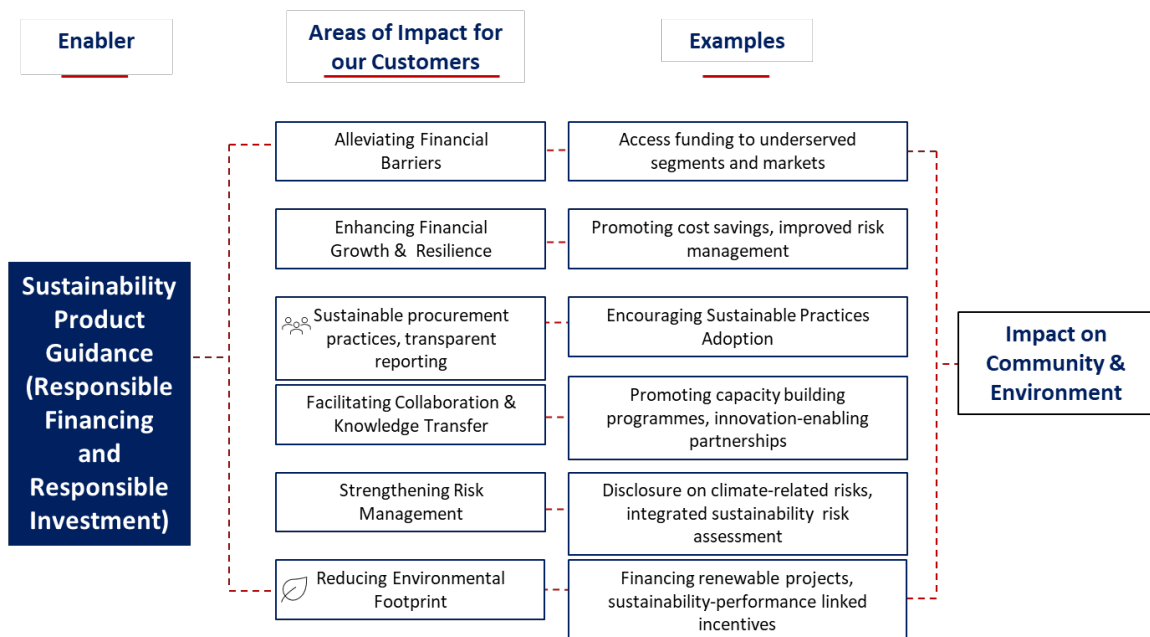


Diagram 7: Sustainability Product Guidance's areas of impact

6.4.1 EXIM Bank's role is to ensure it facilitates finance to support the greater good, ensure those vulnerable are not left behind. Islam emphasises fulfilling necessities for all, ensuring everyone has a fair chance, and using resources in a sustainable manner that ensures equitable benefit for current and future generations. Furthermore, Islamic teachings stress the importance of environmental conservation. EXIM Bank's role is to contribute to the environment's health for future generations, making pollution, environmental degradation unacceptable practices and for societies to thrive. In this framework, the Bank propose consideration of social impact along with environmental considerations. This framework incorporates Shariah principles and requirements that promote responsible practices and environmental stewardship. These principles are universally applicable and can be adapted to all of the Bank's Products and Services.

6.5 Requirements

6.5.1 The considerations in sustainable Products and Services design by EXIM Bank may, not limited to, be based on the following:

6.5.1.1 Attain benefit, prevent harm, advance fairness, conserve asset, and distribute wealth in accordance with *Maqasid Shari'ah* (Objectives of Islamic Law) principles, aiming to reduce unjust factors such as uncertainty and exploitation, as described in Appendix B

6.5.1.2 Advance any of the 17 Sustainable Development Goals (SDGs) outlined by the United Nations.

6.5.1.3 Ensure alignment between the prioritised SDGs and the EXIM Bank's overall strategic objectives, mission, and vision. Integrate SDG priorities into the EXIM Bank's strategic planning processes, investment decisions, and performance measurement frameworks to drive strategic alignment and accountability.

