



WHEN TRUST MATTERS



GOVERNMENT SAVINGS BANK SOCIAL FINANCE FRAMEWORK SECOND PARTY OPINION



Document title: Second Party Opinion on Government Savings Bank's Social Finance Framework

Prepared by: DNV Business Assurance Australia Ltd.

Location: Sydney, Australia; Bangkok, Thailand

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Table of Contents

Table of Contents.....	2
DNV’S INDEPENDENT ASSESSMENT	3
Scope and Objectives	3
Responsibilities of the Management of GSB and DNV	4
Basis of DNV’s opinion	4
Work Undertaken.....	4
Findings and DNV’s Opinion.....	5
Schedule 1. Description of Categories to be financed or refinanced through GSB’s Social Financing Transactions	7
Schedule 2. Contributions to UN SDGs	8
Schedule 3. Eligibility Assessment Protocol	9
Schedule 4. Social Financing Instruments / Social Financing Programme External Review Form	13

Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

Government Savings Bank ("GSB") is a legal entity under the supervision of the Ministry of Finance. Its business operations are authorized under Government Savings Bank Act (No. 4) B.E. 2560 and in accordance with the missions specified in the act. Furthermore, according to GSB's statement of direction, the bank will focus on (i) adding value to Thai communities and the grassroots economy, and (ii) promoting savings among the population, both of which will be supported by an efficient information system that will allow GBS to carry out its operations efficiently.

GSB intend to raise funding for to support social projects, assets, and expenditures in the following use of proceeds categories:

1. Access to essential services
2. Employment generation
3. Socioeconomic advancement and empowerment

GSB has developed a Social Finance Framework ("Framework"), under which the company can issue Social Finance Instruments ("SFIs"). Under this Framework the GSB may issue the following SFIs:

- i. Social Bonds to retail, high-net-worth, and institutional investors in Thailand; and
- ii. Social Deposit Scheme for GSB savings account customers.

DNV Business Assurance Australia Pty Ltd. ("DNV") has been commissioned by GSB to review its Framework and provide a Second Party Opinion on the Framework in relation to alignment with the following principles ("Principles"):

- Social Bond Principles ("SBP") 2021² published by the International Capital Market Association ("ICMA");
- Social Loan Principles ("SLP") 2021³ published by the Loan Market Association ("LMA"), the Loan Syndications and Trading Association ("LSTA"), and the Asia Pacific Loan Market Association ("APLMA");
- ASEAN Social Bond Standards ("ASBS") 2018⁴, published by the ASEAN Capital Markets Forum ("ACMF").

The Framework outlines the criteria and guidelines for the allocation of proceeds as per the Principles. The Framework is presented through the following key pillars:

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

² <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

³ <https://www.lsta.org/content/social-loan-principles-slp/#:~:text=The%20SLP%20aim%20to%20create,loan%20market%20while%20it%20develops.>

⁴ <https://www.theacmf.org/images/downloads/pdf/ASBS2018.pdf>

Responsibilities of the Management of GSB and DNV

GSB management has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform GSB management and other interested stakeholders in the Framework as to whether the Framework is aligned with SBP, SLP and ASBS. In our work, we have relied on the information and the facts presented to us by GSB. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by GSB's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our assessment methodology to create the GSB-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Social Bond/Loan proceeds, and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/a loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

No assurance is provided regarding the financial performance of instruments issued via the GSB's Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

DNV was not commissioned to provide independent assurance or other audit activities.

Note that, throughout this document, the term "Social Financing Instruments ("SFI")" may refer collectively to Social Bonds and Social Loans.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by GSB in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by GSB on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by GSB and GSB's website;
- Discussions with GSB's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings are listed below:

1. Use of Proceeds

GSB intends to use the proceeds from all Social Financing Instruments issued under the Framework to finance or refinance eligible social projects as defined by the Principles.

