

CGIF Environmental and Social Directives

1. The Environmental and Social Directives (the “Directives”) provides the overall requirements for CGIF’s assessment and management of environmental and social (E&S) risks associated with Issuers. The Directives describe the high-level process and procedures that are to be used during assessment of each potential bond guarantee. The Directives is underpinned by the CGIF Environmental and Social Management Systems (ESMS) that gives the detailed operational guidance and procedures to be followed by CGIF staff engaged in assessing E&S risks.

2. These Directives are designed to: (i) enable CGIF to identify potential adverse E&S impacts attributable to the activities of Issuers; (ii) require Issuers to avoid and, when avoidance is not possible, minimize, mitigate, restore and/or compensate for adverse impacts on affected people and the environment, taking into consideration climate change risks; and (iii) help the Issuers strengthen their corporate E&S management systems and improve their capacity to manage E&S risks and impacts, including stakeholder engagement.

3. The Directives set out environmental and social requirements for each of the following distinct modalities:

- (i) Project Bond (“PB”);¹
- (ii) Specific purpose Corporate Bond (“SCB”);²
- (iii) General purpose Corporate Bond (“GCB”);³
- (iv) Financial Intermediary Bond (FI)⁴
- (v) Securitization Bond (SB)⁵ and
- (vi) Type B Bond (TBB)⁶

The activities which are permitted to be financed or refinanced by the proceeds of the relevant bond (as described in footnotes 7 - 12) are defined as the Relevant Business Activities (“RBAs”).

1. Environmental and Social Requirements

4. CGIF will review and evaluate the E&S risks associated with each Prospective Issuer and its RBAs by reference to all the following (“Environmental and Social Requirements”):

- (i) PIAL;
- (ii) Applicable national laws and regulations on environmental risks and impacts such as: pollution to air, water, and soil; to health, safety and security risks of relevant workers and communities; threats to the protection, conservation, and maintenance of natural and critical habitats and biodiversity, ecosystem services, living natural resources and the maintenance of environmental flows; risks to cultural heritage; and climate change mitigation and adaptation risks and actions and social risks and impacts such as: any impacts from land acquisition and land use restriction; adverse impacts on communities of Indigenous Peoples; risks associated with labor, working conditions and rights of relevant workers; the risk where the transaction impacts fall disproportionately on the disadvantaged or vulnerable people; and gender issues and other gender-related risks, including potential risks of sexual exploitation, abuse, and harassment, and digital risks of the jurisdictions in which a Prospective Issuer may operate its

¹ A bond is classified as a Project Bond (PB) if the proceeds of the bond are permitted to be used for the financing or refinancing of a single identified project, including a project which is already under construction or is in operation.

² Specific-purpose Corporate Bond (SCB); where any of the proceeds of the bond are permitted to be used for the financing or refinancing of any specific activity or activities that could have environmental and/or social implications (other than a single identified project). It includes a bond whose proceeds are permitted to be used for multiple identified relevant business activities (RBAs) and includes the financing or refinancing of RBAs which are already under construction or in operation.

³ General-purpose Corporate Bond (GCB); where all the proceeds of the bond are permitted for uses that are multiple in nature and comprise activity or activities, which could have environmental and/or social implications. If the proceeds of the bond are permitted to be used for activities which will not be identified until after bond issuance, then CGIF will determine in the light of all the circumstances whether, from an environmental and social perspective, such a bond shall be classified as a SCB or a GCB.

⁴ Financial Intermediary Bond (FI); are where the Issuer is either a bank or a non-banking financial institution, including mortgage and leasing finance companies or microfinance companies and the proceeds of the bond are for the Issuer to provide financing to another entity.]

⁵ Securitization Bond (SB); where bond proceeds are used for the financing or acquisition of securitized assets classes, either secure by physical assets (SBP) or secured by financial assets (SBF).

⁶ Type B Bond; where the bonds are issued by eligible investors as defined in CGIF’s Enterprise and Risk Management Objectives (ERMF).

business relevant to CGIF's considered guarantee, including the obligations under international instruments⁷ by the host country ("Applicable Laws");

(iii) For PBs, SCBs, GCBs and SBPs, with risk classifications as High Risk and Substantial Risk, ADB's Environmental and Social Standards (ADB ESS) 1 to 10 of the ADB ESF, to the extent such ADB ESSs are determined to be applicable⁸. For Medium Risk and Low Risk transactions, host country's safeguard system and any additional requirements of CGIF depending upon the nature of the project/RBA such as relevant ADB ESSs including as applicable requirements for consultation with affected people.