6.5.1.4 Transform business operations towards low carbon operations, in any sector. This includes improving energy efficiency, increasing use of sustainable material for production and obtaining sustainability certification.

6.5.1.5 Support Malaysia's aspiration to be Net Zero by 2050 according to the National Determined Contribution implementation targets, the National Energy Transition Roadmap (NETR), National Malaysia Industrial Master Plan (NIMP) and other related policies.

6.5.1.6 Support and improve the resilience and sustainability of the society and environment more generally, including supporting projects that promote adaptation and mitigation practices.

6.5.1.7 Meet the economic activities, climate objectives and promote the transition to a low-carbon economy and in line with the Bank's approved risk appetite.

6.5.1.8 Emphasis on adoption of digital technology (integration of digital tools and platforms) in business operations.

6.5.1.9 Endorsed by EXIM Bank's Sustainability Committee, ensuring Products and Services meet high sustainability standards and contribute to positive environmental and social impact.

6.5.1.10 As the Bank embarks on this journey towards a more sustainable future, the Bank and its stakeholders may reimagine the role of sustainable Products and Services in driving positive change and creating a better world for future generations.

Additionally, initiatives that, specifically, emphasise adoption of digital technology (integration of digital tools and platforms) in business operations is eligible for sustainable financing by EXIM Bank. Harnessing digital technology can increase access to new markets, which clearly highlights the importance of digitalisation in facilitating the expansion of market presence for businesses (especially SMEs), thereby unlocking avenues for growth opportunities and safeguard their business models for the future.

Table 1 below outlines high-level, eligible social and environmental activities that EXIM Bank could consider as part of its sustainable practices. These activities include, but are not limited to, the following:

Environmental Eligibility Criteria	Social Eligible Criteria
<ul style="list-style-type: none"> i. Green Building ii. Green Mobility iii. Renewable Energy iv. Resource Efficiency & Pollution Prevention and Control v. Environmentally Sustainable Management of Living Natural Resources and Land Use vi. Sustainable Water and Wastewater Management vii. Climate Change Adaptation/ Mitigation viii. Energy Efficiency, Eco-efficient and/ or circular economy adapted products, production technologies and processes ix. Forest conservation x. Regenerative Agriculture xi. Biodiversity Conservation xii. Emissions Reduction xiii. Carbon Credit Certification 	<ul style="list-style-type: none"> i. Affordable Basic Services/ Infrastructure ii. Socioeconomic Advancement and Empowerment & Employment Generation iii. Food Security & Sustainable Food Systems iv. Connectivity for Rural Population v. Financial Inclusion vi. Affordable Healthcare vii. Access to Affordable Education

Table 1 High-level eligible criteria social and environmental-related activities

Additionally, the BNM Climate Change and Principle-based Taxonomy (CCPT) guidelines can be referenced when developing Products and Services to generate social and environmental impact. The BNM 's CCPT guidelines support these efforts by facilitating robust and consistent assessments of economic activities and their impact on environment and social.

- 6.5.2** When designing the Products and Services, the Products and Services shall not contravene environmental laws, national human rights and labour laws, which include, but are not limited to:

6.5.2.1 The National Forestry Act 1984

6.5.2.2 Wildlife Conservation Act 2010

6.5.2.3 National Parks Act 1980

6.5.2.4 The Fisheries Act 1985

6.5.2.5 The Environmental Quality Act 1974

6.5.2.6 Employment Act 1955 and Employment Act 2022

6.5.2.7 Children and Young Persons (Employment Act 1966)

6.5.2.8 Minimum Wages Order 2018

- 6.5.3** Innovative sustainable Products and Services concept examples that EXIM Bank can offer to businesses or projects that are pegged to the businesses or projects sustainability performance are described in Table 2. These innovative sustainable Products and Services concepts examples incentivise businesses or projects to integrate sustainability considerations into their business strategies and operations, driving positive social, environmental, and economic outcomes. By linking financing to sustainability performance, EXIM Bank can catalyse sustainable development at the grassroots level and support businesses and projects in becoming agents of change in their communities.

