



Evaluation of EXIM's Environmental Effects Consideration



OIG-EV-25-01
September 29, 2025

Office of Inspector General
Export-Import Bank of the United States



Disclaimer

This document is record of the Export-Import Bank of the United States Office of Inspector General (EXIM OIG); however, all redactions applied were requested by EXIM. EXIM requested during its review of a draft of this report that OIG withhold information from release, citing exemption(s) under the Freedom of Information Act.



MEMORANDUM

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Subject: Evaluation of EXIM's Environmental Effects Consideration (Report No. OIG-EV-25-01)

Date: September 29, 2025

This final report presents the results of our evaluation of EXIM's environmental effects consideration. The objectives of this project were to (1) assess EXIM's policies and procedures to account for potential beneficial and adverse environmental effects; (2) evaluate the Board of Director's process for reviewing and making financing decisions based on environmental effects; and (3) compare EXIM's environmental effects consideration with the Organisation for Economic Co-operation and Development (OECD) Common Approaches as well as the environmental effects policies and procedures of other OECD export credit agencies. The scope of this work covered matters related to EXIM's environmental effects consideration between December 2019 to August 2025.

EXIM OIG conducted this evaluation in accordance with the *Quality Standards for Inspection and Evaluation*, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that OIG obtain evidence that sufficiently and appropriately support findings and provide a reasonable basis for conclusions. OIG believes its findings and conclusions meet these quality standards. This report contains seven recommendations.

We appreciate the cooperation and courtesies provided to this office throughout this review. If you have any questions or comments regarding the draft report, please contact me at 202-460-2128 or at ami.schaefer@exim.gov.



**Office of Inspector General
Export-Import Bank of the United States**

OIG-EV-25-01

What OIG Evaluated

The Office of Inspector General (OIG) evaluated the Export-Import Bank of the United States' (EXIM) environmental effects consideration. The objectives of this project were to (1) assess EXIM's policies and procedures to account for potential beneficial and adverse environmental effects; (2) evaluate the Board of Director's process for reviewing and making financing decisions based on environmental effects; and (3) compare EXIM's environmental effects consideration with the Organisation for Economic Co-operation and Development (OECD) Common Approaches as well as the environmental effects policies and procedures of other OECD export credit agencies.

What OIG Recommends

OIG issued seven recommendations to revise policies and procedures, address challenges to EXIM's ability to process transactions, and strengthen its ability to hold borrowers accountable. In its comments on the draft report, EXIM concurred with six recommendations and non-concurred with one recommendation. A summary of EXIM's response to each recommendation, and OIG's reply, can be found in the [Recommendations](#) section of this report. EXIM's formal response is reprinted in its entirety in [Appendix B](#).

EXECUTIVE SUMMARY

Evaluation of EXIM's Environmental Effects Consideration

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What OIG Found

OIG found that EXIM's Environmental and Social Due Diligences Procedures and Guidelines (ESPG) were outdated and did not align with current versions of international frameworks to which EXIM is party. In addition, the ESGP did not account for new initiatives, like the Make More in America Initiative. OIG also found that EXIM's written process and its informal implementation process did not always align. This creates a risk of confusion where applicants are held to a different standard than what EXIM has provided on its public facing site.

OIG found challenges in EXIM's ability to support required environmental and social reviews due to gaps in available subject matter experts and the timely receipt of required documentation. OIG determined that these gaps could create delays in EXIM's ability to process transactions in a timely manner, including those that support EXIM's priorities.

OIG also found a lack of clarity and consistency regarding a formal, written legal interpretation of the Board's authority to approve or withhold financing based on environmental effects. OIG found that these issues created uncertainty about EXIM's policy and processes that could impact EXIM's ability to process transactions in an efficient, effective, and consistent manner.

Further, OIG identified gaps in EXIM's internal policy and procedures to ensure that projects maintain alignment with the ESGP after Board approval. This resulted in potential missed opportunities for EXIM to hold borrowers accountable if they do not comply with their credit agreement terms, i.e., non-alignment with the ESGP for their project.

Lastly, OIG found that, excluding the outdated areas, EXIM's ESGP generally aligned with international frameworks as well as the policies and procedures of other OECD export credit agencies (ECAs).

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OBJECTIVE

The Office of Inspector General (OIG) conducted this evaluation to:

1. Assess the Export-Import Bank of the United States' (EXIM) policies and procedures to account for potential beneficial and adverse environmental effects.
2. Evaluate the Board of Directors' process for reviewing and making financing decisions based on environmental effects.
3. Compare EXIM's environmental effects consideration with the Organisation for Economic Co-operation and Development (OECD) Common Approaches¹ as well as the environmental effects policies and procedures of other OECD export credit agencies.

The scope of this work covered matters related to EXIM's environmental effects consideration between December 2019 to August 2025 and was conducted under the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.²

BACKGROUND

About EXIM

EXIM was founded in 1934 as a District of Columbia banking corporation through an Executive Order and was made an independent agency through congressional charter in 1945. It serves as the official export credit agency of the United States with the purpose of promoting and supporting American jobs by providing competitive and necessary export credit financing to help U.S. companies compete for global sales through loan guarantee, direct loan, and insurance programs. EXIM's Charter reflects the language of its enabling legislation, the Export-Import Bank Act of 1945, as amended, and establishes the agency's programs and operations.

EXIM's Environmental Effects Consideration

Section 11(a) of EXIM's Charter, Environmental Effects Consideration, requires EXIM to establish procedures that account for potential beneficial and adverse environmental effects for transactions under EXIM's direct lending and guarantee programs. Section 11(a)(2) of the Charter further provides that the procedures adopted by EXIM "shall permit the Board of Directors, in its judgment, to withhold financing from a project for environmental reasons or to approve financing after considering the potential environmental effects of a project."

¹ Organisation for Economic Co-operation and Development, [Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence](#) (Amended March 20, 2024).

² Council of the Inspectors General on Integrity and Efficiency, [Quality Standards for Inspection and Evaluation](#) (December 2020).

While the Charter directs EXIM to consider environmental effects, it also states that EXIM may not discriminate against any business entity that requests financing, regardless of the industry (Section 2(k) of the Charter). In practice, according to EXIM officials, any deal can be presented to and considered by EXIM; however, the Board may review transactions on a case-by-case basis to determine whether EXIM should withhold or approve financing based on an alignment with the ESPG (i.e., environmental effects).

Environmental and Social Due Diligence Procedures and Guidelines

EXIM implements its Charter requirement to consider environmental effects through its *Environmental and Social Due Diligence Procedures and Guidelines* (ESPG).³ EXIM issued its first ESPG in 1992. Since that time, the Board has periodically approved revisions to the document. EXIM's current ESPG was last revised on December 12, 2013. The Board has not approved updates, except as required by a recent Executive Order.⁴ From 2015 to 2019, the Board lacked quorum to adopt revisions to the ESPG. In addition, shifts in the policy priorities of various administrations have impacted the adoption of an updated ESPG. Finally, EXIM is subject to periodic reauthorization by Congress. Previous reauthorizations have resulted in changes to EXIM's Charter that impact the Board's consideration of environmental effects. EXIM's current authorization expires on December 31, 2026.

