

Environmental and Social Due Diligence (ESDD) Summary

Issuer	SNC Former Public Company Limited (“SNC”)
Use of CGIF’s guarantee	The use of proceeds (UOP) are allocated to: (i). purchase robots for the production line (mainly related to air-conditioners); and (ii). refinance existing bank loans (working capital purposes).
Countries of operations	Thailand
Categorisation	High – General-purpose Corporate Bond (GCB)

Environmental and social management system (ESMS)	<p>The environmental and social due diligence (ESDD) undertaken confirmed that SNC’s operational activities in its manufacturing facilities in Rayong and Samut Prakan provinces (the relevant business activity (RBA)), have existing site-specific environmental and occupational health and safety and environment (OHSE) management systems, following ISO standards and requirements, that constitute an environmental and social management system (ESMS). The existing ESMS was enhanced and is to be adopted, as a minimum, at the RBAs guaranteed by CGIF.</p> <p>The ESMS comprises updated Environmental and Human Resources Policies. It also includes improvements of SNC’s existing environmental and social management procedures, specifically the consistent implementation at the RBA sites and oversight at the corporate level, to ensure compliance with CGIF’s Environmental and Social (ESS) Policy as well as national environment health and safety (EHS) regulations.</p>
Screening and identification of risks	<p>The environmental risks and impacts associated with the operations of the plants in Rayong and Samut Prakan provinces, such as air emission, noise generation, solid waste and wastewater generation and use of hazardous materials are managed through the implementation of existing management plans including the OHSE plans. This is supplemented by the undertaking of environmental monitoring and reporting to the regulatory authorities.</p> <p>A small number of environmental management practices were observed during the site visit that require improvement, although none of these are material, and can be managed through improved procedures and practices. The enhanced ESMS includes updated environmental and social management plans that will address and mitigate these or similar impacts. These enhancements include procedures related to management of OHSE risks, waste and hazardous materials, stakeholder engagement, contractor/supplier activities as well as monitoring and reporting to CGIF. These procedures are to be implemented throughout the tenor of CGIF guarantee.</p>

	<p>The ESDD confirmed the use of R-22 refrigerant gas, a hydrochlorofluorocarbon (HCFC) and ozone depleting substance (ODS) under the international phase-out agreement (the Montreal protocol) to which Thailand is a signatory. Products and activities using R22 refrigerant are excluded under the UOP. SNC has confirmed in writing the planned phase out of R-22 usage in all manufacturing activities by 2030, which is in line with the requirements of Thai Government and the Montreal Protocol Agreement. Annual reporting against this agreed phase out plan is required for the duration of the CGIF guarantee.</p>
<p>Institutional capacity, commitment and development</p>	<p>SNC already has environmental and social (E&S) risk oversight via their ESMS Group. To strengthen this arrangement, SNC has appointed an ESMS Officer at the corporate level with overall responsibility to oversee the ESMS is effectively and consistently implemented. The ESMS Officer will be supported by ESMS Co-ordinators at key production sites to ensure ESMS implementation and monitoring is undertaken. The ESMS Officer role will also ensure SNC meets its regulatory obligations as well as E&S performance and reporting commitments to both the Thailand national government and CGIF.</p> <p>High level ESMS awareness training, including monitoring of and compliance to CGIF ESS requirements, is being provided all SNC staff who are assigned to the implementation of ESMS at the corporate and project level to ensure effective implementation. The ESMS also incorporates the requirement for internal training within SNC to develop and enhance the necessary skills, through effective cascade of knowledge and expertise to the relevant staff who implement and manage the ESMS.</p>
<p>Stakeholder communication, participation and consultation</p>	<p>The ESMS includes an overarching stakeholder engagement plan (SEP) and grievance redress mechanism (GRM) that will be disclosed to relevant stakeholder groups who are directly or indirectly affected by or have an interest in SNC activities. Communication channels were included in the GRM to capture any potential issues and concerns related to E&S risks and impacts, and will be addressed in a timely manner.</p>
<p>Monitoring and reporting</p>	<p>The ESMS requires, for the duration of the guarantee:</p> <ul style="list-style-type: none"> (i) monitoring and reporting of E&S performance of SNC's operations using CGIF's guaranteed proceeds including any event driven E&S incidents; (ii) Annual reporting of E&S performance through submission of an environmental and social safeguards performance report (ESSPR) to CGIF; and (iii) Annual Greenhouse Gas (GHG) reporting through a GHG Compliance Certificate stating SNC's ongoing compliance with the Thai regulations on phase-out of ODS and an update on the actual annual usage of ODS and other GHGs.