Sustainable Products and Services Concept Examples	Green Growth Financing (GGFs)	Impact-Linked Working Capital Facilities (ILWCFs)	Sustainability-Linked Invoice Financing (SLIF)	Eco-Efficiency Grants (EEGs)	Community Impact Financing (CIFs)	Sustainable-linked Supply Chain (SSC)	Takaful Coverage for Green / Sustainability Project	Green Sukuk / Green Syndicated Financing
Description	Specifically designed for businesses and projects that demonstrate commitment to sustainable practices and environmental stewardship. The payment terms of these financing are tied to the businesses and projects sustainability performance metrics, such as energy efficiency improvements, waste reduction targets, or adoption of renewable energy technologies. Businesses and projects that meet or exceed sustainability targets may qualify for increased financing limits, lower rates and extended payment periods, incentivising green investments and business practices	Provides working capital financing to businesses and projects, with the payment rates and credit limits linked to the businesses and projects social and environmental impact performance. as. Businesses and projects that achieve positive impact outcomes (e.g. job creation, community development, or carbon footprint reduction) may benefit from lower interest rates, higher credit limits, or preferential terms on their working capital facilities.	Allows businesses and projects to access liquidity against their outstanding invoices while incentivising sustainability performance. This offers invoice financing facilities where the financing terms are linked to the sustainability performance of the businesses and projects. Businesses and projects that demonstrate progress towards sustainability goals, such as ethical sourcing practices or supply chain transparency, may receive discounted financing rates or extended payment terms.	Provides to businesses and projects for implementing eco-efficiency measures and sustainability initiatives. Businesses and projects can use the grants to invest in projects that improve resource efficiency, reduce environmental impact, or enhance social responsibility. The grants are awarded based on the businesses and projects sustainability proposals and expected impact outcomes. Businesses and projects that successfully implement eco-efficient practices may be eligible for additional grants or concessional financing for future projects.	Financing that contributes to community development and social impact initiatives, by providing financing to businesses and projects that demonstrate a strong commitment to supporting local communities through initiatives such as job creation, skills development, or social welfare programs. The terms, including payment rates and schedules, are structured to reward businesses and projects for their positive community impact, encouraging sustainable business practices that benefit society.	SSC financing products incentivise sustainable practices in supply chains, offered in various forms like credit facilities, financing or investment vehicles, tailored to meet companies' needs and linked to sustainability metrics such as carbon footprint or social impact. SSC can reduce working capital for buyers and suppliers, while companies manage supplier sustainability by promoting environmental or social improvements instead of financial benefits.	Offer complimentary Takaful coverage to customers engaged in green / sustainability-related projects, to incentivise and facilitate the development of projects that contribute to environmental preservation and sustainable development while providing additional security and peace of mind to customers.	Green Sukuk / Green Syndicated Financing specifically designed to finance environmentally friendly large-scale sustainable large-scale projects, such as renewable energy, clean transportation, and sustainable water management. EXIM Bank can share risks, increase its financing capacity, and tap into a broader investor base.
Monitoring and reporting	Required to regularly report on their progress towards meeting targets, providing relevant data and documentation as necessary to EXIM Bank, i.e. by regularly monitoring sustainability objectives through Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs). The process of setting SPTs involves collaboration and negotiation between the customer and the financier to establish goals that support sustainable development objectives while aligning with the benefits and responsibilities of both parties.							
Verification	Independent verification may be required on targets achieved to ensure accuracy and credibility. Required to regularly report on progress towards meeting targets, providing relevant data and documentation as necessary. Independent verification may be conducted by a third-party appointed by EXIM Bank.							
Technical Assistance and Capacity Building	EXIM Bank will offer technical assistance, capacity building, and advisory services to support customers in implementing sustainable projects effectively. Provide guidance on sustainability best practices and regulatory compliance							
Access to Networks and Partnerships	Leverage EXIM Bank's networks, partnerships, and industry connections to facilitate access to additional funding sources, project opportunities, and potential collaborators for customers							
Education and awareness	EXIM Bank will offer training, workshops, and educational resources to empower customers to integrate sustainability considerations into their business strategies and operations.							