(iv) For FI and SBFs Bonds, with risk classifications as FI-1 and FI-2 (Substantial Risk), ADB ESS for Financial Intermediaries Part IV (J) of the ESF, to the extent such ADB ESSs are determined to be applicable. And for FI-2 (Moderate Risk) and FI-3, host country's safeguard system and any additional requirements of CGIF depending upon the nature of the project/RBA such as relevant ADB ESSs including as applicable, requirements for consultation with affected people.;

(v) Paris Agreement Alignment (PAA) in relation to, as a minimum, the RBA as defined in the use of proceeds.

5. Where relevant, an Issuer will be required to demonstrate that the Environmental and Social Requirements are applied to its contractors or primary suppliers or primary supply workers. To ensure that such contractors or primary suppliers implement agreed measures, an Issuer will be required to include CGIF's Environmental and Social Requirements in bidding and contractual documents (where relevant).

6. If CGIF cannot reasonably be assured that a Prospective Issuer complies with the Safeguard Requirements, CGIF will either, (i) decline to extend a guarantee for bonds issued by such Issuer; or (ii) offer a guarantee subject to the condition that the Prospective Issuer shall implement an adaptive management process with actions necessary to meet the Safeguard Requirements through a corrective action plan (CAP).⁹ Any CAP is to be agreed with CGIF prior to CGIF's guarantee being issued and will include a budget and timeline for implementation and any requirement for external resources or specialists or experts. If any of the Environmental and Social Requirements that are covenanted in the legal agreements are found not to be satisfactorily met, CGIF will require the Outstanding Issuer to develop and implement an additional ESAP agreed upon, and monitored, by CGIF.

7. CGIF will engage with each Issuer to ensure that it is, at all times, fully aware of the Environmental and Social Requirements and of CGIF's environmental and social due diligence (ESDD) process. The environment and social appraisal will depend on both the transaction modality and risk classification, as outlined below.

2. Project Bonds, Corporate Bonds and Securitization Bonds (Physical Assets)

8. CGIF will undertake E&S risk classification to appropriately consider the E&S relevant issues in an integrated manner at the earliest stage of the transaction. For corporate (GCB or SCB) and securitization bonds, CGIF will consider E&S risks associated with the proposed financed activities as well as all sectors/industries to be guaranteed by CGIF in which the Prospective Issuer operates or proposes to operate. This will include any operations undertaken by its subsidiaries and companies directly financed through CGIF guarantee, for which it has management control, which CGIF determines could have E&S risks or impacts.

9. The objective of E&S risk classification is to (i) determine the significance of potential impacts or risks to the affected people and environment; (ii) identify the level of assessment and institutional resources (capacity, commitment and track record) required to address E&S issues; and (iii) determine the information disclosure and monitoring requirements. Except for PBs which require project specific E&S management plans, all corporate and securitization bonds require the Issuer to have an ESMS.

⁷ As defined in ADB ESF (2024), these refer collectively to treaties, declarations, conventions, protocols, recommendations, international agreements that regulate matters of concern to states, and other instruments adopted by international conferences, organizations, or parties to a memorandum of understanding that generally shape international relations and cooperation among states, regulate, govern, or are otherwise relevant to the environmental and social systems. These may form international laws or legal instruments but may also be nonbinding commitments of the host countries.

⁸ ADB ESSs do not apply to activities that are not part of a transaction, nor to activities that the Prospective Issuer implements following the transaction completion without financing support from CGIF, with the exception of associated facilities (in the case of projects).

⁹ Under Part II (G) of the ADB ESF, the CAP is an Environmental and Social Action Plan (ESAP) with corrective actions that are required to bring a transaction into compliance with the relevant ADB ESS requirements, such as supplementing the existing ESMS or meeting host country regulatory requirements.

a. Environmental and Social Screening and Risk Classification

10. CGIF will undertake a preliminary review of the Prospective Issuer to confirm eligibility based on the E&S risks of the transaction. CGIF will confirm that the project, or RBA under the transaction to be supported and guaranteed by the PB or GCB), SCB SBP has been reviewed against the PIAL. If a prohibited activity is identified, the Prospective Issuer will be advised that the proceeds of the bonds cannot be used for the prohibited activity. Compliance with the PIAL will be monitored throughout the bond tenor to confirm that the bonds proceeds have not been used to finance or refinance prohibited activities.