The Framework defines these social projects which it states are eligible in accordance with the Principles under the following categories [in brackets]:

- Lending to improve liquidity, living conditions and informal debt issues [Access to essential services; Employment generation; Socioeconomic advancement and empowerment]
- Strengthening the capacity of retail customers to be self-reliant [Access to essential services; Employment generation; Socioeconomic advancement and empowerment]
- Providing credit to enhance liquidity and strengthening of SMEs [Access to essential services; Employment generation; Socioeconomic advancement and empowerment]

DNV undertook an analysis of the associated project type to determine the eligibility as "Social" and in line with the Principles. GSB has provided tables mapping its Eligible Social Categories and the United Nations Sustainable Development Goals ("UN SDGs"). The outlined types of project within each category and associated selection criteria is provided in the Framework in order to determine eligibility.

DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the Principles.

2. Process for Project Evaluation and Selection

The Framework states that GSB serves as the country's leader in promoting savings and increasing the happiness of the Thai people and the stability of the country through sustainable development driven by digital technologies. It explains the overarching objectives and strategy of GSB. DNV is of the opinion that the stated types of Social Projects which the Social Financing Instruments are intended to finance are in line with this mission.

The Framework states that Evaluation and Selection ensures that the net proceeds of the Social Financing Instruments are allocated to projects that meet the eligibility criteria as defined in the Use of Proceeds section of the Framework. To this end, GSB has established a Social Bonds Working Group (SBWG).

As such, DNV concludes that GSB's Framework appropriately describes the process of project evaluation and selection.

3. Management of Proceeds

An amount equal to the net proceeds from the Social Bond Program and Social Deposits Scheme will be tracked within the GSB's general pool of funds and will be allocated to eligible social projects only. The balance of the tracked proceeds will be monitored regularly to ensure that inflow of funds will not exceed the value of Social Finance Portfolio. If there is any unallocated amount, it will be invested in cash or a cash equivalent following GSB's cash management policies within the Treasury function.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed.

4. Reporting

Social Financing Instruments

The GSB will publish annual updates of the allocation of the proceeds for the duration of the Social Bonds Program and Social Deposits Scheme. The updates will be reported publicly on the GSB website at <https://www.gsb.or.th/> as well as GSB's Sustainability Report.

GSB will report the assessment of the direct and indirect impacts of the proceeds represented with, where possible, both qualitative and quantitative parameters outlining key performance indicators.

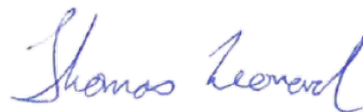
On the basis of the information provided by GSB and the work undertaken, it is DNV's opinion that the Framework currently meets the criteria established in the Protocol and that it is aligned with the stated definition of Social Bonds and Loans within the Social Bond Principles and Social Loan Principles, which is to "enable capital-raising and investment for new and existing projects with social benefits".

for DNV Business Assurance Australia Pty Ltd.

Sydney, NSW / 08 June 2022
Bangkok, Thailand, 08 June 2022

A handwritten signature in black ink, appearing to read "Mark Robinson".

Mark Robinson
**Lead Verifier, Sustainability
Services**

A handwritten signature in blue ink, appearing to read "Thomas Leonard".

Thomas Leonard
Technical Reviewer

Schedule 1. Description of Categories to be financed or refinanced through GSB’s Social Financing Transactions

