

Environmental and Social Due Diligence (ESDD) Summary

Issuer	Biwase – Long An Water Joint Stock Company ("BIWASE-Long An" or the "Company")
Use of CGIF's guarantee	Capex for the Nhi Thanh Water Treatment Plant (WTP) Phase 3 capacity upgrade to 120,000 m3 /day from 60,000 m3 /day, Long An Province.
Countries of operations	Vietnam
Categorisation	General-purpose Corporate Bond (GCB) ESMS – High

Environmental and social management system (ESMS)	<p>BIWASE-Long An's parent company, Binh Duong Water – Environment Corporation Joint Stock Company ("BWE") has implemented an Environmental and Social Management System (ESMS) benchmarked against ISO standards, including ISO 9001:2015 for Quality Management, ISO 14001:2015 for Environmental Management, and ISO 45001:2018 for Occupational Health and Safety, across all subsidiaries, except BIWASE-Long An, which only became a subsidiary in 2023. The Company has implemented general environmental and social (E&S) management plans and procedures to manage E&S risk, but the E&S due diligence (ESDD) confirmed that the Company, although adhering to national regulatory requirements, has not yet established its own ESMS nor adopted BWE's ESMS. A formalized E&S management framework is necessary to meet CGIF's Environmental and Social Safeguards (ESS) requirements and manage the environmental and social (E&S) risks associated with the construction and operation of the Nhi Thanh WTP Phase 3 development.</p> <p>Prior to the issuance of CGIF's guarantee, an ESMS for BIWASE-Long An specific to the construction and operation of the Nhi Thanh Water Treatment Plant (WTP) Phase 3 was developed, aligned with BWE's existing corporate ESMS. The company-level ESMS includes an E&S Policy, E&S screening procedures for future projects or expansions, and a construction and operational environmental and social management plan (CESMP / OESMP), which includes management plans for air quality, noise, domestic and hazardous wastes, occupational and community health, safety, and environment (OCHSE), emergency response, stakeholder engagement and grievance, labor aspects (including cascade to contractors and suppliers) including child and forced labor (CFL) commitments, and E&S monitoring and reporting.</p> <p>BIWASE Long-An's procedures within the ESMS do not explicitly cover Indigenous people (IP) or involuntary resettlement (IR) management. However, since neither of these issues is triggered or is likely to be</p>
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	<p>triggered under the UOP, a policy improvement in this area is not deemed necessary.</p>
<p>Screening and identification of risks</p>	<p>The ESDD confirmed that the overall environmental and social safeguards (ESS) categorisation under a GCB transaction was HIGH. This was mainly due to the fact that BWE's existing ESMS has not been consistently applied, adopted, or implemented by BIWASE-Long An at Nhi Thanh WTP (given the recent acquisition status).</p> <p>In addition, the Phase 3 development has also been assessed under ADB Safeguards Policy requirements and would be deemed as Category B for both environment and involuntary resettlement and Category C for Indigenous Peoples. Potential environmental and social risks are primarily site-specific and can be effectively mitigated through the enhancement and implementation of the developed ESMS. Key environmental risks include typical construction-related impacts, such as dust generation, air emissions, wastewater, noise and vibration, GHG emissions, hazardous waste generation, occupational health and safety risks, and traffic impacts. CGIF notes these are all temporary and not considered irreversible or unprecedented, and can be mitigated by the ESMS management plans. The Nhi Thanh WTP, including Phase 3 development and its auxiliary facilities, with supply pipelines on existing public land, are not situated within any key biodiversity areas (KBAs) or protected areas (PAs).</p> <p>The Project is considered as "Paris Agreement Aligned" (PAA) as it aims to provide clean water supply to areas with limited water availability in southern Vietnam, considering the impacts of climate change. The Project's operations, under mitigation risk, are confirmed in the list of eligible operation type "universally aligned" assessments within the BB1 framework, which are investments that generate positive social and environmental impacts. The availability of source water and lack of flood risk were confirmed in the ESDD, so adaptation risks are not material. No further Climate Risk and Vulnerability Assessment (CRVA) is required.</p> <p>No further land acquisition, involuntary resettlement (IR), or physical displacement is anticipated, as all legacy land acquisition is complete, and no new land is required. Legacy acquisition was completed through negotiated sales (willing seller-buyer) <u>and</u> government-led acquisition for the original Nhi Thanh WTP land parcel, now registered to BIWASE-Long An, with the LRP completion report confirming no residual issues. Land lease agreements for spoil disposal sites are in process, and all supply pipelines are on existing public land. Hence, no new land acquisition is needed, and no direct IR impacts. This supports the deemed B IR categorisation.</p> <p>There are no ethnic minority communities within the Project's area of influence (AOI) that could be affected. The area is not known to be settled, claimed, or owned by any distinct or vulnerable ethnic or</p>

	Indigenous Peoples (IP) groups supporting a deemed Category C classification.
Institutional capacity, commitment, and development	<p>The Company established a Safety, Environmental, and Social Department (SESD) with an ESMS Manager appointed who is supported by two E&S/EHS Officers to ensure the effective and consistent implementation of the ESMS during the construction and operation of the WTP Phase 3. During the construction phase, the ESMS Manager is supported by the Consultant Supervisor Team and the Contractor’s E&S Team, who are responsible for the on-site implementation of the ESMS and related E&S management plans and procedures. During operations, the ESMS Manager and the SESD department are responsible for monitoring ESMS implementation and reporting progress and any issues to CGIF.</p> <p>As a post-issuance requirement, CGIF will provide high-level ESMS awareness training to relevant BIWASE-Long An personnel, including those with designated roles and responsibilities under the ESMS. The ESMS also incorporates the requirement to develop an E&S competence and training framework to effectively cascade the ESMS and E&S requirements to relevant staff. Ongoing monitoring of the deployment of the ESMS, cascade to operational staff are a requirement of the financing agreement via the annual reporting framework (see below) and CGIF monitoring missions.</p>
Stakeholder communication, participation, and consultation	The ESMS includes a Stakeholder Engagement and Grievance Management Plan outlining procedures for both internal and external communication. The SEP includes requirements for disclosure of E&S-related information to local communities, where relevant. A Grievance Redress Mechanism (GRM) is also included in the ESMS to record, track, and address concerns or complaints from stakeholders related to E&S risks and impacts, which will be reported under the annual reporting to CGIF.
Reporting requirements	The Company will report E&S performance to CGIF through the annual Environmental and Social Safeguards Performance Reports (ESSPR). These reports will provide summary updates on the implementation of E&S measures, progress or closure of any corrective actions, any incidents or non-compliance issues, and their mitigation measures, alongside OHS performance and project progress.

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