The ESPG establishes EXIM's requirements for screening, categorizing, and assessing potential environmental impacts from the construction and operation of an EXIM supported transaction.⁵ The ESPG applies to any transaction with more than \$10 million in financial exposure to EXIM, including transactions that are considered environmentally beneficial (e.g., a hydroelectric dam or solar energy facility). Potential projects are assigned to one of three categories:

- **Category A** projects have the potential to have significant adverse environmental and/or social impacts, which are diverse, irreversible, and/or unprecedented. These impacts may affect an area broader than the specific sites or facilities that are part of the project. Category A, in principle, includes projects in sensitive sectors or located in or near sensitive areas.

Applicants for Category A transactions must submit an Environmental and Social Impact Assessment (ESIA) that identifies the environmental and social risks and impacts of the

³ Export-Import Bank of the United States, [Environmental and Social Due Diligence Procedures and Guidelines](#) (June 27, 2013).

⁴ Executive Order 14621, "Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241" dated April 8, 2025.

⁵ According to the ESPG, a project is (1) any commercial, industrial or infrastructure undertaking at an identified location which has the potential for risks and impacts, or (2) any existing undertaking that is undergoing material change in output or function, which may result in changes to the operation's environmental and social risks and/or impacts.

project along with proposed measures to avoid, minimize, mitigate, and/or offset adverse impacts.

- **Category B** projects have potential environmental and/or social impacts that are less adverse than those of Category A projects. Typically, these impacts are few in number, site-specific, few if any are irreversible, and mitigation measures are more readily available.

Applicants for Category B transactions do not submit an ESIA but must submit documentation that objectively evaluates the project's environmental and social risk and impacts.

- **Category C** projects have minimal or no potentially adverse environmental and/or social impacts. As such, applicants for Category C transactions do not need to submit any supplemental environmental or social risk documentation.

International Standards and Frameworks

The ESPG cites various international standards that informed the development of EXIM's procedures and guidelines.⁶ Specifically, EXIM is a participant in the OECD *Arrangement on Officially Supported Export Credits*,⁷ (Arrangement) as well as an adherent to the Common Approaches.⁸ Last updated on April 6, 2016, the "Common Approaches" address environmental and social issues relating to exports of capital goods and/or services and the locations to which these are destined. EXIM is also a member of the [Equator Principles Association](#)⁹ and in 2011 adopted the Equator Principles, which are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess, and manage environmental and social risks when financing projects.¹⁰ Finally, the ESPG states that the Performance Standards on Environmental and Social Sustainability¹¹ (Performance Standards) issued by the International Finance Corporation (IFC) are generally applicable for the purposes of EXIM's evaluations required under the Common Approaches.

⁶ Section 11(a)(1) of the Charter references the Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (Common Approaches) adopted in 2012 and the risk-management framework adopted by financial institutions for determining, assessing, and managing environmental and social risk in projects (commonly referred to as the "Equator Principles").

⁷ Organisation for Economic Co-operation and Development, [Arrangement on Officially Supported Export Credits](#) (Amended September 2, 2024).

⁸ Organisation for Economic Co-operation and Development, [Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence](#) (Updated April 6, 2016).

⁹ Although EXIM's Charter does not have an explicit requirement that EXIM be a member of the Equator Principles Association, Section 11 (a)(1)(A) contains a specific reference to the Equator Principles.

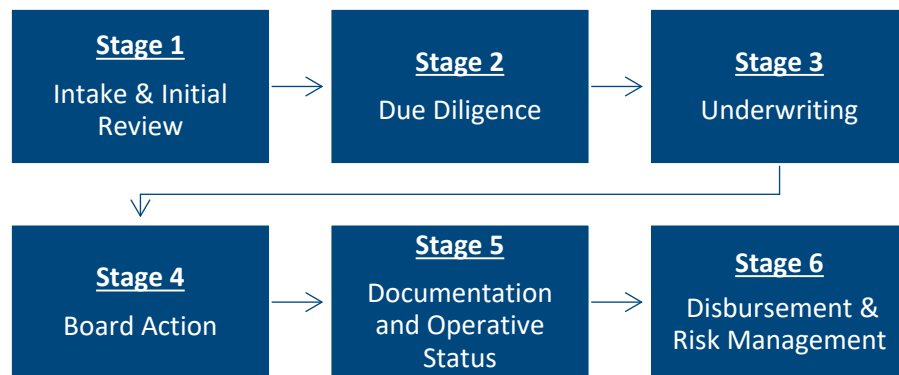
¹⁰ The fourth—and most recent—iteration of the Equator Principles (EP4) went into effect on October 1, 2020.

¹¹ International Finance Corporation, [Performance Standards on Environmental and Social Sustainability](#) (Updated January 1, 2012).

EXIM Analysis of Environmental and Social Effects

EXIM transactions that must be reviewed by the Board follow a six-stage process developed and implemented by the Office of Board Authorized Finance (OBAF). The process is summarized in Figure 1, below. Throughout this process, EXIM's Engineering & Environment Division (E&E) completes varying levels of environmental and social analysis for Category A and B projects.¹² Through this analysis, E&E assesses the project's alignment with the ESPG and provides guidance to applicants on requirements to manage and mitigate potential negative impacts that are identified.

Figure 1: EXIM's Board Authorized Credit Process



Source: OIG presentation of the six stages of a Board authorized finance transaction.

E&E's environmental and social analysis begins at Stage 1 of the credit process, at times before EXIM receives an application, and culminates in an environmental assessment completed during Stages 2 and 3. EXIM officials stated that transactions, generally, will not move to Stage 4 until E&E has completed or nearly completed its assessment and either determines that the project will align with the ESPG, or that certain conditions can be met through an Environmental & Social Action Plan (ESAP) that would bring the project into alignment with the ESPG. According to EXIM officials, in instances where the assessment determines that an applicant may be unable to ultimately align with the ESPG, the applicant may decide to withdraw their application before it goes to the Board for decision in Stage 4.

In preparation for a Board vote during Stage 4, E&E prepares an "Engineering & Environmental Evaluations" appendix that is included as part of the "Board memorandum" for all transactions requiring Board review. This memorandum is provided to EXIM's Board for review when deciding to approve or deny the transaction.¹³ For Category A and B transactions, the "Engineering & Environmental Evaluations" appendix includes E&E's assessment of the environmental effects of the project, and if available, measures to mitigate potential negative

¹² Category C projects are exempt from such reviews.

¹³ The "Board memorandum" is a consolidated package that contains various details about a transaction, including (but not limited to) financing and structure terms, justification for EXIM support, risk and mitigating factors, and a technical and environmental analysis summary.

effects (Category C transactions are exempt from environmental assessments). This section also includes a statement on whether E&E has any technical objections to the support of the transaction. The appendix does not indicate or state whether E&E recommends that the Board members approve or deny a pending transaction based on its Environmental & Social Evaluation results. The Board decision to approve or deny funding occurs at the end of Stage 4.