Eligible Social Project Categories	Eligible Criteria and Description	DNV Findings
<ul style="list-style-type: none"> • Access to essential services • Employment Generation • Socioeconomic Advancement and Empowerment 	<p>Proceeds will be used to finance and/or refinance low-interest rate loans made to grassroots economy projects to improve liquidity, living conditions, and address informal debt issues. This includes vulnerable groups who have been impacted by COVID-19. Targeted customers include hawkers, street vendors, self-employed, low-income earners, farmers, and customers who are not able to access traditional financial services from commercial financial institutions.</p>	<ul style="list-style-type: none"> • Low interest loans will allow small traders and other small businesspeople to gain access to utilities and other essential services • Promotion of business will tend to create employment opportunities • Support to small business owners will help promote economic advancement • DNV assesses that such actions will meet the terms of a social project as defined by the Principles.
<ul style="list-style-type: none"> • Employment Generation • Socioeconomic Advancement and Empowerment 	<p>Proceeds will be used to finance and/or refinance projects to develop retail customers’ occupational capabilities, targeted at unemployed and vulnerable groups who have been impacted by the COVID-19. Additionally, projects that provide marketing channels for customers to generate increased revenue will be supported.</p>	<ul style="list-style-type: none"> • The occupational capabilities enhancements described should tend to improve opportunities for employment opportunities. • Increased training should result in improved earning power. • DNV assesses that such actions will meet the terms of a social project as defined by the Principles.
<ul style="list-style-type: none"> • Employment Generation • Socioeconomic Advancement and Empowerment 	<p>Proceeds will be used to finance and/or refinance projects that provide source of funds to support small business entrepreneurs and communities and provide assistance such as loans and other remedial measures to aid SMEs that have been affected by COVID-19 through liquidity provision, debt moratorium measures. In addition to direct lending to SMEs, GSB provides Soft Loan for commercial banks and specialized financial institutions in order to on lend to SMEs entrepreneurs. Projects that promote and develop the potential of startups and SMEs will be included.</p>	<ul style="list-style-type: none"> • Promotion of business will tend to create employment opportunities • Support to small business owners will help promote economic advancement • DNV assesses that such actions will meet the terms of a social project as defined by the Principles.

Schedule 2. Contributions to UN SDGs

Eligible Project Categories	GSB Activities stated in Framework	UN SDGs	DNV Findings
<ul style="list-style-type: none"> • Access to essential services • Employment generation • Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> • Lending to improve liquidity, living conditions and informal debt issues • Strengthening the capacity of retail customers to be self-reliant • Providing credit to enhance liquidity and strengthening of SMEs 	<ul style="list-style-type: none"> • SDG 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters • SDG 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services • SDG 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets • SDG 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 	<p>DNV finds that these proposed activities will support the SDGs</p>

Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings										
1a	Type of bond / loan	<p>The Bond/Loan must fall in one of the following categories, as defined by the Social Bond Principles:</p> <ul style="list-style-type: none"> Social Use of Proceeds Bond Social Use of Proceeds Revenue Bond Social Project Bond Social Securitized Bond Loan instrument made available for Social Project (Social use of loan proceeds) 	<p>The GSB Social Finance Framework (“Framework”) states that sustainable financing transactions include social bonds, loans, or any other debt-like instruments, and in doing so contribute to positive social impacts.</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>From the Framework</p> <p><i>An amount equal to the net proceeds from the Social Bond Program and the Social Deposits Scheme will be allocated to finance or refinance, in part or in full, new and/or existing business activities in alignment with the Bank’s operational priorities and the social eligibility criteria contained in this Framework.</i></p> </div> <p>The reviewed evidence confirms that the Social Financing Instruments fall in the category: Social Use of Bond proceeds and Social Use of Loan Proceeds.</p>										
1b	Social Project Categories	<p>The cornerstones of Social Bond and Loan are the utilization of the proceeds of the bond and the loan which should be appropriately described in the legal documentation for the security.</p>	<p>Eligible project categories presented by GSB are as follows:</p> <ul style="list-style-type: none"> Lending to improve liquidity, living conditions and informal debt issues [Access to essential services; Employment generation; Socioeconomic advancement and empowerment] Strengthening the capacity of retail customers to be self-reliant [Access to essential services; Employment generation; Socioeconomic advancement and empowerment] Providing credit to enhance liquidity and strengthening of SMEs [Access to essential services; Employment generation; Socioeconomic advancement and empowerment] <p>The above-mentioned project categories meet the eligible Social Project Categories in the Principles.</p>										
1c	Social benefits	<p>All designated Social Project categories should provide clear socially sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>Social benefits are noted to include:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Eligible Category</th> <th style="background-color: #0056b3; color: white;">Social Benefit</th> </tr> </thead> <tbody> <tr> <td>Lending to improve liquidity, living conditions and informal debt issues</td> <td>Improve liquidity, living conditions, and address informal debt issues. This includes vulnerable groups who have been impacted by COVID-19.</td> </tr> <tr> <td>Strengthening the capacity of retail customers to be self-reliant</td> <td>Develop retail customers’ occupational capabilities. Provide marketing channels for customers to generate increased revenue will be supported. Promote and develop the potential of start-ups and SMEs.</td> </tr> <tr> <td>Providing credit to enhance liquidity and strengthening of SMEs</td> <td>Liquidity provision, debt moratorium measures.</td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Eligible Category	Social Benefit	Lending to improve liquidity, living conditions and informal debt issues	Improve liquidity, living conditions, and address informal debt issues. This includes vulnerable groups who have been impacted by COVID-19.	Strengthening the capacity of retail customers to be self-reliant	Develop retail customers’ occupational capabilities. Provide marketing channels for customers to generate increased revenue will be supported. Promote and develop the potential of start-ups and SMEs.	Providing credit to enhance liquidity and strengthening of SMEs	Liquidity provision, debt moratorium measures.		
Eligible Category	Social Benefit												
Lending to improve liquidity, living conditions and informal debt issues	Improve liquidity, living conditions, and address informal debt issues. This includes vulnerable groups who have been impacted by COVID-19.												
Strengthening the capacity of retail customers to be self-reliant	Develop retail customers’ occupational capabilities. Provide marketing channels for customers to generate increased revenue will be supported. Promote and develop the potential of start-ups and SMEs.												
Providing credit to enhance liquidity and strengthening of SMEs	Liquidity provision, debt moratorium measures.												