11. All transactions will be subject to classification for the purpose of determining the potential E&S risks associated with the project or the transaction's RBAs. The risk classification of the transactions for PBs, GCBs, SCBs and SBPs will follow ADB ESF E&S Risk Classification of High Risk, Substantial Risk, Moderate Risk and Low Risk. For GCBs, SCBs and SBPs, CGIF will also consider the presence of corporate Environmental and Social Management System (ESMS)¹⁰ or any related corporate policies and procedures in the risk classification.

Table 1: Risk Classification for PBs, GCBs, SCBs and SBPs

Risk Classification for PBs, GCBs, SCBs and SBPs	Environmental, Social and Governance (ESG) Risk Description
High Risk	<ul style="list-style-type: none"> • E&S Risks/ Impacts - A proposed PB/SCB/SBP is classified as High Risk if the project or RBA is likely to have significant adverse E&S risks and impacts that are irreversible, diverse, or unprecedented, after considering the identified factors in the ADB ESF, in an integrated manner, and • G of E&S Risks/ ESMS Risks - For SCB/GCB/SBP, no corporate ESMS or equivalent G on the implementation of E&S risk management based on the assessment of institutional capacity, commitment and track record of the Prospective Issuer.
Substantial Risk	<ul style="list-style-type: none"> • E&S Risks/ Impacts - A proposed PB/SCB/SBP is classified as Substantial Risk if the project or RBA may not be as complex as for High-Risk where the nature and scale of its E&S risks and impacts may be smaller, and the location may not be in such a highly sensitive area, but some adverse risks and impacts may be significant after considering the identified factors in the ADB ESF in an integrated manner, , and • G of E&S Risks/ ESMS Risks - For SCB/GCB/SBP, the corporate ESMS or equivalent G on the implementation of E&S risk management based on the assessment of institutional capacity, commitment, and track record of the Prospective Issuer is not equivalent to CGIF ESS requirements.
Moderate Risk	<ul style="list-style-type: none"> • E&S Risks/ Impacts - A proposed PB/SCB/SBP is classified as Moderate Risk if the potential adverse risks and impacts on affected people and/or the environment of the project or RBA is not likely to be significant after considering the identified factors in ADB ESF, in an integrated manner, and/or • G of E&S Risks/ ESMS Risks - For SCB/GCB/SBP, with corporate ESMS or equivalent G on the implementation of E&S risk management based on the assessment of institutional capacity, commitment, and track record of the Prospective Issuer.
Low Risk	<ul style="list-style-type: none"> • ESG Risks/ Impacts - A proposed PB/SCB/GCB/SBP is classified as Low Risk if the potential adverse risks to and impact on affected people and/or the environment of the project or RBA is likely to be minimal or negligible.

¹⁰ Under Part III ESS1 Annex 1 of the ADB ESF, an ESMS provides a methodological approach to managing E&S risks and impacts in a systematic and structured way on an ongoing basis. An ESMS is prepared for financial intermediary (FI and SBF) and corporate transactions (GCB, SBP and where relevant SCB) financing and is proportionate to the nature and scale of RBAs being guaranteed, to promote sound and sustainable E&S performance, and can lead to improved E&S outcomes.

b. Environmental and Social Due Diligence Review

12. CGIF will determine the scale and extent of Environmental and Social Due Diligence (ESDD) to be undertaken by the Prospective Issuer.¹¹ Appraisal of E&S impacts or risks is integral to CGIF's due diligence of a PB, GCB, SCB or SBP and includes the policies and processes through which the Prospective Issuer addresses and meets the Environmental and Social Requirements. Such ESDD will include an E&S audit of the existing facilities and/or activities; or any relevant E&S assessment of the proposed facilities and/or activities of the underlying transaction. The scope of the E&S audit or assessment will be proportionate to the nature and scale of the E&S risks and impacts of the existing or proposed facilities or activities. CGIF will confirm that (i) all potential E&S impacts of the transaction have been identified; (ii) effective measures to avoid, and, when avoidance is not possible, to minimize, and mitigate, restore and/or compensate for adverse impacts are incorporated into the E&S documentation and underlying transaction; (iii) the Prospective Issuer has the necessary commitment and capacity to adequately manage E&S risks in accordance with this Policy and Directives; (iv) the role of international recognized experts¹² is appropriately defined in the applicable E&S documents, where relevant;¹³ and (v) consultations with affected people or communities are or have been conducted in accordance with this Policy and Directives.

