

Environmental and Social Due Diligence (ESDD) Summary

Issuer	Vongsayam Korsang Company Limited (“VSK”, or the “Company”)
Use of CGIF’s Guarantee	The use of proceeds (UOP) is for concession fees and capital expenditure under the awarded 30-year operations and management (“O&M”) concession for the Eastern Economic Corridor (“EEC”) main water management project, including water pipeline and private eater source construction.
Countries of Operations	Thailand
Categorization	General-purpose Corporate Bond (SCB) <ul style="list-style-type: none"> • ESMS – High
Environmental and Social Management System (ESMS)	<p>The environmental and social due diligence (ESDD) confirmed that VSK has an Occupational Health and Safety (OHS) Policy and procedures in place to manage OHS risks, but a supplementary enhancement to these is required to ensure full compliance with CGIF’s Environmental and Social Safeguards Policy 2018 (ESSP). The enhancements include improved risk management on the environment, social (community), indigenous peoples (where relevant for new projects), and involuntary resettlement impacts during construction and O&M. This is also extended to include monitoring and reporting procedures, and labour and/or working condition of employees and/or contractors.</p> <p>The company’s Environmental and Social Management System (ESMS) was enhanced to ensure compliance with CGIF’s ESSP prior to issuance of CGIF’s guarantee. The ESMS includes management frameworks, which incorporate air emission, noise, waste (wastewater, hazardous and non-hazardous wastes), water quality, occupational health and safety (OHS), (including working over water and emergency response plans and chemical/hazardous materials), traffic management, community health and safety (CHS), stakeholder engagement plan (SEP) including grievance redress mechanism (GRM) and information disclosure and chance-find procedure. As a follow-through to the transaction, a detailed Construction Environmental and Social Management Plan (CESMP) and an Operation Environmental and Social Management Plan (OESMP) will be developed by VSK (condition subsequent to this transaction) as relevant to the concession site(s).</p>
Screening and Identification of Risks	While this is categorized as a General Corporate Bond, the ESDD confirmed that the transaction would be deemed Category B for the environment categorization. Typical impacts of construction include dust generation, noise, and minor disturbance to the local population during pipe-laying, which are all site-specific, temporary, and easily mitigated. The pipeline installation area, where required, runs through the provinces of Chonburi and Rayong but follows existing road corridors and the right of way (ROW). It is noted that excavation and

	<p>installation work goes through several communities, residential areas, and commercial areas; hence, appropriate community management techniques and engagement are required to minimize impact, which was confirmed as already in place by VSK. The pipeline will be installed along the existing roadside ROW, which is already a disturbed environment, with no additional land/ vegetation clearing necessary. The impact is therefore short-term and localized during construction, reversible, and can be easily mitigated and minimized with the existing good construction management practices and community/stakeholder mitigation measures (including community liaison, assistance, and traffic management), which are deemed to be at an acceptable level.</p> <p>No involuntary resettlement (IR) issues were identified in the ESDD. The pipeline will be installed on the property of the Department of Highway (under the roads). As noted above, this will only lead to temporary restrictions or impacts on the communities' daily activities in the area, where VSK already has an effective management process to reduce the impacts. There are no permanent residential structures observed at or along the project sites during the due diligence that require relocation or permanent alteration and hence no relocation or resettlement is triggered. At the proposed water pumping station site, there will be minor (and temporary) economic livelihood impacts on a small number of non-permanent food retail stall owners/vendors, but these part of the project-specific Stakeholder Engagement Plan (SEP) which includes a Grievance Redress Mechanism, (GRM) and will be monitored by CGIF during construction (and operations) phase. IR assessment is deemed rated B under the transaction due to these minor and temporary impacts.</p> <p>There is no presence of indigenous people (IP) within or near the project footprint, hence, the IP is not applicable and deemed as Category C.</p>
<p>Institutional Capacity, Commitment, and Development</p>	<p>An ESMS Manager has been appointed at the corporate level with overall responsibility to oversee effective and consistent implementation of ESMS.</p> <p>As a post-issuance requirement, CGIF will provide high-level ESMS awareness training to VSK personnel, including those with designated roles and responsibilities under the ESMS. The ESMS also incorporates the requirement to develop E&S competence and training framework for the effective implementation and management of ESMS and the cascading of the ESMS and environmental and social (E&S) requirements to VSK's corporate and project level.</p>
<p>Stakeholder Communication, Participation, and Consultation</p>	<p>VSK's ESMS includes a SEP, which outlines procedures to ensure E&S-related information is cascaded and shared as relevant to (i) internal stakeholders within VSK through staff communication, and (ii) external stakeholders via a process that outlines stakeholder identification and mapping, engagement, reporting and monitoring. These will be</p>

	<p>tailored to the project level's unique settings but follow the broader SEP requirements for consistency.</p> <p>The SEP includes a GRM that is disclosed to relevant stakeholder groups in order to address any concerns and dissatisfactions of internal and external stakeholders related to E&S risks and impacts. As the ESMS is to be applied at the corporate level and implemented locally at the project level, the SEP and local adaptations are deemed sufficient to manage stakeholder requirements to CGIF standards.</p>
<p>Reporting Requirements</p>	<p>As a condition subsequent (CS) to issuance, the ESMS Manager is required to monitor and report the E&S performance of VSK at the project level to CGIF via the submission of an environmental and social safeguards performance report (ESSPR) on a semi-annual basis during the construction period and annually thereafter for the tenor of the bond.</p> <p>CGIF monitoring will take place through both the review of ESSPR reporting and site visits to check ESMS implementation</p>

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