Table 2: Sustainable Products and Services Concept Examples

6.5.4 This guide will contribute to EXIM Sustainability Framework's end goals through:

End Goals	How does EXIM achieve it?
1. Be the Bank of Choice for Exporters and Importers	<ol style="list-style-type: none"> Sustainable Finance: Develop financing Products and Services that incentivise environmentally friendly trade practices. This could involve: <ol style="list-style-type: none"> Green Trade Finance Products and Services: Providing trade financing and trade services in supporting the exports and imports of sustainable Products and Services or technologies. Sustainable Supply Chain Finance: Supporting exporters by financing their participation in certified sustainable supply chains. Risk Mitigation: Offer business protection instruments that mitigate environmental and social risks associated with international trade, such as: <ol style="list-style-type: none"> Credit Takaful/Insurance: Providing coverage against non-payment resulting from the delivery of goods or services due to commercial or political risks. Environmental and Social Due Diligence Support: Collaborate with exporters and importers to assess environmental and social risks in their operations.
2. Nurture and Grow New Exporters	<ol style="list-style-type: none"> Green Export Credit Lines: Offer dedicated credit lines with concessional payment rates for businesses exporting sustainable Products or Services. Capacity Building Programs: Provide training and technical assistance to new exporters on sustainable business practices, including: <ol style="list-style-type: none"> Life Cycle Assessment (LCA) to understand the environmental impact of their Products or Services. Sustainable sourcing and production methods. Green Market Research and Advisory Services: Assist new exporters and importers in identifying potential markets for their sustainable Products and Services.
3. Advocate companies to become green (Digitalise Operations & Enhance Efficiency)	<ol style="list-style-type: none"> Investment in Green Technologies: Finance the development and implementation of digital solutions that improve operational efficiency and environmental performance. This could involve: <ol style="list-style-type: none"> Go-Export Greentech, a sustainability-focused program to support environmentally friendly initiatives. Data Analytics: Invest in data analytics tools to assess the environmental and social impact of financed activities, enabling informed decision-making.
3. Facilitate Low Carbon Transition and Achieve Enterprise Carbon Neutrality	<ol style="list-style-type: none"> Carbon Offsetting Mechanisms: Facilitate access to carbon offset programs for businesses looking to neutralise their carbon footprint. Sustainability Linked Financing: Offer financing with favourable payment rates linked to the client's achievement of pre-defined sustainability targets. Support exporters' resilience to address national/international climate/environmental related legislation, e.g. Carbon Border Adjustment Mechanism (CBAM)

Table 3: The Framework on Sustainability's end goals

Note: The strategic end goals are included in the EXIM Bank 2024-2026 Strategy Roadmap

6.6 Additional Considerations

6.6.1 Collaboration

Partner with other financial institutions, government agencies, and sustainability experts to develop and implement effective sustainable finance solutions.

6.6.2 Transparency and reporting

Regularly disclose EXIM Bank's progress towards achieving its sustainability goals, including the environmental and social impact of its financing Products and Services in annual reports.

6.6.3 Capacity Building for Sustainable Product Design

To ensure effective implementation of this framework, the Product Development Department will ensure its team members have undertaken certification training related to sustainability and sustainable product design. This training will equip them with the necessary knowledge and skills to design sustainable products aligned with EXIM Bank's sustainability goals.

6.7 Conclusion

The implementation of EXIM Bank's Sustainability Product Guidance supports Products and Services design which will contribute towards fostering environmental stewardship, social responsibility, and economic resilience within the Bank and the broader financial ecosystem. By embedding sustainability principles into the Bank's Products and Services, it demonstrates the Bank's commitment to addressing pressing global challenges, including climate change, biodiversity loss, social inequality, and resource scarcity. Through proactive engagement with stakeholders, rigorous risk assessment, and transparent reporting, the Bank strive to uphold the highest standards of impact creation according to the Shariah principles and requirements and deliver long-term value to stakeholders.

