

## Environmental and Social Due Diligence (ESDD) Summary

<b>Issuer</b>	Royal Group Phnom Penh SEZ PLC (“PPSP” or the “Company”)
<b>Use of CGIF’s guarantee</b>	The use of proceeds (UOP) is to finance the development of the Kandal Special Economic Zone (KSEZ) in Phnom Penh, Cambodia, (which is an extension to the existing RGPPSEZ), and includes the construction of the waste-water treatment plant and other related infrastructure.
<b>Countries of operations</b>	Cambodia
<b>Categorisation</b>	General-purpose Corporate Bond (GCB) ESMS – High

<b>Environmental and social management system (ESMS)</b>	<p>PPSP has developed and signed an Environmental and Social (E&amp;S) Policy with the integration of Environmental, Social, and Governance (ESG) principles and other relevant international standards into all aspects of SEZ development and operations prior to the issuance of CGIF's guarantee. Their overall commitment and practices implied compliance with international ESG standards. Supplementary enhancement in the current procedures or guidelines is recommended to ensure full compliance with CGIF’s ESS Policy.</p> <p>As a post-issuance requirement, to be monitored by CGIF, PPSP will enhance its existing E&amp;S management with associated policies and standard operating procedures (SOPs) into an integrated Environmental and Social Management System (ESMS). This includes setting baseline screening and categorization of new SEZ developments, due diligence, and management of occupational and community health, safety, and environment (OCHSE), land acquisition and resettlement, stakeholder engagement and grievance, labour aspects, procurement including contractor related to labour standards, particularly prohibition of child and forced labour (CFL). The overriding ESMS structure will allow PPSP to consistently manage how E&amp;S issues are identified and addressed against the objectives and principles of ESMS and CGIF ESS requirements.</p> <p>Moreover, improvements will also be implemented to the PPSP’s existing E&amp;S management plans and procedures, including the development of the Construction Environmental and Social Management Framework (CESMF) and Operation Environmental and Social Management Framework (OESMF) at the corporate level, which are then to be implemented at the SEZ (project) level. At a minimum, the corporate level CESMF and OESMF will cover the following management framework procedures: (i) construction and operation EHS; (ii) occupational and community health and safety; (iii) contractor</p>
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	<p>and supplier; (iv) security; (v) emergency preparedness and response; (vi) chance find procedure; (vii) stakeholder engagement; and (ix) community grievance mechanism. The enhanced ESMS will also update the legal register to include requirements related to ESIA, labour management, and land acquisition and development.</p>
<p><b>Screening and identification of risks</b></p>	<p>The Environmental and Social Due Diligence (ESDD) of the KSEZ project was deemed to be categorized as Category B, indicating moderate environmental risks that are manageable with proper planning and management procedures. KSEZ is not near protected or high biodiversity areas. Construction impacts, such as air emissions, noise, waste, and wastewater, are localized and can be mitigated with a Construction Environmental and Social Management Plan (CESMP). The site has nearby residential areas, but they are assessed not to be materially impacted by the KSEZ development or operations and long term but impacts are considered minimal where access to the KSEZ is through the adjacent and existing RGPPSEZ, hence minimising operational impacts.</p> <p>The Stoeng Prek Thnaot River is used for water supply and wastewater disposal after treatment for both KSEZ and the adjacent RGPPSEZ, with no significant depletion or negative impacts on the river as there is no significant increase in demand given the capacity of the existing clean water treatment plant remains the same. All water is returned to the river from the wastewater treatment plant(s). The KSEZ development involves constructing a new wastewater treatment plant (WWTP), local power distribution within the KSEZ and telecommunications infrastructure. PPSP, the KSEZ operator, manages public areas and must comply with environmental regulations, including completing an Environmental &amp; Social Impact Assessment (ESIA).</p> <p>CGIF requires the completion and approval of the required ESIA as a condition subsequent under the guarantee support and a consultant has been appointed to prepare this submission. PPSP already holds the Conditional Registration Certificate (CRC) from the Cambodian Development Council (CDC) covering multiple land plots that have been transferred into PPSP legal ownership, which requires several approvals, before conversion to a Final Registration Certificate (FRC). No regulatory violations have been recorded against PPSP historically.</p> <p>No involuntary resettlement (IR) is triggered as all land parcels have been purchased through willing buyer/seller transactions at market rates using a third-party evaluator. This lack of impact drives a deemed Category C for involuntary resettlement.</p> <p>No Indigenous Peoples (IP) impacts were identified, confirming a Category C classification.</p> <p>Overall, the environmental impacts are not deemed to be significant, are local and temporary in nature, and can be mitigated by E&amp;S management frameworks, to be developed, through consistent</p>