If a project is ultimately approved by the Board, E&E remains involved in tracking and monitoring project implementation through Stages 5 and 6 to ensure alignment with the ESPG. E&E ensures that any conditions that resulted from the environmental and social analysis are appropriately reflected in the project documentation. For projects that have not yet developed suitable measures to mitigate negative environmental effects in alignment with the ESPG, EXIM may also require the applicant to agree to an ESAP. The ESAP, which is approved by E&E, is intended to ensure the project is ultimately constructed and operated in alignment with the ESPG. E&E staff also confirm that the credit agreement includes ESPG reporting requirements for the project's construction and operations. Lastly, E&E is responsible for confirming that all technical and environmental and social conditions have been met prior to disbursement of funds.

Board Decision to Withhold or Approve Financing for Environmental Effects

EXIM implements the Board's authority under Section 11(a)(2) of the Charter to withhold or approve financing for environmental reasons through the Board review and voting process. Specifically, the Board must approve transactions above \$25 million or those that are otherwise subject to Board review.¹⁴ Board members consider the Board Memorandum, which may inform the Board of potential environmental effects of a transaction. In addition, Board members may request additional details from EXIM staff regarding the projected environmental effects of a transaction to address any remaining concerns prior to voting. EXIM's ESPG states that if a project does not meet the applicable environmental guidelines, the Board "is permitted under the Bank's Charter, in its judgment, to withhold financing" or to provide financial support conditioned on the implementation of measures to mitigate the project's risks and impacts. According to some EXIM officials we spoke to, the Board has the ultimate authority in deciding to approve or deny a transaction, including for environmental reasons. However, as discussed in Finding 2 below, some EXIM officials, (b) (5) [REDACTED],¹⁵ had conflicting opinions about the Board's authority when a project does meet the EPSG.

¹⁴ Transactions less than \$25 million may require Board approval to comply with EXIM's Charter or other international agreements. This includes transactions that have environmental or social considerations, such as a Category B transaction for \$15 million.

¹⁵ During EXIM's review of a draft of this report, the agency requested that certain information be withheld from the public release, citing the deliberative process exemption under the Freedom of Information Act contained in 5 U.S.C. § 552(b)(5). OIG has applied the EXIM-requested redactions because the deliberative process privilege rests with the agency.

FINDINGS

OIG found that EXIM's ESG was not fully aligned to international standards and also found a lack of clarity regarding the Board's authority when considering environmental effects. In addition, OIG identified challenges in EXIM's ability to support required environmental and social reviews as well as gaps policy and procedures after Board approval. Lastly, OIG found that, outside of the identified misalignment, EXIM's ESG generally aligned with international standards as well as the policy and procedures of other OECD export credit agencies (ECAs). Overall, OIG found that these issues created a risk of confusion for internal and external stakeholders, inconsistencies and delays in processing applications, and missed opportunities to hold borrowers accountable when their projects do not align with the ESG, as required under their credit agreement.

Finding 1: EXIM's Environmental and Social Due Diligence Procedures and Guidelines Do Not Align with International Standard nor Reflect Domestic Financing

OIG found that EXIM's ESG is not in alignment with international standards cited in the document—including the OECD Common Approaches and Equator Principles—and does not reflect domestic financing offered under the Make More in America Initiative. As described below, the outdated ESG creates a lack of clarity regarding the standards that applicants will be held to when seeking EXIM support.

EXIM Has Not Updated Its Environmental and Social Due Diligence Procedures and Guidelines Since 2013

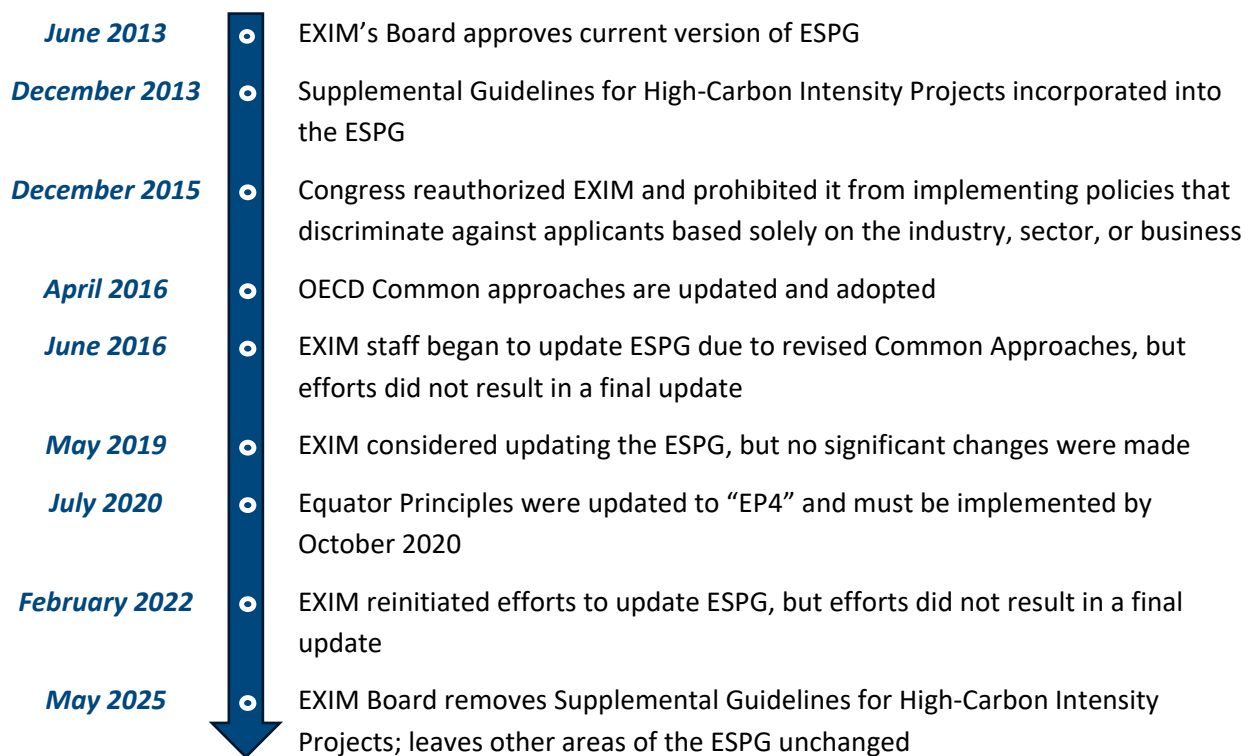
OIG found that EXIM has not revised its ESG since 2013,¹⁶ even though EXIM employees made multiple attempts to update the ESG since then. As noted above, the ESG implements EXIM's Charter requirement to account for potential beneficial and adverse environmental effects. The ESG is intended to provide timely and accurate guidance to U.S. exporters, project sponsors, borrowers, lenders, and stakeholders seeking EXIM support for a project. Further, EXIM's participation in the OECD Arrangement and the Equator Principles Association drives its adherence with the Common Approaches and the Equator Principles. Both of these international standards have been revised since 2013. Specifically, the Common Approaches were last revised on April 6, 2016—about three years after the current ESG was approved. The most recent update of the Equator Principles (EP4) went into effect on October 1, 2020—more than seven years after EXIM last updated its ESG.