	Target Populations	All designated Social benefits should clearly define the target populations who are set to receive these benefits.	The Framework has stated that the measures are targeted at: <ul style="list-style-type: none"> Grassroots economy projects Targeted customers include hawkers, street vendors, self-employed, low-income earners, farmers, and customers Unemployed and vulnerable groups who have been impacted by the COVID-19
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	The Framework indicates that, proceeds will only be used for financing or refinancing of investments in the eligible categories.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>The Issuer of a Social Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Social Bond and Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> The social objectives of the eligible Social Projects; The process by which the issuer determines how the projects fit within the eligible Social Projects categories; and Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s). 	<p>The Framework states that Evaluation and Selection ensures that the net proceeds of the Social Financing Instruments are allocated to projects that meet the eligibility criteria as defined in the Use of Proceeds section of the Framework.</p> <p>From the Framework</p> <p><i>GSB is using a portfolio approach to align its eligible projects with the eligibility criteria in this Framework. In case of customer loan repayments or if an eligible project no longer meets eligibility criteria, as defined above, the funds will be reallocated to other eligible projects, following the project selection process.</i></p> <p>...</p> <p><i>The evaluation and selection of projects is a critical process. The SBWG will work with product-owner entities for social projects to assess their existing lending portfolios (with a maximum look-back period of 3 years) and prospective new lending projects against the Social Finance Framework's eligibility criteria. This process will be conducted continuously as the Bank issues social bonds and accepts social deposits.</i></p>
2b	Issuer / borrower's social and governance framework	<p>Issuers / borrowers are also encouraged to:</p> <ul style="list-style-type: none"> Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability. 	<p>The Framework explains the overarching objectives and strategy of GSB.</p> <p>From the Framework</p> <p><i>[The GSB] serves as the country's leader in promoting savings and increasing the happiness of the Thai people and the stability of the country through sustainable development driven by digital technologies.</i></p> <ol style="list-style-type: none"> Promote savings and foster financial discipline Support investment and development

