October 22, 2024

Asian Development Bank
Attn: Mr. Masatsugu Asakawa, President
Attn: E&S Safeguards Update Unit
6 ADB Avenue, Mandaluyong City 1550,
Metro Manila, Philippines
safeguardsupdate@adb.org; civilsociety@adb.org

Re: CSOs' Climate Change Comments on the Final Draft of the Asian Development Bank Environmental and Social Framework (ESF) September 2024 Consultation Draft (Final Draft ESF)

Dear Mr. President Asakawa and to Whom it May Concern at the Asian Development Bank (ADB):

Thank you for the opportunity to comment on the Final Draft of ADB's ESF, and for responding to our March 14, 2024 and May 5, 2024 comments regarding necessary improvements to the ESF pertaining to climate change. We also appreciate ADB receiving detail on these comments along with as feedback during consultations on April 3, 5, and 12, 2024. While we are pleased to see improvements to key provisions of the ESF resulting from our comments, many of our concerns regarding the ESF's failures to ensure ADB's, and separately its member states',[1] adherence to their obligations to assess and prevent climate change harms still remain. Thus, Bank Climate Advocates (BCA) and the undersigned civil society organizations (CSOs) incorporate by reference the March 2024 comments from a coalition of 17 CSOs ("CSOs' March 2024 Comments" attached as Exhibit 1) and the May 5, 2024 supplemental comments from CSOs ("CSOs' May 2024 Comments" attached as Exhibit 2) that address those concerns.

The concerns that the Final Draft ESF fails to address in our March 2024 and May 2024 comments, and needed to supplement ADB's Paris Agreement Methodology for ADB to adhere to its human rights, harm prevention, and Paris Agreement legal obligations, are itemized in comment 11 below. In addition, we submit the following comments – primarily on the new text in this Final Draft ESF –

[1] The obligations of ADB's member states referenced are those of ADB's member states when acting on behalf of ADB in adopting policy or failing to adopt policy, and approving financing decisions, not member states' separate obligations when they act on their state's own behalf.

detailing improvements ADB must make to the ESF to adhere to its human rights, harm prevention, and Paris Agreement legal obligations:

1.) **New Changes to ADB's Prohibited Investment Activities List (the "PIA List") Impermissibly Expands ADB's Financing of Fossil Fuels thereby Ensuring ADB Non-Alignment with the Paris Agreement.** The Final Draft ESF PIA List contains two changes to item (xi) inconsistent with ADB's and its member state's Paris Agreement and human rights harm prevention obligations to align ADB's finance flows for each project it finances with 1.5°C [2]:

- **First**, by adding the word "new" before "coal-fired power generation and coal-fired heating plants" the Final Draft ESF now allows ADB to finance and guarantee existing and expanded coal fired power generation and heating plants, both of which will cause and contribute to exceedance of the 1.5°C global warming limitation objective.[3] In addition, such language allowing ADB to finance coal appears to be inconsistent with the position ADB management has taken in it response to CSO comments, which provides "[a]ll forms of energy generation using coal are prohibited…But for captive coal power for industrial use, the team would refer this concern to the Energy Team.[4]" ADB should thus remove "new" before "coal-fired power generation and coal-fired heating plants," and as consistent with what ADB's Climate director and ESF staff shared as ADB's intention and policy during our October 18, 2024 consultation meeting on the Final Draft ESF, the ESF PIA List must specify that ADB will only specifically finance the decommissioning of coal power plants, and not new, existing or expanded coal fired plant operations.

- **Second**, this new clause to the footnote for item (xi) that provides "ADB will support carbon capture, use, and storage technologies for power plants, liquefied natural gas import facilities, and industries," should be removed for the following reasons. First, it allows for ADB financing to enable fossil fuel projects (including those on its exclusion list such as new coal power plants) that will cause and contribute to exceedance of the 1.5°C global warming limitation objective[5] and runs afoul of ADB's Paris Agreement obligations. Second, these projects are often false solutions, as they fail to store and prevent GHG emissions. And third, for ADB to meet its Paris Agreement mitigation and harm prevention obligations, carbon capture, use, and storage should not be pursued by ADB as a substitute to financing renewable energy projects to meet a regions energy demand.