	<p>implementation. This includes enhanced management procedures for waste and hazardous materials, occupational and community health and safety, evacuation planning, and an enhanced grievance mechanism, which are included in the ESMS approved by PPSP and require further refinement as a condition subsequent to each PPSP project site.</p>
<p><b>Institutional capacity, commitment and development</b></p>	<p>An ESMS Manager has been appointed at the corporate level with overall responsibility to oversee the effective and consistent implementation of the ESMS and report this to the Risk Committee within PPSP and to CGIF. The ESMS Manager will be supported by key staff at the KSEZ site.</p> <p>As a post-issuance requirement, CGIF will provide high-level ESMS awareness training to PPSP personnel, including those with designated roles and responsibilities under the ESMS. The ESMS also incorporates the requirement to develop an E&amp;S competence and training framework to effectively implement and manage the ESMS and to cascade the ESMS and environmental and social (E&amp;S) requirements to PPSP corporate and project staff. Ongoing monitoring of the deployment of the ESMS, and cascade of the requirements to operational staff are a requirement of the financing agreement.</p>
<p><b>Stakeholder communication, participation and consultation</b></p>	<p>PPSP's ESMS will include an expanded Stakeholder Engagement Plan (SEP), outlining procedures for both internal and external communication. Internally, this will involve clear, consistent, and transparent communication channels among all levels of PPSP staff to ensure everyone is informed about E&amp;S policies, practices, and performance. External engagement will involve identifying and mapping all relevant stakeholders, including local communities, government agencies, non-governmental organizations (NGOs), and other interested parties. The SEP will establish procedures for regular reporting and monitoring of stakeholder engagement activities, documenting all interactions, feedback received, and actions taken in response to stakeholder concerns.</p> <p>The SEP will feature a Grievance Redress Mechanism (GRM) to address concerns from both internal and external stakeholders related to E&amp;S risks and impacts, ensuring compliance with CGIF standards. This GRM will provide a structured process for receiving, evaluating, and resolving complaints and grievances efficiently and transparently.</p>
<p><b>Reporting requirements</b></p>	<p>As a condition subsequent to bond issuance, the ESMS Manager will monitor and report PPSP's E&amp;S performance to CGIF via semi-annual Environmental and Social Safeguards Performance Reports (ESSPR) during the construction phase of KSEZ, including the progress of the WWTP and progress on completion of the corrective action plan (CAP). Once construction is completed and it is fully operational, reporting will be required annually thereafter for the duration of the bond. These ESSPR reports will provide detailed updates on the implementation of</p>

	<p>E&amp;S measures, any incidents or non-compliance issues, and the effectiveness of the mitigation strategies. They will include both quantitative and qualitative data to illustrate performance and progress against established benchmarks. After the construction phase, annual reports will continue to monitor E&amp;S performance, ensuring ongoing compliance with CGIF requirements and continual improvement in E&amp;S management practices. These reports will also highlight any additional long-term environmental and social impacts identified and the measures taken to address them.</p> <p>By implementing these rigorous stakeholder engagement and reporting processes, PPSP aims to foster transparent and accountable relationships with all stakeholders while ensuring that E&amp;S performance remains a central focus throughout the project's lifecycle.</p>
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ESDD Summary Posting Date – 2 July 2024