



Project Summary Information

May 30, 2023

Project Name	Regional Transport Connectivity Project
Project Number	P000680
AIIB member	Singapore
Sector/Subsector	Transport/ Ports/Waterways
Status of Financing	Approved
Project Description	The Project involves providing a senior, secured, sustainability-linked loan to Moulmein Shipping PTE. LTD., Tomlinson Shipping PTE. LTD., and Camphor Shipping PTE. LTD., wholly owned subsidiaries X-Press Feeders Limited for the purchase of three 7,000 twenty-foot equivalent units (TEUs) new-build container ships to be primarily deployed on the China-India shipping route. XPF's current fleet is aged with an average life of approximately 14 years compared to the typical useful life of a vessel of 25 years. As a result, it has embarked on a fleet replacement program that involves selling off the older vessels and replacing them with newer, more efficient vessels.
Objective	To support the Company in reducing its carbon intensity of fleet on the China-India shipping route.
Expected Results	The results of the Project will be measured through: <ul style="list-style-type: none"> (i) Reduction in Fuel Consumption against aged vessel (HFO Ton/year); (ii) Carbon emission reduction compared against aged vessel (tCO2/year); and (iii) Reduction of usage of plastics/ plastic waste.
Environmental and Social Category	Category B under IFC's Policy on Environment and Social Sustainability (2012) (equivalent to Category B, if AIIB's ESP were applicable)
Environmental and Social Information	<p>The Project will finance the purchase of three newly built container ships to be used for regional shipping routes between China and India. It is co-financed by IFC. To ensure a harmonized approach to addressing the environmental and social (E&S) risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (ESP), the Project team proposes IFC's Performance Standards (IFC PS) to be applicable for this Project in lieu of AIIB's ESP. This is a Category B project according to IFC's Policy on Environment and Social (E&S) Sustainability (2012) and is expected to have limited adverse E&S impacts that are few, largely reversible and readily addressed through existing mitigation measures and good international industry practices (GIIP).</p> <p>The potential environmental risks (i) at construction phase includes disposal of construction materials, contamination to</p>

marine bodies and others, (ii) at operations phase includes discharge of ballast water with alien organisms, biofouling, air emissions pollutants (e.g., NOx, SOx, PM, etc.), accidents and spillage, and others. At the end of the ship's lifespan, due consideration has to be taken for ship recycling where the scraps may contain environmentally hazardous substances such as heavy metals, ozone-depleting substances and others.

Adverse social impacts are expected to be minimal since the activities financed using the Bank's proceeds are only to purchase three new-build container ships for deployment. Based on information received from XPF, the proposed Project will have limited social risks that are largely reversible and readily addressed through existing mitigation measures and GIIP. Key potential social risks and issues associated with this project include the adequacy of corporate ESMS as applied to project vessels; working and living conditions and OHS for employees and contractors; security and compliance with the international ship and port security code; crew community interactions during shore leave; company stakeholder engagement and grievance redress.

IFC's appraisal supported by AIIB considered the environmental and social management planning process and documentation for the Project and gaps, if any, between these and IFC's requirements. Where necessary, the agreed corrective measures, intended to close these gaps within a reasonable period of time, are summarized in a separate Environmental and Social Action Plan (ESAP). Through the implementation of these measures, the Project is expected to be designed and operated in accordance with Performance Standards objectives. [XPF's](#) and [Eastaway's](#) Environmental and Social Management System (ESMS) with the upgrades mentioned in the ESAP will commensurate with the scale and E&S risks and impacts of the Project Companies.

IFC has disclosed the [E&S Review Summary](#) for the Project on its website. The company will develop and implement a structured stakeholder engagement plan as part of each Project Company's SMS that meets the requirements of IFC PS1. This action is included in ESAP.

XPF has a whistleblowing policy in place that can be accessed by external and internal stakeholders. Under this whistleblower mechanism, external stakeholders can express their complaints including anonymously to designated officers mentioned in the policy. This whistleblowing policy is accessible to internal stakeholders such as employees, agents, managers, crews, suppliers, workers (including independent contractors and agency workers), temporary employees, freelancers, non-executive directors, consultants, and customers.

	<p>Additionally, XPF has a Grievance Redress Mechanism (GRM) which is available to shore-based staff and Eastaway has a Grievance Redress Mechanism (GRM) that is available to vessel crew and third-party workers. The GRMs include processes to receive and handle complaints related to E&S matters. The information about the GRM in English will be disclosed timely in an appropriate manner that will be (i) made available to all stakeholders, including project-affected people and project contracted workers, (ii) provide information on AIIB's Project-Affected People's Mechanism (PPM) as described in paragraph below and (iii) meet IFC PS requirements.</p>		
Cost and Financing Plan	<p>The Project involves AIIB providing senior secured loan up to USD70 million. The Project is being co-financed with the IFC and another commercial parallel lender who will provide the remaining portion of the required debt. The total project cost is estimated at USD234 million, which will be financed by 30% equity and 70% debt.</p>		
Sponsor			
Estimated Date of First Disbursement	2Q2023		
Contact Points:	AIIB	IFC	Sponsor
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Date of Concept Decision	November 2, 2022		
Date of Appraisal Decision	April 12, 2023		
Date of Financing Approval	May 29, 2023		
Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected Peoples Mechanism (PPM) applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project- affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the environmental and social policies applicable to the Project in situations when their concerns cannot be addressed satisfactorily through the Project-</p>		

	<p>level GRM or the processes of AIIB's Management. Information on the PPM is available at How We Assist You - Project-Affected People's Mechanism (aiib.org)</p>
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