

## Environmental and Social Due Diligence (ESDD) Summary

<b>Issuer</b>	PT Steel Pipe Industry of Indonesia Tbk (“SPINDO”)
<b>Use of CGIF’s guarantee</b>	<p>The use of proceeds (UOP) are allocated to:</p> <ul style="list-style-type: none"> <li>(i) Development capex of Unit 7 Warehouse in Gresik, East Java and/or maintenance CapEx of their existing units.</li> <li>(ii) Refinance of its existing bonds and/or revolving working capital facilities and</li> <li>(iii) Working capital.</li> </ul>
<b>Countries of operations</b>	Indonesia
<b>Categorisation</b>	General-purpose Corporate Bond (GCB) – High

<b>Environmental and Social Management System (ESMS)</b>	<p>The Environmental and Social Due Diligence (ESDD) confirmed that SPINDO’s management of the risks and impacts associated with its operations is in accordance with the applicable laws and regulations in Indonesia. Minor improvements are required to fully comply with CGIF’s Environmental and Social Safeguards (ESS) requirements. Although SPINDO has existing standalone policies and procedures for environmental and occupational health and safety management, they have not developed an overarching Environmental and Social Management System (ESMS) which is systematically and consistently implemented at all the production units and warehouses.</p> <p>Supplementary work is required to ensure full compliance with CGIF’s ESS, specifically on screening and categorization of new developments, management of Occupational and Community Health, Safety and Environment (OCHSE), land acquisition and resettlement (if triggered), stakeholder engagement and grievance, labor aspects, procurement including contractor and supplier contracts related to labor standards (particularly prohibition of Child and Forced Labor (CFL)). SPINDO, with CGIF support, has developed an ESMS to ensure compliance with CGIF’s ESS requirements with an overriding structure that will allow SPINDO to consistently manage how E&amp;S risk issues and impacts are identified and addressed against the objectives and principles of CGIF’s ESS requirements.</p>
<b>Screening and identification of risks</b>	<p>The ESDD confirmed that the six operational production units as well as the Unit 7 Warehouse, which is under construction, would be deemed classified overall as Category B for Environment given the limited operational impacts and temporary construction impacts of Unit 7. The six operational warehouse depots are actually deemed Category C given their limited environmental risks, but the risks of construction at the new site 7 drive the overall categorisation.</p>

	<p>No operational production units are located within or next to any legally delineated Protected Areas (PA) or areas designated as Key Biodiversity Areas (KBA) or culturally significant areas. While several units are located within 10 km of a marine/coastal KBA, there are no identified significant direct impacts due to their distance and location in the existing industrial and urbanized areas. The minor environmental risks identified are site-specific and can be mitigated by enhancing and implementing appropriate management measures, which are included in the Corrective Action Plan (CAP) and will be monitored by CGIF throughout the tenor of the bond.</p> <p>The ESDD confirmed that Unit 7 Warehouse is not located within or near any legally declared PA but is within the 5km radius of Solo Delta, a KBA of coastal significance including mangrove and coastal zones. While Unit 7 is near this coastal/marine KBA, it is separated by approximately 4km of agricultural land and in an area consisting of a dry vegetation environment, where potentially endangered coastal birds from the marine KBA would not find food, nesting or other required resources; hence, risk on Critical Habitat was not triggered. Additionally, the ESDD confirmed that significant E&amp;S risks are not anticipated from the warehouse construction under typical construction-related impacts including waste generation, noise impacts, dust/air emissions, health and safety risks to construction workers and adjacent communities, and traffic impacts. These impacts are temporary and are being mitigated by appropriate management measures, such as Construction Environmental and Social Management Plans (CESMP), which are a requirement of CGIF.</p> <p>No involuntary resettlement (IR) is identified or triggered for the production units and warehouse depots given these are existing and operational. The ESDD confirmed that the land acquisition process at Unit 7 was based on a willing buyer and willing seller scheme. The ESDD support a deemed Category C classification for IR.</p> <p>The ESDD confirmed that the location of SPINDO’s production units and warehouse depots, including Unit 7, are not known to be settled claimed, or owned by any distinct or vulnerable ethnic/Indigenous Peoples (IP) groups, supporting a deemed Category C Classification.</p>
<p><b>Institutional capacity, commitment and development</b></p>	<p>An ESMS Manager has been appointed at the corporate level with the overall responsibility to (i) oversee the effective and consistent implementation of ESMS; (ii) ensure SPINDO meets its regulatory obligations and E&amp;S performance and reporting commitments in line with Indonesia’s national government and (iii) ensure SPINDO meets CGIF’s ESS requirements, including annual reporting submission. The ESMS Manager will be supported by the ESMS Coordinator of Unit 7.</p> <p>As a post-issuance requirement, CGIF will provide high-level ESMS awareness training to SPINDO personnel, including those with</p>

	designated roles and responsibilities under the ESMS to ensure they can consistently implement this.
<b>Stakeholder communication, participation and consultation</b>	SPINDO’s ESMS includes an overarching Stakeholder Engagement Plan (SEP) With a Grievance Redress Mechanism (GRM), which defines required stakeholder identification and mapping, engagement, reporting and monitoring. The SEP includes (i) an internal communication procedure to ensure E&S-related information is communicated with internal stakeholders; and (ii) an external communication procedure established to maintain publicly available and accessible channels for external stakeholders. The GRM ensures internal and external stakeholders have the opportunity to raise complaints or provide feedback to the company for them to assess.
<b>Reporting requirements</b>	The ESMS Manager will monitor and report the E&S performance of SPINDO via the submission of an Environmental And Social Safeguards Performance Report (ESSPR) on an annual basis throughout the tenor of the bond. The ESSPR will include the annual monitoring and reporting of safeguards risks and updates to ESMS and ESMS-related resourcing throughout the duration of CGIF guarantee support.

ESDD Summary Posting Date – 19 July 2024