The revision to these standards reflects updates and additional requirements applicable to EXIM's review of transactions. For example, the 2016 revised Common Approaches included a requirement for ECAs to screen all applications to identify the potential for project-related

¹⁶ EXIM's Board revised the ESG in May 2025 to delete an appendix titled "Supplemental Guidelines for High-Carbon Intensity Projects." EXIM has made no changes to the main body of the document since 2013.

severe human rights impacts and, where impacts are identified, to carry out further assessments. EP4 includes material changes in due diligence and risk assessment best practices, including stronger requirements related to human rights and impacts to indigenous peoples. These changes have not been incorporated in EXIM's ESPG. In addition, Section 11(a) of the EXIM Charter was amended in 2015 to change the \$10 million threshold to \$25 million or the lesser threshold established by the OECD Arrangement and Equator Principles. Given that this change occurred after the last update to the ESPG, the current ESPG still reflects the previous standard of \$10 million instead of \$25 million. Figure 2, below, shows the timeline of revisions to international standards and EXIM's attempts to update the ESPG.

Figure 2: Timelines of Major Events or Activities Related to EXIM's Environmental Effects Policies or Procedures



Source: OIG presentation of information obtained during the evaluation about events or activities related to EXIM's environmental effects consideration.

Efforts to Revise the Environmental and Social Due Diligence Procedures and Guidelines Began as Early as 2016

OIG found that EXIM initiated efforts as early as 2016 to bring the ESPG into compliance with applicable international standards but none of these efforts resulted in Board-approved revisions. OIG identified multiple efforts by EXIM staff to revise the ESPG, including proposals, plans, timelines, drafts, and considerations. Ultimately, the only changes to the ESPG since June 2013 were the addition of the Supplemental Guidelines for High-Intensity Projects in December

2013, and the removal of those same guidelines in May 2025.¹⁷ EXIM officials told OIG that competing stakeholder views likely deterred EXIM from proceeding with the revisions to the ESPG. For example, EXIM officials noted that some external stakeholders believed that EXIM should not support fossil fuel projects, while others believed that EXIM should take a business-first approach and support as many transactions as possible.

EXIM employees also told OIG that, while the ESPG has not been updated, it is EXIM's practice to apply the current international standards such as the latest OECD Common Approaches in its environmental and social analysis, even though such standards were not reflected in any written updates to the ESPG.¹⁸ Indeed, the application of these informal changes to the transaction review process were made without Board approval, which was necessary for the adoption of the original ESPG in 2013 and the removal of the Supplemental Guidelines in 2025. As a result, the public facing ESPG, which provides direction and guidance to potential applicants, does not align with the internal review and procedures being applied by EXIM.

Inaccurate and out-of-date guidelines risk confusing EXIM transaction participants, stakeholders, and employees. Specifically, discrepancies between external information provided on EXIM's website and internal processes may confuse applicants due to a lack of clarity about the standards against which EXIM evaluates applications. Moreover, an EXIM official noted that the outdated ESPG created a reputational risk due to EXIM's standards lagging both competitor ECAs and EXIM's partner financial institutions.

Recommendation 1: EXIM's Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, should propose updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that incorporates, as necessary, revisions of applicable international standards.

Environmental and Social Due Diligence Procedures and Guidelines Do Not Account for the Make More in America Initiative

OIG also found that the ESPG does not reflect new EXIM initiatives, such as the Make More in America (MMIA) Initiative. On April 14, 2022, the Board unanimously voted to approve the MMIA Initiative, which EXIM describes as a tool to unlock financing for American manufacturing, strengthen America's global competitiveness, close supply chain gaps, and support American jobs. MMIA was designed to make available EXIM's existing medium- and long-term loans and loan guarantees for export-oriented domestic manufacturing projects. The ESPG was developed using international frameworks and intended for international

¹⁷ The Supplemental Guidelines, enacted in December 2013, used carbon intensity as an efficiency measure and stated that EXIM would not provide support for exports to most high carbon intensity power plants. The removal of these Supplemental Guidelines intended to bring EXIM into alignment with Executive Order 14621, "Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241" dated April 8, 2025.

¹⁸ During the sample review, OIG did not confirm the application of these informal changes.

transactions. Accordingly, the ESPG does not currently address whether and to what extent the ESPG applies to domestic transactions under MMIA.

EXIM employees attempted to align the ESPG with MMIA during their previous efforts to update the ESPG. Specifically, EXIM's most recent draft revisions to the ESPG in July 2024 sought clarification about whether MMIA projects would be subject to IFC Performance Standards and U.S. law, or subject to U.S. law only. In the interim, certain MMIA transactions approved are subject to environmental review under National Environmental Policy Act¹⁹ (NEPA) depending on whether EXIM determines that the projects "may significantly affect the quality of the human environment of the U.S., its territories or possessions, or Antarctica."²⁰ When NEPA applies, potential applicants would need to prepare, and document, the required environmental assessments or more comprehensive environmental impact statements—except when a categorical exclusion applies.²¹

Until EXIM updates its ESPG or its policies regarding how international frameworks will or will not apply to domestic transactions, EXIM risks confusing potential applicants, EXIM employees, and other external stakeholders. A lack of clarity on environmental review processes for domestic transactions could deter applicants from seeking EXIM financing and slow potential review and approval timelines for proposed transactions.

Recommendation 2: EXIM's Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, should produce updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that clarify whether and, if so, how the ESPG relates to domestic transactions.

Finding 2: Senior Officials Lacked Clarity on Board Authority to Withhold or Approve Funding Based Upon Environmental Effects

OIG found that EXIM senior officials and employees across the agency had differing understandings about the Board's authority "to withhold or approve funding based upon environmental effects" as established in Section 11(a)(2) of the Charter. As described below, the lack of a written legal opinion contributed to this lack of clarity.

¹⁹ The National Environmental Policy Act (NEPA) requires federal agencies to assess the environmental effects of proposed major domestic federal actions prior to making decisions.

²⁰ EXIM, *Environmental and Social Due Diligence Procedures and Guidelines*, I. Overview of EXIM Bank's Environmental and Social Due Diligence Procedures - #18; (June 27, 2013, revised December 12, 2013); and 12 CFR, Chapter IV, Part 408—Procedures for Compliance with the National Environmental Policy Act.

²¹ Categorical Exclusions are categories of actions that normally do not have a significant effect on the human environment and therefore do not require preparation of an environmental assessment or environmental impact statement. They are similar to a Category C transaction under EXIM's ESPG.

EXIM Officials Provided Conflicting Opinions of the Board’s Authority to Approve or Deny Transactions for Environmental Reasons

Throughout OIG’s fieldwork for this evaluation, EXIM officials provided conflicting opinions regarding the scope of the Board’s authority under Section 11(a)(2) of EXIM’s Charter. Specifically, EXIM employees told OIG that the (b) (5) interpretation of Section 11(a)(2) evolved beginning in 2023 and that the new interpretation was (b) (5) of the Charter provision.²² OIG was unable to identify records indicating that this was communicated in writing or through a formal legal opinion. Lack of written or formal communication creates uncertainty about how Section 11(a)(2) is being applied, including for EXIM staff who are responsible for updating and implementing the ESPG.