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[2] See Ex. 1, CSOs March 2024 Comments, Appendix B-D at 23-34.

[3] See Ex. 1, CSOs March 2024 Comments, Section I. at 2-3 detailing with citations in support that: "Under scenarios where global warming is limited to 1.5°C, [no new investments will be made in oil, gas, and coal production, and there will also be no further investment in LNG infrastructure]…The Intergovernmental Panel on Climate Change's (IPCC's) recent synthesis report warned that, *"projected CO2 emissions from existing fossil fuel infrastructure without additional abatement would exceed the remaining carbon budget for 1.5°C."* The International Energy Agency (IEA) concludes that in scenarios that maintain a 50% chance to limit global heating to 1.5°C, there are no further investments in new oil, gas and coal production. In addition, [IEA finds that] no further LNG infrastructure investments are required in such scenarios, and even under construction LNG projects exceed what is compatible with 1.5°C."

[4] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 152.

[5] See fn. 3, *ante*.

- **Third**, citation to the outdated 2021 ADB Energy Policy in footnotes 14 and 15 of the PIA List is improper as may allow ADB – with Board of Director permission and even after ADB adopts an updated Energy Policy as it has pledged to do - to continue to only adhere to its 2021 Energy Policy. As thoroughly documented, this 2021 Energy Policy falls very far short of ADB's obligations under the Paris Agreement and human rights harm prevention international law to align its finance flows with 1.5°C. The citation to ADB's Energy Policy in the PIA List and its footnotes should thus either be removed, or modified to specify that the citation is to the most recent version of ADB's Energy Policy currently in effect and approved by the ADB Directors, which shall govern.

2.) ESS 9 Thresholds for GHG Emissions Disclosures Before and After Financing Approvals Needed to Align ADB with its Human Rights Due Diligence Obligations to Assess and Prevent Harms, the Paris Agreement, and 1.5°C :

a.) <u>The inclusion of any threshold for GHG emissions disclosure should be stricken from ESS 9 paragraph 9.</u> Such a threshold, set by ADB staff as provided in the Final Draft ESS 9 paragraph 9 or by ADB Directors, should not apply at the environmental assessment stage prior to financing decisions, but rather should only apply to the ongoing and continuous GHG emissions monitoring requirements that apply after financing specified in ESS 9 paragraph 10. Final Draft ESS 9 paragraph 9 provides that even though the client must quantify its GHG emissions, the client need not disclose these GHG emissions to ADB prior to ADB's financing decision, and ADB need not disclose these emissions to the public prior to ADB's financing decision, if the emissions are not estimated to exceed ADB management's threshold for GHG emissions provided in an ADB management guidance document. This is severely problematic and runs afoul of ADB's and its member state's due diligence obligations to assess and prevent climate change harms, and ADB's "commitment to align its operations with the Paris Agreement"[6] for the following reasons:

(1) It is unconscionable considering per ESS 9 paragraph 9, the client will have the GHG estimates available, and the client can thus provide these estimates to the ADB. Moreover, it is contrary to good international practice for environmental and social impact assessments that requires disclosure of environmental impacts prior to approvals so that the public has an opportunity to ensure the adequacy of the impact assessment, correct analysis, and fill the gaps in missing analysis (in this case missing emissions);[7] Without disclosure to ADB and the public with an opportunity for review prior to project financing, there will be no way to ensure the client has not missed or severely underestimated significant sources of Scope 1, 2, and 3 GHG emissions;

(2) without disclosure of GHG emissions, ADB and the public will not have the data and information needed to: **(a)** secure feasible alternatives and mitigation measures, and determine the extent of feasible measures, needed to achieve avoidance of GHG emissions for each project as far as economically and technically feasible as provided for in ESS 9 paragraph 10; **(b)** determine whether and ensure that the ESF's GHG emissions quantification, alternatives analysis, and mitigation requirements are followed; and **(c)** determine whether and ensure that ADB's cumulative portfolio-wide and project specific