		<ul style="list-style-type: none"> • Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria • Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s). 	<ol style="list-style-type: none"> 3. <i>Promote and upgrade the grassroots economy, including small and medium-sized enterprises, to reduce inequality and increase competitiveness</i> 4. <i>Be the bank for society and the environment</i> 5. <i>Provide full-fledged financial services with modern digital technologies; exceed expectations and maintain acceptable risk</i> 6. <i>Conduct business operations with professional management and good governance</i> <p>GSB also states that it has adopted the UN Environment Programme Finance Initiative's Principles for Responsible Banking. Furthermore, it states that the Framework will be reviewed and updated from time to time to reflect GSB's strategic policies as well as the government's social strategy.</p>
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3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	<ul style="list-style-type: none"> • (Bond) The net proceeds of Social Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Social Projects. • (Loan) The proceeds of Social Loans should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a Social Loan takes the form of one or more tranches of a loan facility, each social tranche(s) must be clearly designated, with proceeds of the social tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner. 	<p>The evidence reviewed shows how GSB plans to manage the sustainable financing transaction proceeds, in accordance with the evaluation and selection process in the Framework.</p> <p>From the Framework</p> <p><i>An amount equal to the net proceeds from the Social Bond Program and Social Deposits Scheme will be tracked within the GSB's general pool of funds and will be allocated to eligible social projects only.</i></p> <p><i>The GSB financial management team will manage the Social Finance Portfolio through the bank's internal information system.</i></p>
3b	Tracking procedure	So long as the Social Financing Instruments are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible social investments or loan disbursements made during that period.	<p>The related tracking procedures are in place in the Framework as follows:</p> <p>From the Framework</p> <p><i>The Social Bonds Working Group will regularly review the allocation of the proceeds to the eligible projects and determine if any changes are necessary (e.g., if a project has amortized, been prepaid, been sold, or otherwise become ineligible). The Social Bonds Working Group will decide any necessary update of the eligible projects list (e.g.,</i></p>

			replacement, deletion, or addition of projects) to maintain the eligibility of the portfolio of eligible social projects.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>GSB has described its process for handling unallocated proceed.</p> <p>From the Framework</p> <p><i>The balance of the tracked proceeds will be monitored regularly to ensure that inflow of funds will not exceed the value of Social Finance Portfolio. If there is any unallocated amount, it will be invested in cash or a cash equivalent following GSB's cash management policies within the Treasury function. For the soft loans provided to other commercial banks and specialized financial institutions, the GSB will receive use of fund reports from these institutions. This would ensure that the loan is used for its intended purpose. However, borrowing banks will oversee the process of credit management .</i></p>

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<ul style="list-style-type: none"> Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Social Financing Instruments proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the SBP and ASBS recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories). 	<p>GSB has confirmed to disclose the allocation of the net proceeds of each social finance transaction.</p> <p>From the Framework</p> <p><i>The GSB will publish annual updates of the allocation of the proceeds for the duration of the Social Bonds Program and Social Deposits Scheme. The updates will be reported publicly on the GSB website at https://www.gsb.or.th/ as well as GSB's Sustainability Report. The reports will contain the following information as described below.</i></p> <p>GSB states in the Framework that they will aim to report on the allocation as below.</p> <p>annual social finance allocation report, which will include the following:</p> <ul style="list-style-type: none"> Summary of the eligible projects in the GSB Social Finance Portfolio, Description of the major eligible projects, Summary of the allocation of proceeds with clarification of the proportion to finance and/or refinance eligible social projects, Summary of unallocated proceeds and their management. <p>The report will conduct the following impact reporting:</p> <ul style="list-style-type: none"> number of clients that meet the eligibility criteria, year-over-year percentage change in the number of clients that meet the eligibility criteria, year-over-year percentage change in the finance available per grassroots customer, number of branches in the GSB social network, and number of grassroots customers using digital banking.

Schedule 4. Social Financing Instruments / Social Financing Programme External Review Form

Section 1. Basic Information

Issuer name:

Government Savings Bank (“GSB”)

Social Financing Instruments ISIN or Issuer Social Financing Instruments Framework Name, if applicable:

GSB Social Finance Framework, June 2022

Independent External Review provider’s name:

DNV Business Assurance Australia Pty Ltd.