13. ESDD will be undertaken regardless of the transaction risk classification. If compliance gaps are identified by the ESDD, a CAP will be developed and will define necessary remedial actions, the budget for such actions and the time frame for completion to meet the Safeguard Requirements.

14. When required, CGIF will endeavor to harmonize with co-financiers to adopt a common approach E&S assessment and documentation to satisfy the E&S requirements of CGIF and the co-financiers.¹⁴ Where the transaction is not processed contemporaneously, opportunities to rely on pre-existing assessments prepared by other financiers will be explored to the extent that the parties are agreeable and that their assessment(s) is/are determined by CGIF to be equivalent to CGIF's Environmental and Social Requirements.

c. Information Disclosure

Disclosure to ADB

15. CGIF will submit portfolio level ESDD summary and E&S annual reviews or monitoring reports of its Outstanding Issuers for the activities and transactions supported by CGIF guarantee to ADB.

16. For High Risk and Substantial Risk transactions only. CGIF will submit transaction level E&S documents, and relevant project/transaction documents, including any agreed CAP to ADB for review, clearance and subsequent disclosure on ADB website. E&S annual reviews or monitoring reports will be submitted to ADB for disclosure, containing details of transaction activities financed with CGIF guarantee.

Disclosure to CGIF Website

17. CGIF will summarize the ESDD and include the relevant document for all transactions for disclosure on CGIF's website. Disclosure of ESDD information for High-Risk transaction, comprising a draft, or final where available, E&S impact assessments (ESIA), will be disclosed on CGIF (and ADB) website at least 60 days before CGIF Board considers the transaction. Disclosure of the ESDD Summary for Substantial Risk transactions on CGIF website will be as early as possible in the transaction, and prior to bond issuance as agreed with CGIF and Prospective Issuer. CGIF will disclose the ESDD Summary for

¹¹ ESDD will consider and integrate, as relevant, additional information obtained by CGIF through its other tools and instruments such as climate risk assessment (CRA) and/or Paris Agreement Alignment (PPA) assessment.

¹² For High Risk and Substantial Risks transactions, the Proposed Issuer will engage internationally recognized experts in consultation with CGIF to carry out the E&S assessment and assess and/or as required, monitor the implementation of the measures identified through the E&S assessment process.

¹³ Note that under ADB ESF internationally recognized experts are engaged when its High Risk or Substantial Risk transactions that are also contentious, involves serious and multi-dimensional issues, and generally have interrelated potential E&S risks and impacts, meaning only subset of High Risk/Substantial Risk transactions.

¹⁴ Following ADB ESF (2024), the common approach will apply the requirements among the co-financier(s) that are most stringent or protective of the affected people and/or the environment.

all other transactions on CGIF’s website within fourteen (14) days after bond issuance. For capital market transactions, disclosure of E&S documentation prior to and after CGIF bond issuance is subject to applicable capital markets rules and regulations. For High Risk and Substantial Risk transactions,

18. If, under its contractual agreement with CGIF, the Outstanding Issuer is obliged to inform CGIF of a change in the nature of its or its group’s business or the approved UOPs, CGIF will assess whether such change (including any new business area) has additional environmental and/or social risks and whether the Outstanding Issuer should: (i) revise its ESMS as necessary to meet the requirements of material consistency; and (ii) take such other actions as deemed appropriate to address any additional, potential adverse impacts.

3. Securitization Bonds (Financial Assets) and Financial Intermediary Bonds

19. For Financial Intermediaries (FIs) and Securitization Bond for Financial Assets (SBFs) the process of screening and appraising differs according to the inherent environmental and social risks of the financial portfolio or the securitized financial assets of the Prospective Issuer and will follow Financial Intermediaries Part IV (J) of the ADB ESF. All SBF and FI Bonds require the Issuer to have an ESMS.

b. Environmental and Social Screening and Risk Classification

20. CGIF will confirm that the Issuers’ activities have been reviewed against ADB’s PIAL. If a prohibited activity is identified, the Prospective Issuer will be advised that the proceeds of the respective Bond cannot be used for the prohibited activity. Compliance with the PIAL will be monitored throughout the bond tenor to confirm that the proceeds of the bonds have not been used to finance or refinance prohibited activities.