[6] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 114.
[7] See fn. 13, *post*; See Ex. 1, CSOs March 2024 Comments, Section III.8 at 12-13.

financial flows are aligned with the Paris Agreement and the 1.5°C warming limitation objective; and

(3) disclosure of these GHG estimates are needed for ADB and client accountability, and ADB's transparency in disclosing its environmental and social impacts and climate change goals and obligations.

b.) **If ADB insists on providing a GHG emissions threshold in ESS 9 paragraph 9 for GHG emissions disclosures to the public and ADB prior to project financing decisions, this threshold should be 500 tCO2-eq/year or no higher than the threshold in IFC's Access to Information Policy, which is 25,000 tCO2-eq over a project's life cycle, not just per year. IFC Access to Information Policy (2012) at ¶ 31(a)(v)**. Considering the climate crisis, where limiting global warming to 1.5°C is critical for the future of the planet and its inhabitants, we feel this approach is appropriate, needed to determine if ADB's financial flows are aligned with the 1.5°C warming limitation objective, and needed to achieve avoidance of GHG emissions for each project as far as economically and technically feasible. As such we propose that the threshold for disclosing GHG emissions quantification estimates is provided as follows in paragraph 9 of ESS 9, (this requirement must be written into ESS 9): +500 absolute tons of carbon dioxide equivalent per year or +500 absolute tons of carbon dioxide equivalent during project construction. Including a construction threshold is important as well, as some projects may have significant GHG emissions during the construction stage that are feasible to avoid.

ADB is promoting itself as having the wider ambition to be a climate bank and trendsetter amongst MDB's in climate finance and mitigation.[8] However, if the Final Draft ESF remains as is by limiting the occurrence of analysis and disclosure of GHG emissions for a project prior to financing via a threshold set over 25,000 tCO2-eq over a project's life cycle, ADB would be going backwards 12 years before IFC adopted and began implementing its Access to Information policy in 2012, and would be far behind good international practice for GHG emissions quantification and disclosure. As the data in Exhibit 3 demonstrates, since 2012, IFC has been disclosing and continues to disclose GHG emissions prior to project financing when estimated to be over +500 tCO2-eq/yr. and over 25,0000 tCO2-eq over a project's life cycle (not per year). Exhibit 3 details that between 2012 – 2023, prior to its financing decisions, IFC disclosed:

- 33 projects with GHG emissions between 0 – 5,000 tCO2-eq/yr.,
- 16 projects with GHG emissions between 5,001 – 10,000 tCO2-eq/yr.,
- 13 projects with GHG emissions between 10,001 – 15,000 tCO2-eq/yr.,
- 15 projects with GHG emissions between 15,001 – 20,000 tCO2-eq/yr.

As this IFC practice of disclosing the GHG emissions for 77 projects with under 20,001 tCO2-eq/yr. (49 of which had emissions between 100 -10,001 tCO2-eq/yr.) demonstrates, ADB not disclosing GHG emissions for a project prior to project financing decisions, and or setting a high threshold for public disclosure prior to financing decisions such as 20,000 tCO2-eq/yr. or even 10,000 tCO2-eq/yr., would also result in ADB falling short of good

[8] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 113-114 providing "As an institution ADB has a wider ambition to be a climate bank for the region to help countries with policies, plans and investments that support low carbon, with directions towards net zero in the long term and build climate resilience…These are part of the mandate of ADB now and are reflected in ADB's Climate Change Action Plan."

international practice. Further, it would demonstrate ADB's ESF fails to meet its legal climate change due diligence obligations to assess and prevent harm before financing commitments are made.