Completion date of this form:

08 June 2022

Publication date of review publication:

08 June 2022

Section 2. Review overview

SCOPE OF REVIEW

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

The review assessed the following elements and confirmed their alignment with the ICMA SBP, LMA SLP and ACMF ASBS:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

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

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

On the basis of the information provided by GSB and the work undertaken, it is DNV’s opinion that the GSB’s Social Finance Framework meet the criteria established in the Protocol and are aligned with the stated definition of Social Bonds/loans within the Principles.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

GSB intends to use the proceeds of the Social Financing Instrument (“SFI”) issued under the Social Finance Framework to finance or refinance, in whole or in part, new or existing Eligible Social Project Categories. DNV concludes that the GSB Framework is aligned with the Principles.

Use of proceeds categories as per SBP / SLP / ASBS:

- | | | | |
|--------------------------|---------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | Affordable basic infrastructure | <input checked="" type="checkbox"/> | Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance |
| <input type="checkbox"/> | Access to essential services | <input checked="" type="checkbox"/> | Food security and sustainable food systems |
| <input type="checkbox"/> | Affordable housing | <input checked="" type="checkbox"/> | Socioeconomic advancement and empowerment |

If applicable please specify the social taxonomy, if other than SBP or SLP. N/A

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):
 DNV reviewed the Framework which describes the process through which projects are evaluated and selected. DNV can confirm the proceeds of the Social Financing Instruments go through a strict internal process for evaluation and selection.

Evaluation and selection

- | | | | |
|-------------------------------------|--|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Credentials on the issuer’s social objectives | <input checked="" type="checkbox"/> | Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> | Defined and transparent criteria for projects eligible for Social Financing Instruments proceeds | <input checked="" type="checkbox"/> | Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> | Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> | Other (please specify): |

Information on Responsibilities and Accountability

- | | | | |
|-------------------------------------|--|--------------------------|---------------------|
| <input checked="" type="checkbox"/> | Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> | In-house assessment |
| <input type="checkbox"/> | Other (please specify): | | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):
 The Framework states that an amount equal to the net proceeds from the Social Bond Program and Social Deposits Scheme will be tracked within the GSB’s general pool of funds and will be allocated to eligible social projects only.

Tracking of proceeds:

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

Additional disclosure:

- | | | | |
|--------------------------|--|-------------------------------------|---|
| <input type="checkbox"/> | Allocations to future investments only | <input checked="" type="checkbox"/> | Allocations to both existing and future investments |
| <input type="checkbox"/> | Allocation to individual disbursements | <input type="checkbox"/> | Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
 Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

GSB has confirmed that it will publish annual updates of the allocation of the proceeds for the duration of the Social Bonds Program and Social Deposits Scheme. The updates will be reported publicly on the GSB website at <https://www.gsb.or.th/> as well as GSB's Sustainability Report.

Use of proceeds reporting:

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

Information reported:

- Allocated amounts
 Sustainability Bond financed share of total investment
 Other (*please specify*):

Frequency:

- Annual
 Semi-annual
 Other (*please specify*):

Impact reporting:

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

Frequency:

- Annual
 Semi-annual
 Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Number of beneficiaries

Other ESG indicators (*please specify*):

- number of clients that meet the eligibility criteria,
- % change in the number of clients that meet the eligibility criteria,
- % change in the finance available per grassroots customer,
- number of branches in the GSB social network,
- number of grassroots customers using digital banking.

- Target populations

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (*please specify*):
 Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):

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

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | | | |
|-------------------------------------|-------------------------|--------------------------|----------------|
| <input checked="" type="checkbox"/> | Second Party Opinion | <input type="checkbox"/> | Certification |
| <input type="checkbox"/> | Verification | <input type="checkbox"/> | Scoring/Rating |
| <input type="checkbox"/> | Other (please specify): | | |

Review provider(s):

DNV Business Assurance Australia Pty Ltd.

Date of publication:

08 June 2022

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

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



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