This lack of clarity occurred, in part, because (b) (5). When OIG asked about EXIM’s interpretation regarding the Board’s authority to approve financing after considering the potential environmental effects (such as positive effects) of a project, (b) (5)

The Office of General Counsel is tasked with providing appropriate legal advice to EXIM and federal internal control standards stress the importance of documentation as part of an effective internal control system. (b) (5) of Section 11(a)(2) created uncertainty about EXIM’s policy and processes. Moreover, (b) (5)

Recommendation 3: The Office of General Counsel should produce a written opinion on the circumstances under which Board members may withhold or approve transaction based upon environmental effects.

Finding 3: Challenges Impact EXIM’s Ability to Conduct Environmental and Social Due Diligence Reviews in a Timely Manner

OIG identified challenges in the environmental and social analysis process that could impact EXIM’s ability to complete required reviews in a timely manner. Specifically, OIG found that EXIM did not receive all the required environmental and social impact documentation from applicants within a timely manner and that E&E had limited subject matter experts to support mandated reviews.

²² OIG requested documentation, but OGC did not provide documentation of the prior interpretation.

Environmental and Social Impact Assessments Not Received Within Recommended Timelines

OIG found that EXIM's internal policies and procedures related to environmental review did not identify documentation requirements and milestones for each stage of the credit process. Specifically, OIG found that some Category A transactions had progressed to Stage 3 - Underwriting without EXIM receiving an ESIA from the applicant. EXIM's Loan, Guarantee and Insurance Manual states that the environmental and social review takes place in Stages 2 and 3 of the credit process. The ESPG identifies ESIA as a key requirement for Category A transactions and recommends that applicants provide the ESIA for their respective project "as soon as possible" to avoid delays in processing. In addition, according to EXIM officials, evaluation of the ESIA is a part of the due diligence process where E&E identifies gaps in the assessment as well as the measures to mitigate impacts and, based upon the stages of Board transactions, due diligence should begin in Stage 2. Further, the ESPG requires that an ESIA be posted as soon as possible but at least 30 days before the Board can decide to approve or deny financing.

OIG found that two of the three Category A transactions sampled proceeded to Stage 3 without an ESIA being submitted by the applicant. For example, one Category A transaction moved to Stage 3 without an ESIA from the applicant even though the transaction entered Stage 2 approximately a year prior. When asked about transactions progressing to Stage 3 without an ESIA, EXIM officials stated that moving a transaction to Stage 3 without an ESIA would not be detrimental to the process because they try to do what they can without the ESIA as a starting point. They also stated that a transaction could not move beyond Stage 3 without an ESIA, because the environmental and social review would need to be "mostly complete" before continuing to Stage 4 for Board review.

OIG found that Category A transactions moved from Stage 2 to Stage 3 without an ESIA submitted by the applicant because EXIM's internal policies do not establish clear timelines when an applicant must submit an ESIA or other required environmental documentation. Federal internal control standards recommend that management establish information requirements through policies and procedures, with clear responsibility and accountability for the quality of information.²³ These requirements should be communicated both internally and externally. The standards further state that to support effective monitoring, management should obtain data on a timely basis. Without clear requirements about when information and documentation should be received from the applicant, EXIM may miss opportunities to better understand the timelines needed to review and submit pending transactions to the Board for review or to provide the applicants with clear information about how delayed submissions may negatively impact an approval timeline. In addition, the lack of clearly defined documentation requirements may limit EXIM's ability to identify when or why delays occur and how to properly address those delays.

²³ Government Accountability Office, [Standards for Internal Control in the Federal Government](#) (GAO-25-107721; May 2025).

Recommendation 4: EXIM’s Office of Board Authorized Finance should establish policies and procedures establishing clear milestones for required environmental and social due diligence documentation.

Lack of Engineering Subject Matter Experts Impacted Review Timeliness

OIG also found gaps in EXIM’s subject matter expertise impacted the agency’s capacity to complete required reviews. EXIM and EXIM OIG have both highlighted that critical staffing vacancies adversely impact overall processing timelines and competitiveness.²⁴ OIG found that more than half (10 of 17) of E&E’s positions were vacant during the period evaluated, with some vacancies dating back to 2015. Of note, E&E’s mining and civil engineer positions have not been filled, and only one of two mechanical engineering positions were filled, as of July 2025. Further, only one of four environmental and social engineering positions were filled.

According to EXIM officials, projects rely on specific engineering expertise to complete technical reviews as well as environmental and social analysis. EXIM employees stated that, generally, engineers assigned to complete the technical review for Category B transactions would also be responsible for the environmental and social analysis. For Category A transactions, an environmental and social engineer would be assigned to complete the environmental and social analysis along with an engineer with specific background experience who would be responsible for the technical review. However, the engineer completing the technical review would support the environmental and social analysis by providing specific subject matter expertise. For example, a Category A project involving the construction and operation of a mine would require a mining engineer (a position which has been vacant since December 2018) to complete the technical review and provide subject matter expertise support to the environmental and social engineer on matters involving mining operations.

To compensate for key engineer vacancies and operating with less than half its staff, EXIM officials stated that the agency must rely on outside consultants when E&E lacks the specific subject matter expertise to support a project. According to an EXIM official with knowledge of the processing timelines, any delay in the review of proposed transactions are “absolutely” due to limited staffing. Without required subject matter expertise, EXIM risked impeding its ability to remain competitive with foreign ECAs and advance priority initiatives, such as the China and Transformational Exports Program and the Supply Chain Resiliency Initiative that include a focus on critical minerals and mining activities.

Recommendation 5: EXIM’s Office of Board Authorized Finance should develop a plan to ensure the Engineering & Environment Division is properly resourced to conduct the required technical reviews and environmental assessments.

²⁴ EXIM, [Report to the U.S. Congress on Global Export Credit](#), June 2025; and OIG, [Evaluation of EXIM’s Human Capital Function](#), OIG-EV-24-03, August 14, 2024.

Finding 4: EXIM Did Not Have a Policy Defining Roles and Responsibilities When a Project Does Not Align with the ESPG After Transaction Approval

OIG found that EXIM did not have clear policies or procedures to ensure alignment with the ESPG after Board approval. Specifically, (1) EXIM did not have policies or procedures to guide the potential withholding of funding (i.e., stopping or slowing the disbursement of funds) when a project does not align with the ESPG; and (2) EXIM did not have clear policies or procedures that identify whether supplemental environmental and social analysis should occur during transaction restructuring or modification.