6.7.1 Moving forward, EXIM Bank recognises the importance of continuous improvement and innovation in sustainable Products and Services. It will remain agile and adaptive to emerging trends, regulatory developments, and stakeholder expectations, ensuring that the policies and practices evolve in tandem with the evolving sustainability landscape. By fostering collaboration, sharing best practices, and leveraging technology and data analytics, EXIM Bank aims to drive positive impact, foster sustainable development, and contribute to a more resilient and inclusive economy.

6.7.2 In summary, the Sustainability Product Guidance serves as a guiding framework for integrating sustainability into the Bank's Products and Services. With a steadfast commitment to sustainability, the Bank is poised to navigate the transition towards a more sustainable, equitable, and prosperous future for all.

6.7.3 Furthermore, a framework can be more aspirational than a concrete set of rules or procedures. While frameworks provide a structure and foundation, they often leave room for interpretation and adaptation. They can be seen as guiding principles that set a high-level direction, encouraging innovation and flexibility. Here's a breakdown of why:

6.7.3.1 Flexibility: Frameworks allow for customisation and adaptation to different contexts

6.7.3.2 Innovation: They encourage creative problem-solving and new approaches.

6.7.3.3 Long-term vision: Frameworks often focus on overarching goals and desired outcomes rather than immediate, tactical steps.

6.7.3.4 Continuous Improvement: They can be iteratively refined and enhanced over time.

6.7.4 Whereas Policies and Procedures are more:

6.7.4.1 Concrete and specific: Outline detailed steps, rules, and guidelines for specific actions or tasks.

6.7.4.2 Prescriptive: Dictate how things should be done.

6.7.4.3 Operational focus: Primarily concerned with day-to-day activities and processes.

6.7.5 In essence Frameworks are:

6.7.5.1 Broad and overarching: Provide a general structure or approach for addressing a complex issue or problem.

6.7.5.2 Flexible: Allow for adaptation and customisation to different situations.

6.7.5.3 Strategic focus: Typically concerned with long-term goals and objectives.

6.7.6 In summary Frameworks offer a high-level roadmap, providing direction but leaving room for interpretation and innovation. Policies and procedures provide detailed instructions, ensuring consistency and compliance.

Internal Policies/Procedures issued by EXIM Bank

- 1) Islamic First Guiding Principles
- 2) EXIM Bank Risk Management Framework
- 3) EXIM Bank Procedures on Islamic Financing
- 4) EXIM Bank Policy of Climate Risk Management
- 5) EXIM Bank Policy on Product Management

Documents issued by relevant authorities

- 1) BNM Climate Risk Management and Scenario Analysis Policy Document
- 2) BNM Climate Change and Principle-based Taxonomy
- 3) BNM Value-based Intermediation Financing and Investment Impact Assessment Framework
– Guidance Document (VBIAF)
- 4) BNM Policy Document on Introduction of New Products
- 5) BNM Policy Document on Shariah Governance
- 6) Greenhouse Guidance for Calculating Scope 3 Emissions (Version 1)
- 7) GRI Standards: Core option
- 8) ISDA Sustainability-Linked Derivatives: KPI Guidelines
- 9) National Energy Transition Roadmap (NETR)
- 10) National Industrial Master Plan 2030 (NIMP2030)
- 11) Sustainability Accounting Standards Board (SASB) Reporting Framework.
- 12) TCFD framework
- 13) UN Global Compact
- 14) UN Guiding Principles on Business and Human Rights
- 15) The National Forestry Act 1984
- 16) Wildlife Conservation Act 2010
- 17) National Parks Act 1980
- 18) The Fisheries Act 1985
- 19) The Environmental Quality Act 1974
- 20) Employment Act 1955
- 21) Children and Young Persons (Employment Act 1966)
- 22) Minimum Wages Order 2018



Islamic First Guiding Principles

In line with EXIM Bank's aspiration towards embedding Shariah compliance culture, EXIM Bank is committed to:

1. Prioritise the Shariah compliant financing and takaful solutions for cross-border ventures, unless otherwise there are justified circumstances.*
2. Ensure all relevant documentations, procedures and collaterals are approved and endorsed by Shariah Committee.
3. Use the right Shariah compliance terminologies in communication, dealings and business affairs.
4. Always refer the Shariah Negative list / Shariah non-compliant business or activities for business undertakings.
5. Ensure the implementation of business, operations, affairs, and activities are in compliance with Shariah.
6. Instil the behaviour and culture of internal stakeholders that parallel with objective of Shariah (*maqasid* Shariah).

