



เคียวกู้จำประชาชน

ธนาคารเพื่อการเกษตรและสหกรณ์การเกษตร

BANK FOR AGRICULTURE AND AGRICULTURAL COOPERATIVES

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## Bank for Agriculture and Agricultural Cooperatives Green Bond Framework

### 1. Objective of Environmental Sustainability

Green Bond of Bank for Agriculture and Agricultural Cooperatives (“Bank”) is the financial instrument that supports the Bank strategy in terms of organizational potential and integrated community potential for sustainability to improve the foundation economy with the network to enhance the community economy by taking environmental and social responsibility, together with good governance into consideration under the concept of the sustainable bank to improve foundation economy, society, and environment.

### 2. International standard that is used as reference in the request for permission for Green Bond offering

The Green Bond Framework of the Bank is established with the ASEAN Green Bond Standards (ASEAN GBS) and the International Capital Market Association Green Bond Principles (ICMA GBP).

### 3. Use of Proceeds

The proceeds raised through Green Bond issuance will be used exclusively to finance and/or refinance in the eligible credit projects for environmental conservation as follows:

#### 3.1 Forestry Category

The credit projects for afforestation and reforestation includes plot management, and water system management that comply with forest laws of Thailand.

#### Exclusion Criteria

The proceeds raised through Green Bond will not be used in a project with the characteristics as follows:

- Conversion of existing forest areas
- Project that is located in the legal restricted area, overlapping territorial claims area, forest area, public area, or area that is under the process of consideration of title documents, which are Title Deed, Nor.Sor.3, Nor.Sor.3Kor, Nor.Sor.3Khor, and Sor.Por.Kor.4-01.

#### 3.2 Environmental Conservation Category (Forestry Excluded)

The credit projects that support environmental enhancement with relevant qualifications such as:

- Comply with environmental laws of Thailand
- Receive standard certifications or relevant guidelines from government or private agencies, such as Good Agricultural Practice (GAP), Organic Agriculture, Participatory Guarantee System (PGS), Organic Thailand, USDA ORGANIC, IFOAM, Good Hygiene Practice (GHP), Good Manufacturing Practice (GMP), Hazard Analysis Critical Control Point (HACCP), ISO 14001, ISO 50001

The projects also have qualifications that are relevant to environmental conservation. For example:

- 1) Credit project for the promotion of environmentally sustainable agriculture, such as organic agriculture
- 2) Credit project for the promotion of alternative energy, renewable energy, or clean energy
- 3) Credit project for the promotion of waste management in the business, and promotion of recycling to reduce the release of waste into the environment, including generating the electricity from waste and biofuel
- 4) Credit project for the promotion of the use of wastewater treatment system from various sources and the increase of efficiency of water usage

#### **Exclusion Criteria**

The proceeds raised through Green Bond will not be used in a project with the characteristics as follows:

- Fossil fuel power generation project
- Projects which are involved with illegal activities and law violation in Thailand. For example: Money laundering, illegal trading, armaments, market speculation activities, and the use of child labor.

#### **4. Process for project evaluation and selection**

The Bank will evaluate the environmental conservation projects that involve the allocation of funds from the issuance of Green Bond thoroughly. The project evaluation and selection process consist of the following procedures:

##### **4.1 Project Evaluation**

The department that supervises and is responsible for credit work evaluates the credit project for environmental conservation that meets the conditions of the Green Bond Framework and presents to the Green Bond Working Group (“Working Group”) that is appointed from the President of Bank for Agriculture and Agricultural Cooperatives. (Details in Appendix).

##### **4.2 Project Selection**

The Working Group shall select the project according to the project criteria that are relevant to environmental conservation as specified in Item 3 with Senior Vice President of Audit Department as an advisor.

Hence, in case the former credit project that uses the proceeds from the issuance of Green Bond according to Item 3.1 Forestry Category and Item 3.2 Environmental Conservation Category (Forestry Excluded) is matured or the project operational period is ended or there is any incident that the designated project ceases to fulfil the eligibility criteria, the Green Bond Working Group shall resolve to cease that credit project from using Green Bond proceeds and allocate the regular proceeds of the Bank to that credit project instead or renew the term of former projects or modify the projects or consider other credit projects that meet with the conditions and the criteria of Green Bond Framework as replacement projects which are eligible to use the Green Bond proceeds further.



#### **4.3 Report to the President of Bank for Agriculture and Agricultural Cooperatives**

The Working Group will report the result of project selection to the President of Bank for Agriculture and Agricultural Cooperatives for acknowledgement.

#### **5. Management of Proceeds**

The proceeds from the issuance of Green Bond will only be allocated to credit projects for environmental conservation by which

- 1) The Bank will record the account separately and make a report from the issuance of Green Bond.
- 2) The department that supervises and is responsible for the management of proceeds will hold the unallocated amount (if any) in the form of cash, cash equivalent, or investing in the money market and will make a separate report from allocated proceeds as well as reviewing the allocated proceeds from Green Bond at least once a year.
- 3) The credit department and the regional department will monitor the progress of credit project for environmental conservation that uses the proceeds from the issuance of Green Bond.
- 4) The department that supervises and is responsible for the audit will audit the use of proceeds from the issuance of Green Bond annually and will evaluate the internal control of Management of Proceeds.

#### **6. Reporting**

The Bank will report the allocation of proceeds from the issuance of Green Bond and report the impact on environment annually together with the Green Bond Framework and the External Review Report until the maturity of Green Bond on the Bank's website at <http://www.baac.or.th>.

##### **1) Allocation Report**

The Bank will prepare the allocation report from the issuance of Green Bond that contains the following information:

- Project name and summary of details of projects financed and/or refinanced by Green Bond
- Summary of the allocation of proceeds raised from Green Bond issuance by each project
- Summary of unallocated amount

##### **2) Impact Report**

When the project starts, the Bank will make an environmental impact report, which may include the indicators that are suitable and in accordance with the project as specified in Item 3. For example:

- Amount of reduction of carbon dioxide emissions
- Forest area that receives the standard certification
- Additional forestation area converted
- Organic agricultural area
- Amount of electricity generation

- Amount of wastewater treated
- Amount of target clients

## Appendix

### 1. The Green Bond Working Group consists of

- |      |  |                                    |
|------|--|------------------------------------|
| 1.1  | Senior Executive Vice President that supervises and is responsible for Institution and Entrepreneur Business Credit Business Group   | Chairman of the Working Group      |
| 1.2  | Executive Vice President that supervises and is responsible for Accounting and Treasury Line   | Vice Chairman of the Working Group |
| 1.3  | Executive Vice President that supervises and is responsible for Personal Business Line   | Vice Chairman of the Working Group |
| 1.4  | Senior Vice President of Treasury Department   | Working Group                      |
| 1.5  | Senior Vice President of Accounting Department   | Working Group                      |
| 1.6  | Senior Vice President of Risk Management Department  | Working Group                      |
| 1.7  | Senior Vice President of Personal Credit Department  | Working Group                      |
| 1.8  | Senior Vice President of Institution Credit Department   | Working Group                      |
| 1.9  | Senior Vice President of Rural Development Department  | Working Group                      |
| 1.10 | Director of Office of Entrepreneur Credit  | Working Group                      |
| 1.11 | Director of Office of Community Enterprise Credit Promotion  | Working Group                      |
| 1.12 | Assistant Senior Vice President of Treasury Department or Financial and Investment Specialist of Treasury Department that supervises or is responsible for the Financial Procurement Team. | Working Group and Secretary        |

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|----|---|---------|
| 2. | Senior Vice President of Audit Department | Advisor |
|----|---|---------|