21. SBFs and FIs will undertake risk classification of an Issuers’ underlying activities and transactions (as guaranteed by CGIF) in accordance with this Policy and Directives, taking into account (i) the Prospective Issuer’s commitment, capacity and track record of managing E&S risks (i.e., including its policies on E&S issues and commitment to uphold CGIF’s Environmental and Social Requirements); (ii) the level of E&S risk associated with the Prospective Issuer’s proposed financial asset portfolio including the tenor, type, size and sector/industries exposure; and (iii) the measures to be taken by the Issuer to reduce such risks. The transactions will be classified based on ADB ESF E&S Risk Classification for Financial Intermediary (FI) as FI-1 (High Risk), FI-2 (Substantial and Moderate Risks) and FI-3 (Low Risk) through assessment of the underlying E&S risk profile of the existing or proposed portfolio of activities and transactions supported with CGIF guarantee. The risk classification will be confirmed or revised (as appropriate) by CGIF based on the outcome of the ESDD.

Table 2. Risk Classification for FI/ SBF

Risk Classification for FI/ SBF	ESG Risks Description
FI-1	<ul style="list-style-type: none"> • E&S Risks/ Impacts - Includes “High Risk” activities or transactions in the existing or proposed portfolio, and • G of E&S Risks/ ESMS Risks - No ESMS or equivalent implementation based on assessment of institutional capacity, commitment and track record of the Prospective Issuer.
FI-2	<ul style="list-style-type: none"> • E&S Risks/ Impacts - Includes “Substantial/Moderate Risks” activities or transactions in the existing or proposed portfolio, and • G of E&S Risks/ ESMS Risks - With ESMS or equivalent implementation based on institutional capacity, commitment and track record of the Prospective Issuer.
FI-3	<ul style="list-style-type: none"> • ESG Risks/ Impacts - Comprises predominantly Low ESG Risks activities or transactions in the existing or proposed portfolio

c. Environmental and Social Due Diligence Review

22. For all SBFs and FIs, the ESDD will review the Prospective Issuer’s: (i) ESMS in order to determine its adequacy to manage E&S risks in compliance with ADB ESSs; (ii) capacity and commitment to manage E&S risks; and (iii) track record in managing E&S risks based on an assessment of the E&S performance of a representative portfolio assets (i.e., including ascertaining whether there are NGO campaigns involving the Prospective Issuer or fines or lawsuits against the Prospective Issuer related to their

financial or underlying financial assets and E&S matters). CGIF will retain qualified and experienced external experts to conduct the ESDD, where they are deemed necessary. A site visit to the corporate office and a representative sample of the financial asset portfolio will be undertaken.

23. If any gaps are identified during the ESDD, a CAP will be developed that will define necessary remedial actions, the budget for such actions and the time frame for resolution will be determined.

24. The Outstanding Issuer will review and adjust, in a manner acceptable to CGIF, its ESMS from time to time, including when the E&S risk profile of its financial assets or its financing activities changes significantly.

d. Information Disclosure

25. All SBFs and FIs transactions will be included in the portfolio ESDD summary and E&S annual reviews or monitoring reports for disclosure on ADB website (refer to para 19). For FI-1 and FI_2 (Substantial Risk) transactions, CGIF is to submit E&S documents to ADB for review, clearance and disclosure on ADB website in line with Para 20.

26. CGIF will summarize the ESDD and include the relevant document for all SBFs and FIs transactions for disclosure on CGIF's website. Disclosure of information for FI-1 transaction, any documentation prepared by FI borrowers/investees and submitted to CGIF relating to the E&S assessment of such transactions will be disclosed on CGIF websites at least 60 days before CGIF Board considers the transaction. Disclosure of the ESDD summary on CGIF website for FI-2 transaction will be as early as possible in transaction prior to bond issuance as agreed with CGIF and Prospective Issuer. CGIF will disclose the ESDD summary for all other transactions on CGIF's website within fourteen (14) days after bond issuance. For capital market transactions, disclosure of E&S documentation prior to and after CGIF bond issuance is subject to applicable capital markets rules and regulations E&S annual reviews or monitoring reports (which will be submitted to ADB for disclosure, as per para 19) will contain details of each activity and transaction financed with CGIF guarantee.

27. If, under its contractual agreement with CGIF, the Outstanding Issuer is obliged to inform CGIF of a change in the nature of its or its group's business, CGIF will assess whether such change (including any new business area) has additional environmental and/or social risks and whether the Outstanding Issuer should: (i) revise its ESMS as necessary to meet the requirements of material consistency; and (ii) take such other actions as deemed appropriate to address any additional, potential adverse impacts.

4. Type B Guarantees

b. Environmental and Social Risk Classification and Due Diligence Review

28. The process of screening and appraising for a Type B Bond (TBB) guarantee differs in that CGIF are not the lead financial institution and will review the ESDD and other information provided to them by the lead bond provider or investor into the bond.