EXIM Did Not Have Formal Policies or Procedures for Withholding Financing Due to Environmental Effects After a Project is Approved

OIG found that EXIM did not have a written process for withholding the disbursement of funds if an approved project's implementation did not align with the ESPG, as required by the credit agreement. The ESPG states that projects are "expected to be designed, constructed and operated in a manner that will enable them to maintain compliance, on an ongoing basis, with the environmental and social guidelines pursuant to which EXIM Bank evaluate the project." In addition, the ESPG states if "a project does not meet the applicable environmental guidelines, EXIM Bank's Board of Directors is permitted under the Bank's Charter, in its judgment, to withhold financing or provide financial support conditioned on the implementation of measures to mitigate the project's risks and impact." Disbursements are governed by the terms of the credit agreement, and Board authorizations typically include conditions that must be satisfied to enable disbursements to go forward. According to EXIM's procedures, when a post-approval request for disbursement is submitted, EXIM reviews invoices, evidence of U.S. exports, and Exporter's Certificates for compliance with transaction documents, EXIM policies, and sound banking practices. However, EXIM's policies do not establish any written protocols for withholding financing after the project is approved based on environmental effects (i.e., non-alignment with the ESPG).

According to EXIM officials, the Board has delegated its authority to withhold funding to EXIM senior officials on their behalf after a project has been approved. In addition, EXIM officials stated that the common terms for transaction agreements include, at a minimum, environmental provisions that would align implementation of the project with the ESPG. While EXIM has the authority to stop or slow the disbursement of funding due to non-alignment with the ESPG (as required by the terms of the credit agreement), the existing procedures do not include provisions concerning when and why EXIM would do so.²⁵ Federal internal control standards state that management should document responsibilities through policies and

²⁵ The terms and conditions of the credit agreement and associated documents constitute a binding contract between the Parties. As such, according to EXIM officials, contract law affords EXIM the legal authority to declare a breach of contract and withhold funding when a borrower fails to meet the specified ESPG terms and/or conditions.

procedures, which may include the timing of when a control activity occurs and any follow-up corrective actions to be performed by competent personnel if deficiencies are identified.

Without a clear process or procedure for determining when or how EXIM should slow or stop the disbursements of funds when a project does not align with the ESPG, EXIM may miss the opportunity to leverage a key accountability tool to ensure borrowers comply with the ESPG and the terms of the credit agreement. For example, EXIM experienced challenging conditions with the Sasan Power Limited project with continued non-compliance with the ESPG and major environmental, health, and safety incidents occurring over the life of the project.²⁶ If a future, more challenging, scenario emerges where EXIM is the principal lender, EXIM could face financial and reputational risks, with limited opportunities to compel the borrower to align with the requirements consistent with the ESPG.

Recommendation 6: EXIM's Office of Board Authorized Finance should develop a written policy or procedure that outlines the process for addressing when a project's implementation does not align with EXIM's Environmental and Social Due Diligence Procedures and Guidelines after the Board has approved the transaction.

EXIM Lacked a Written Policy on Environmental and Social Due Diligence Reviews for Transaction Modifications Occurring After Board Approval

OIG also found that EXIM did not have written procedures to determine if and when Board-approved transactions being restructured or modified would require an updated environmental and social evaluation. For example, EXIM restructured one Category A transaction in OIG's sample but conducted no additional environmental and social evaluation. When asked about the process for determining when another environmental evaluation for restructured or modified transactions, EXIM officials explained that, generally, only an updated technical review of the project occurs in such circumstances. Officials further stated that they would conduct another environmental and social analysis if a material change to the project occurred.

EXIM officials acknowledged that there was no written EXIM policy documenting the requirements about when and why an updated environmental and social evaluation—even an abbreviated evaluation—should occur for restructured or modified transactions. Federal internal controls standards state that management should establish control activities by documenting in policies what is expected and in procedures specified actions that implement policies, to mitigate risks to achieving the entity's objectives to acceptable levels. While the EXIM officials who determined that an updated environmental and social analysis was not necessary have extensive experience in these matters, the lack of written guidelines for making determinations of materiality could pose challenges in EXIM's ability to maintain consistent processes across all applicants and provide guidance to future successors. Specifically, previous OIG reporting found that EXIM faced a retirement cliff, with 182 employees set to become

²⁶ EXIM OIG, [*Inspections of EXIM's Financing of the Sasan Power Limited and Samalkot Power Limited Projects*](#) (September 30, 2024; OIG-ISP-24-01).

retirement-eligible by the end of CY 2028.²⁷ A written policy could help EXIM consistently determine when a material change or other circumstance has occurred in current and future transactions that would require an environmental and social analysis.

Recommendation 7: EXIM’s Office of Board Authorized Finance should develop a written policy or procedure that defines when an environmental and/or social due diligence review is necessary for any restructuring or modifications requiring Board re-approval.

Finding 5: EXIM’s Implementation of International Standards Is Generally Consistent with Other ECAs

OIG found that EXIM’s implementation of international standards is generally consistent with other OECD ECAs, but other ECAs had updated their internal procedures more recently than EXIM. However, OIG found that some OECD ECAs instituted additional sector-specific restrictions beyond those established in international standards, such as additional restrictions on coal or oil and gas transactions.²⁸ OIG has previously reported that the transition of other OECD ECAs away from supporting fossil fuel transactions could make EXIM more competitive in these sectors.²⁹ Table 1, below, summarizes the similarities and differences between each ECA’s environmental and social policies.

Table 1: Export Credit Agency Environmental and Social Policy Comparison

Country	ESIA Requirements	Coal Prohibition	Other Prohibitions	2024 Medium and Long-Term Export Credit Volume by Country (Millions USD) ^b
United States	Category A	None	None	\$5,900
Canada	Category A	Yes	Oil and Gas	\$200
Germany	Category A	Yes	Projects inconsistent with the Paris Agreement	\$18,600
Japan	Category A	Yes (unabated coal)	None	\$900
Norway	Category A & B	Yes	None	\$900
United Kingdom	Category A & B	Yes	Oil and Gas	\$4,100

Source: OIG presentation of information obtained during the evaluation about the environmental policies and procedures of ECAs.

²⁷ EXIM OIG, [Evaluation of EXIM’s Human Capital Function](#) (August 14, 2024; OIG-EV-24-03).

²⁸ International standards for the purposes of this OIG analysis include the OECD Common Approaches, Equator Principles, and IFC Performance Standards.

²⁹ OIG, [Comparative Analysis of U.S. and OECD Arrangement Export Credit Agencies](#) (OIG-EC-23-04, September 29, 2023).

^a International standards for the purposes of this table include Common Approaches, Equator Principles, and IFC Performance Standards.

^b Medium- and long-term export credit volumes are based on EXIM reporting.

EXIM Charter Conflicts with Recent Changes to the OECD Arrangement

OIG found that EXIM's Charter conflicts with recent changes to the OECD Arrangement. Specifically, the OECD Arrangement was revised in January 2022 to establish prohibitions regarding support for the export of new coal-fired electricity generation equipment without the use of carbon capture utilization and storage (unabated coal). EXIM officials told OIG that this prohibition does not align with the nondiscrimination requirements contained in Section 2(k) of EXIM's Charter. As a result, an EXIM official stated that EXIM would still be required to process and consider a potential transaction that does not align with the OECD Arrangement. Any decision whether to approve a transaction—including those that do not align with the Arrangement—would be left to the discretion of EXIM's Board.

RECOMMENDATIONS

OIG provided a draft of this report to EXIM stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to EXIM. The agency's complete response can be found in Appendix B.