*Subject to Shariah Committee's approval, among the justified circumstances, but not limited to:

- i. Islamic product is unavailable or not accepted in certain jurisdictions, conventional option may be considered permissible under the principles of necessity (*hajah*) or dire necessity (*darurah*); or
- ii. The customer opts for conventional products; or
- iii. The nature of business falls under the Shariah Negative / Shariah Non-Compliance business activities' list

Embrace Islamic Finance, Our First Priority








List of Stakeholder Groups












Internal stakeholder group
Board of Director
Shariah Committee
Senior Management
Employees
External stakeholder group
Government / Regulatory Authorities / Policymakers
Shareholders / Investors
Customers (e.g., Importers / Exporters)
SMEs / Local Entrepreneurs
Suppliers / Business Partners
Communities
NGOs
Media
Financial Institutions (Industry Peers)
Industry Associations










The list of stakeholder groups identified above are non-exhaustive. It will be constantly reviewed and updated where deemed necessary









List of Sustainability Matters

The table below presents the list of sustainability matters identified through a comprehensive review of sustainability standards and industry trends. Each of these is aligned with EXIM's sustainability role and the relevant UN SDGs:




No	Sustainability Matters		Relevant UNSDGs
1	Advancing National Agenda	<p>Championing causes that would contribute to the advancement of Malaysia's National Agenda through:</p> <ul style="list-style-type: none"> (a) Performing our mandate as a DFI in offering a broad range of financing facilities to our customers by mobilising capital and supporting private-sector investment in sustainable agriculture to consequently promote food security, and (b) Embarking on programmes that would uplift and benefit underserved communities (e.g. providing clean water access to underprivileged communities to improve food security, utilising flood relief funds to alleviate the impact of our customers that were affected by floods, practicing efforts to conserve natural resources, embracing green technology, etc.) 	 
2	Financial Inclusion & Literacy	<p>Aspiring to become a pioneer in sustainable practices amongst other DFIs by supporting socially responsible causes, notably:</p> <ul style="list-style-type: none"> (a) Ensuring affordability and accessibility to financial products and services to all layers of the community, such as customers, SMEs or minority-owned businesses, as well as unserved and underserved markets; and (b) Equipping underserved communities with adequate financial knowledge through the delivery of targeted community capacity building and empowerment programmes with the intention of helping local and vulnerable communities mitigate and build resilience against the adverse impacts of climate change. 	  
3	Responsible Financing	<p>Exercising responsible, fair and prudent financing practices, which would comprise of an ESG-related credit evaluation approach for customers, and additionally, offering financial relief and assistance to underserved accounts.</p>	 

No	Sustainability Matters		Relevant UNSDGs
4	Responsible Investment	Integrating ESG components into our business ecosystem and decision-making process when evaluating investments, including developing a robust ESG framework to identify accompanying risks and opportunities that will contribute to sustainable value creation for all our stakeholders.	 
5	Industry Partnership and Collaboration / Strategic Alliances	Advocating for strategic collaboration with government entities, international associations, multilateral organisations, industry peers (other EXIM banks, DFIs and commercial banks), and stakeholders from the business community in exploring new avenues to accelerate sustainable and resilient business development.	
6	Innovative Products & Service Offerings	Incorporating ESG factors in the development of innovative products and service offerings which seamlessly drive sustainability growth by digitalising our products and services, issuance of sustainable bonds (including green bonds), financing green technology, and supporting exporters invest in strategic and sustainable sectors globally.	 
7	Islamic First Strategy	Upholding our “Islamic First” policy through the primary provision of Shariah-compliant financing solutions, alongside conventional banking facilities, whilst assuring integration of ESG consideration into Islamic Financing processes.	
8	Customer Experience	Striving to provide excellent customer service experience through developing and nurturing relationships with both existing and potential customers whilst serving customers in an equitable manner that is in line with our Treat Customers Fairly Charter.	
9	Climate Change	Continuously integrating climate-related considerations when devising business strategies, as well as providing financing to support green projects aimed at reducing GHG emissions, in line with Malaysia’s ambition to achieve net zero carbon strategies by 2050.	
10	Digitalisation and Transformation	Enhancing business operations by embedding and investing in digital technologies, systems and platforms with the utmost aim of establishing an integral banking system that leverages on the current technological advancements.	
11	Energy Management	Optimising resource consumption by reducing the dependency on unsustainable energy sources within our operating environment and consequently encouraging the usage of	 