29. In all TBB cases the preliminary data gathering from the Prospective Issuer will have been done by the investor. This should be reviewed against ADB's PIAL. If a prohibited activity is identified, the Prospective Issuer will be advised that the proceeds of the TBB cannot be used for the prohibited activity proposed. Ongoing compliance with the PIAL will be monitored throughout the bond tenor to confirm that the proceeds of the Bond have not been used to finance prohibited activities.

30. The risk classification of TBB will be undertaken in accordance with either the PB/GCB/SCBSBP or FI/SBF procedures, dependent on the modality of the underlying transaction. The risk classification will be commensurate with the environmental and social risk profile of the Prospective Issuer's activity under the transaction and based on the available information supplied to CGIF. It is noted that the Investor's own risk classification will only be used as an indicative guide for CGIF, and standalone appraisal to CGIF procedures and CGIF ESS requirements are to be applied in CGIF's assessment of E&S risks.

31. If compliance gaps are identified during the ESDD, a CAP will be developed by the lead investor and will be subject to CGIF review and comment to define necessary remedial actions, the budget for such actions and the time frame for resolution.

c. Information Disclosure

32. A summary of the ESDD undertaken will be disclosed on CGIF's website as agreed with the Prospective Issuer.

d. Monitoring and Reporting

33. The monitoring requirements will apply, but these will be based on the submission of the Issuer to the lead investor and their subsequent annual monitoring review and sharing of submission to CGIF. CGIF will monitor the Prospective Issuer on an ongoing basis throughout the tenor of the bond utilizing the data supplied by the lead investor.

5. Monitoring and Reporting

b. Monitoring

34. CGIF will require all Outstanding Issuer to: (i) establish and maintain procedures to monitor the progress of implementation of E&S documents and plans; (ii) verify the ongoing adherence with E&S requirements and their progress toward intended outcomes; (iii) document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports; (iv) follow up on these actions to ensure progress toward the required outcomes; (v) for High Risk (and where CGIF deem necessary, Substantial Risk) transactions,, retain qualified and experienced external experts to verify the Outstanding Issuer's monitoring information. CGIF will monitor the Outstanding Issuer's compliance with the Environmental and Social Requirements, including any CAP.

c. Reporting

35. All Outstanding Issuers will prepare periodic monitoring reports in a format and submission frequency agreed with CGIF in advance, whose format will be included in the legal agreement. r PBs, SCB, and SBPs, the Outstanding Issuer may be required by CGIF to retain qualified and experienced external experts/ specialists to undertake such reporting, where they are also required under paragraph 35 above (Monitoring). For High Risk classified bonds, reporting will be at a minimum on a semi-annual basis during any construction period and for the duration of such impacts being present. For other classifications, the extent of monitoring and disclosure will be commensurate with the project's or transaction's RBAs risks and impacts.

36. CGIF will monitor all Outstanding Issuers on an ongoing basis throughout the tenor of the bond, with a minimum annual frequency of review of the Issuer and underlying activities. Assessment will be undertaken more frequently when risks are significant or have significantly increased or are required to monitor the corrective action plan implementation.

6. Paris Agreement Alignment

a. Environmental and Social Risk Classification and Due Diligence Review

37. At the GCP stage, screening for Paris Agreement Alignment (PAA) will be undertaken and documented as a preliminary PAA assessment result. Under PAA (BB1/BB2 approach), CGIF will first establish the high-level climate risk and vulnerability context of the transaction to identify and assess if the transaction has any materially relevant climate risks (transition and adaptation related) and assess if the transaction is consistent with the relevant policies and strategies for climate resilience of the host country. If physical or other significant climate risks (High Risk) to the transaction are identified during the GCP, the Proposed Issuer will be required to undertake a climate risk assessment (CRA), where applicable, during the ESDD which includes a detailed site-specific assessment of risks and identifying, developing and integrating adaptation and resilience measures into the transaction, to the extent feasible. This may be done with the support of the external specialists or experts during the ESDD.

b. Ongoing Monitoring

38. All Outstanding Issuers assessed for PAA (whether or not a CRA is required) during ESDD will be monitored on an ongoing basis throughout the tenor of the bond through the Environmental and

Social Performance Report (ESPR). A minimum annual frequency of review of the Issuer and underlying activities is to be undertaken, unless specified as otherwise as required in the corrective action plan, if any.