Recommendation 1: EXIM's Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, should propose updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that incorporates, as necessary, revisions of applicable international standards.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation.

OIG Reply: Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM's plan to implement this recommendation.

Recommendation 2: EXIM's Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and the Office of General Counsel, should produce updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that clarify whether and, if so, how the ESG relates to domestic transactions.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation.

OIG Reply: Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM's plan to implement this recommendation.

Recommendation 3: The Office of General Counsel should produce a written opinion on the circumstances under which Board members may withhold or approve transaction based upon environmental effects.

Management Response: In its September 22, 2025 response, EXIM did not concur with this recommendation. Management raised concerns that such written opinions will contain interpretive or subjective provisions that may impinge on EXIM from a business and/or political standpoint, with little to gain. In lieu of a written legal opinion, Management recommended that "the ESGs as updated pursuant to Recommendations 1 and 2 include written confirmation that, anything in the ESGs to the contrary notwithstanding, the Board of

Directors, after considering the potential environmental effects of a project, shall retain ultimate discretion whether in its judgment to approve or withhold financing for such project, in a manner consistent with the requirements of Section 11(a)(2).”

OIG Reply: Although EXIM non-concurred with OIG’s recommendation, EXIM’s management response proposed an option that could result in formal, written guidance in the ESPG regarding the interpretation of Section 11(a)(2) of the Charter that would undergo a legal review by OGC. OIG will continue to coordinate with EXIM regarding this proposed alternate plan to ensure it meets the intent of OIG’s recommendation. The recommendation can be resolved when OIG receives and accepts EXIM’s plan to implement this recommendation.

Recommendation 4: EXIM’s Office of Board Authorized Finance should establish policies and procedures establishing clear milestones for required environmental and social due diligence documentation.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation as long as the intent is limited to submittal of environmental and social documentation that is required to be provided to EXIM as part of the application and EXIM’s schematic for “How a deal gets done”. EXIM stated that if the intent is the establish set timelines for completion of due diligence and preparation of environmental and social evaluations by EXIM staff for presentation to the Board, such a proscriptive timeline would not be feasible.

OIG Reply: OIG’s recommendation is to provide a structure to clarify milestones and documentation requirements as part of EXIM’s application process and is not meant to be prescriptive about the timelines to complete evaluation activities. Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan that detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM’s plan to implement this recommendation.

Recommendation 5: EXIM’s Office of Board Authorized Finance should develop a plan to ensure the Engineering & Environment Division is properly resourced to conduct the required technical reviews and environmental assessments.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation.

OIG Reply: Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM’s plan to implement this recommendation.

Recommendation 6: EXIM’s Office of Board Authorized Finance should develop a written policy or procedure that outlines the process for addressing when a project’s

implementation does not align with EXIM's Environmental and Social Due Diligence Procedures and Guidelines after the Board has approved the transaction.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation.

OIG Reply: Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM's plan to implement this recommendation.

Recommendation 7: EXIM's Office of Board Authorized Finance should develop a written policy or procedure that defines when an environmental and/or social due diligence review is necessary for any restructuring or modifications requiring Board re-approval.

Management Response: In its September 22, 2025 response, EXIM concurred with this recommendation.

OIG Reply: Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement each recommendation along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM's plan to implement this recommendation.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

EXIM OIG conducted this evaluation from November 2024 to July 2025, in accordance with the *Quality Standards for Inspection and Evaluation*, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency.

Objectives and Scope

The Office of Inspector General (OIG) conducted this evaluation to assess EXIM's Environmental Effects Consideration. The objectives of this project were to:

1. Assess EXIM's policies and procedures to account for potential beneficial and adverse environmental effects.
2. Evaluate the Board of Director's process for reviewing and making financing decisions based on environmental effects.
3. Compare EXIM's environmental effects consideration with the Organisation for Economic Co-operation and Development (OECD) Common Approaches as well as the environmental effects policies and procedures of other OECD export credit agencies (ECAs).

Methodology

During this evaluation, OIG interviewed multiple EXIM management officials involved in EXIM policies, processes, and procedures, including the environmental and social analysis process, environmental and social due diligence procedures and guidelines. OIG conducted portions of this evaluation remotely and relied on audio and video-conferencing tools to interview EXIM personnel. OIG also conducted independent research, analyzed pertinent EXIM-provided records, and reviewed the substance of this report and its findings and recommendations with offices affected by the evaluation. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

Sampling

During this evaluation, OIG reviewed the policy and procedures of other OECD ECAs that were publicly available, the ECA's reviewed include: Export Development Canada (Canada), Export Credit Guarantees (Germany), Japan Bank for International Cooperation (Japan), Eksfin (Norway), and UK Export Finance (United Kingdom). OIG also reviewed a sample of EXIM transactions to support findings and conclusions for objectives 1 and 2. The following table provides a summary of the sample transactions reviewed for each objective.

Table A1: Summary of OIG Sample Selection for Objectives 1 and 2

<i>Objective</i>	<i># of Transactions</i>	<i>Categories</i>	<i>Status</i>	<i>Total Authorized/ Requested Amount (Billions)</i>
1	6	3 - Category A 3 - Category B	2 - Authorized 2 - In-process 2 - Withdrawn	\$10.8
2	6	3 - Category A 3 - Category B	5 - Authorized 1 - Cancelled	\$11.8

APPENDIX B: MANAGEMENT RESPONSE



Helping American Businesses Win the Future

DATE: September 22, 2025

TO: Ami Schaefer, Assistant Inspector General for Special Review

THROUGH: Ravi Singh, Senior Vice President, Chief Financial Officer

RAVI SINGH
Digitally signed by RAVI SINGH
Date: 2025.09.22 17:54:40 -04'00'

FROM: Bryan Rolfe, Senior Vice President, Office of Board Authorized Finance

BRYAN ROLFE
Digitally signed by BRYAN ROLFE
Date: 2025.09.22 16:28:25 -04'00'

Victoria Coleman, Acting General Counsel, Office of General Counsel

VICTORIA COLEMAN
Digitally signed by VICTORIA COLEMAN
Date: 2025.09.22 16:20:52 -04'00'

Paxton Stephen, Acting Senior Vice President, Office of Policy Analysis and International Relations

PAXTON STEPHAN
Digitally signed by PAXTON STEPHAN
Date: 2025.09.22 16:24:37 -04'00'

SUBJECT: EXIM Management Response to the draft Report
Evaluation of EXIM's Environmental Effects Consideration (Report No. OIG-EV-25-01)

Dear Assistant Inspector General Schaefer,

Thank you for providing the Export-Import Bank of the United States ("EXIM" or "EXIM Bank") management with the Office of Inspector General's ("OIG") Evaluation of EXIM's Environmental Effects Consideration (Report No. OIG-EV-25-01), dated August 29, 2025 (the "Report"). Management continues to support the OIG's work which complement EXIM's efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG.

EXIM acknowledges and concurs with OIG's findings that our Environmental and Social Due Diligence Procedures and Guidelines (ESPG) should be updated. We also recognize the importance of ensuring consistency between our written policies and implementation practices, clarifying our processes for applicants, and strengthening the availability of subject matter expertise to support timely reviews.