No	Sustainability Matters		Relevant UNSDGs
		renewable energy and energy-efficient solutions to minimise environmental impacts.	
12	Water Management	Efforts to better manage and conserve water consumption throughout our business operations, and spearheading programmes with the purpose of improving clean water access to underserved communities.	
13	Waste Management	Commitment to reducing waste output by promoting awareness on the significance of effective waste management and conducting initiatives designed to instill recycling habits within our employees.	
14	GHG Emissions	Managing our operational footprint with the constant monitoring of GHG emissions across our business operations, including executing emission reduction initiatives and exploring the usage of renewable and sustainable energy sources.	
15	Supply Chain Management	Proactively implementing measures to embed ESG factors in the supply chain process, as well as ensuring our procurement practices are open, honest and ethical, which demonstrates our commitment in driving sustainable value creation across all our business operations.	 
16	Business Ethics and Compliance	Adopting frameworks, principles, legislative and regulatory provisions that would foster transparency, accountability, ethical behaviour and integrity across our business operations, which would subsequently protect the interest of our stakeholders and contribute to the achievement of our long-term growth strategies and continuous sustainability (e.g. zero-tolerance approach to all forms of bribery and corruption, sound Whistleblowing Policy, adequate internal control systems and frameworks, and compliance with future changes in regulatory requirements such as the Carbon Border Adjustment Mechanism).	
17	Data Privacy and Security	Safeguarding the Bank from information and cyber security risks by establishing robust internal frameworks (e.g. Technology Risk Management Framework and Cyber Resilience Framework) whilst simultaneously enhancing cybersecurity and control measures to ensure the protection of customers' data privacy.	
18	Community Development and Engagement	Engaging with local communities through the conduct of CSR initiatives to uplift underserved communities with the aim of being socially	 

No	Sustainability Matters		Relevant UNSDGs
		responsive whilst seeking to create a sustainable difference in the community.	
19	Diversity and Inclusion	Promoting a diverse and inclusive workplace with equal opportunity and no discriminatory treatment, and practicing inclusivity across all facets such as gender, age, cultural background, disability and nationality.	 
20	Occupational Health and Safety	Ensuring the health, safety and welfare of our employees are prioritised through protocols, procedures and programmes in place to create a safe, healthy and injury-free work environment.	
21	Human Rights	Ensuring effective implementation and monitoring of social standards against violation of human rights through initiatives such as establishing policies to safeguard human rights, promoting fair labour practices and decent working conditions, and considering human rights risks and elements throughout the decision-making process when financing projects.	 
22	Talent Attraction and Engagement	Attracting, recruiting and retaining talents with the required skills and capabilities, by way of strengthening our Bank's presence when engaging with potential talents as well as creating growth opportunities for employees, with the main aim of building a strong, capable and empowered workforce.	 
23	Talent Development	Actively upskilling the current pool of talent through the delivery of capacity building and awareness training programmes which would ultimately strengthen the capability of our talent to accelerate the Bank's competitive performance, for example, having an in-house sector specialisation team for financing portfolio.	

Note: The list of sustainability matters identified above will be constantly reviewed and updated to ensure relevance to the business operations and stakeholder expectations.

Legend – Mapping of Sustainability Matters to Our Core Pillars	
	Our Developmental Role
	Our Role as a Responsible Financial Institution
	Our Role in the Community

Sustainability Framework Diagram