EXIM appreciates OIG's efforts in highlighting areas where greater clarity, accountability, and alignment can enhance EXIM's effectiveness. We are committed to addressing these recommendations, updating

our policies and procedures, and taking concrete steps to strengthen our environmental and social due diligence processes. These findings will help EXIM further improve its operations and more effectively deliver on its mission.

Recommendation 1: EXIM’s Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, should propose updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that incorporates, as necessary, revisions of applicable international standards.

Management response: EXIM concurs with the recommendation. EXIM’s Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, will produce updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that incorporates revisions to applicable international standards.

Recommendation 2: EXIM’s Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, should produce updated Environmental and Social Due Diligence Procedures and Guidelines (ESPG) for Board review and approval that clarify whether and, if so, how the ESG relates to domestic transactions.

Management response: EXIM concurs with this recommendation. EXIM’s Office of the Chairman, in coordination with the Office of Policy Analysis and International Relations, the Office of Board Authorized Finance, and Office of General Counsel, will produce updated Environmental and Social Due Diligence Procedures and Guidelines for Board review and approval that clarifies how the ESG relates to domestic transactions.

Recommendation 3: The office of General Counsel should produce a written opinion on the circumstances under which Board members may withhold or approve transactions based upon environmental effects.

Management response: EXIM does not concur with this recommendation as the Board members should not be constrained in their decision on how to weigh any consideration of any case-specific or project related circumstance and its effect on whether to approve or deny support for a transaction. Such written opinions, as a practical matter, will always contain interpretive/subjective provisions that may impinge on EXIM from a business and/or political standpoint, with little to gain.

OGC appreciates the Office of Inspector General’s efforts to improve consistency and accountability across agency operations. However, we must respectfully express concern regarding the recommendation to issue broad, prescriptive guidance that may encroach upon the professional independence of agency attorneys.

Attorneys within the federal government are bound by ethical obligations, including the duty to exercise independent legal judgment and to provide candid, objective advice. These obligations are codified in

applicable professional conduct rules and reinforced by federal standards governing legal practice. Any directive that seeks to standardize or constrain legal analysis risks undermining these core responsibilities and may inadvertently lead to compromised legal decision-making.

While we support efforts to clarify procedural expectations and promote transparency, we recommend that any guidance preserve the autonomy of legal professionals to interpret and apply the law based on the facts and circumstances of each matter. Legal advice must remain the product of informed, independent judgment—not subject to non-legal oversight or rigid templates that fail to account for nuance. Accordingly, in lieu of such written legal opinion, EXIM recommends that the ESPGs as updated pursuant to Recommendations 1 and 2 include written confirmation that, anything in the ESPGs to the contrary notwithstanding, the Board of Directors, after considering the potential environmental effects of a project, shall retain ultimate discretion whether in its judgment to approve or withhold financing for such project, in a manner consistent with the requirements of Section 11(a)(2).

We welcome continued dialogue on how best to balance operational consistency with the ethical and professional standards that govern legal practice in the federal context.

Recommendation 4: EXIM’s Office of Board Authorized Finance should establish policies and procedures establishing clear milestones for required environmental and social due diligence documentation.

Management response: EXIM concurs with this recommendation, to the extent that the intent is limited to submittal of environmental and social documentation that is required to be provided to EXIM as part of the application and how it fits into the “How a deal gets done” schematic that staff shared with the OIG during Part 2 of the Exit Conference. If, however, the intent is to establish set timelines for completion of due diligence and preparation of E&S Evaluations by staff for presentation to the Board (E&S Board memos), such a proscriptive timeline is not feasible as it does not reflect the broadly varied project complexities, coordination with other Lenders, responsiveness by project sponsors, impacts of non-E&S issues on project processing, or competing EXIM priorities.

Recommendation 5: EXIM’s Office of Board Authorized Finance should develop a plan to ensure the Engineering & Environment Division is properly resourced to conduct the required technical reviews and environmental assessments.

Management response: EXIM concurs with this recommendation. EXIM’s Office of Board Authorized Finance will develop a plan to ensure the Engineering & Environment Division is properly resourced to conduct the required technical reviews and environmental assessments.

Recommendation 6: EXIM’s Office of Board Authorized Finance should develop a written policy or procedure that outlines the process for addressing when a project’s implementation does not align with EXIM’s Environmental and Social Due Diligence Procedures and Guidelines after the Board has approved the transaction.

Management response: EXIM concurs with this recommendation. EXIM's Office of Board Authorized Finance will develop a written policy or procedure that outlines the process for addressing when a project's implementation does not align with EXIM's Environmental and Social Due Diligence Procedures and Guidelines after the Board has approved the transaction.

Recommendation 7: EXIM's Office of Board Authorized Finance should develop a written policy or procedure that defines when an environmental and/or social due diligence review is necessary for any restructuring or modifications requiring Board re-approval.

Management response: EXIM concurs with this recommendation. EXIM's Office of Board Authorized Finance will develop a written policy or procedure that defines when an environmental and/or social due diligence review is necessary for any restructuring or modifications requiring Board re-approval.

CC:

The Honorable John Jovanovic, President and Chair of the Board of Directors
Bryce McFerran, Acting Chief Banking officer and Senior Advisor, Office of the President and Chairman
David Slade, Lead And Senior Counselor, Office of the President and Chairman
Erin Staton, Assistant General Counsel, Office of General Counsel
Isabel Galdiz, Vice President, International Relations, OPAIR
Katherine Bowels, Senior Vice President, Chief of Staff
Kenneth Tinsley, Senior Vice President and Chief Risk Officer
Michaela Smith, Director of Audit and Internal Controls Program Internal Controls
Roger Cohen, Assistant General Counsel, Office of General Counsel
Thad Brock, Senior Advisor, Office of the President and Chairman
Tiffin Caverly, Vice President of Engineering & Environment

ABBREVIATIONS

Board	Board of Directors
E&E	Engineering & Environment Division
ECA	Export Credit Agency
EO	Executive Order
EP4	Equator Principles, version 4
ESAP	environmental and social action plan
ESIA	Environmental & Social Impact Assessment
ESPG	Environmental and Social Due Diligence Procedures and Guidelines
EXIM	Export-Import Bank of the United States
IFC	International Finance Corporation
MMIA	Make More in America
NEPA	National Environmental Policy Act
OBAF	Office of Board Authorized Finance
OECD	Organisation for Economic Cooperation and Development
OECD Arrangement	OECD Arrangement on Officially Supported Export Credits
OECD Common Approaches	Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence
OGC	Office of General Counsel
OIG	Office of Inspector General
Performance Standards	Performance Standards on Environmental and Social Sustainability
Supplemental Guidelines	Supplemental Guidelines for High-Intensity Projects

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If you fear reprisal, contact EXIM OIG's Whistleblower Protection Coordinator at
oig.whistleblower@exim.gov.

For additional resources and information about whistleblower protections and unlawful retaliation, please visit [the whistleblower's resource page](#) at oversight.gov.