ADB's justifies a 20,000 tCO2-eq/yr. threshold, if such a threshold is provided is ESS 9 paragraph 9, by providing this threshold is the GHG emissions amount "where emissions can be minimized or avoided and worked with other MDBs to harmonize with them." [9] **Such a justification is problematic in two regards. First,** ADB asserting that GHG emission cannot be minimized or avoided if under 20,000 tCO2-eq/yr. is entirely false and unsupported. Such an approach will surely result in ADB not aligning its finance flows with the Paris Agreement or 1.5°C. Second, ADB has its own duties independent of other MDB's to assess and prevent climate change harm that its financing contributes to.

c.) We support a provision in ESS 9 paragraph 10 allowing ADB staff to lower the threshold for GHG emissions monitoring and reporting ***after*** project financing decisions in a ADB staff approved guidance document to match evolving climate change conditions and science,[10] and best available practiced methods for GHG emissions continuous monitoring and reporting. **However, for ADB's Members States, and ADB, to adhere to their due diligence obligations to assess and prevent climate change harms, ADB's ESF / ESS 9 paragraph 10 must set and include a minimum floor for GHG emissions monitoring and disclosure *after* project financing that assures ADB's member state's that the minimum floor is and will remain sufficient.** While a 20,000 absolute tCO2-eq/yr. threshold that appeared in prior drafts of the ESF was an improvement over the prior draft ESF, it still is twice above the threshold established under good international practice. Instead, a 10,000 absolute tCO2-eq/yr. threshold, established by the Science Based Targets Initiative (SBTi)[11] and included in the GHG Protocol template,[12] which is thus good international practice, should be provided in ESS 9 paragraph 10.

3.) **The Final Draft ESF impermissibly only provides for 120 days disclosure for Category A projects prior to project financing, and not also for Category B projects with significant climate change and environmental impacts.** Many high impact climate change projects, such as LNG terminals, projects with captive natural gas power plants, cement manufacturing, fertilizer production, industrial livestock, industrial agriculture, and even some stand-alone natural gas plants, are have very significant climate change impacts due to their Scope 1, 2, and 3 GHG emissions, yet are often improperly categorized by the ADB as category B risk impact projects. Yet, unlike Category A projects, the Final Draft ESF impermissibly only provides Category B projects will be disclosed to the public "prior to project appraisal or final credit approval" without defining these terms and moreover, without explicitly requiring 120 days for

[9] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 117.

[10] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 116 provides: "Given the rapidly evolving climate negotiation, ADB has received feedback that it may be better not to fix a numeric threshold in the policy. ADB agreed with this comment and has decided to set the threshold in the guidance notes, to allow for more flexibility in terms of updating this threshold, as climate discussions evolve over time."

[11] Thresholds used by voluntary initiatives vary, but those set by the Science Based Targets Initiative (SBTi) are considered the baseline for good international practice. SBTi uses a corporate emissions threshold of 10,000 tCO2e/year as the cutoff for its streamlined validation process.

[12] GHG Protocol template available at: https://ghgprotocol.org/sites/default/files/ghgp/standards_supporting/GHG-Protocol-Reporting-Template.docx

review and input. Final Draft ESF Environmental and Social Policy Paragraph 53, and ESS 10 paragraph 16. This runs afoul of good international practice (see March 14, 2024 CSO comments at 12-13 for this analysis)[13] and ADB's due diligence legal obligations to assess and prevent environmental harms, which includes providing the public with an opportunity to provide input on harms, mitigation, and omissions or errors in impact and mitigation assessments.

In addition, ADB not providing for disclosure of Category B projects 120 days prior to its financing decisions, is a step backwards by over 20 years for ADB in its own accountability, transparency, and environmental review. ADB's 2003 Environmental Assessment Guidelines required public disclosure of this analysis and information 120 days prior to ADB's financing decisions for all public and private sector category A projects and for those Category B projects deemed to be environmentally sensitive. ADB Environmental Assessment Guidelines (2003) ¶ 32 at 10. Even IFC's outdated 2012 Access to Information Policy, falling well short of IFC's harm prevention and human rights due diligence obligations, requires IFC to publicly disclose environmental and social impact assessments at least 30 days prior to financing approvals for Category B and C, Trade Finance, Advisory Services, and Financial Intermediary projects.[14]

4.) **Comments Concerning Application of Good International Practice Standard.** While we applaud ADB's stated intention of adding a standard that sets the minimum floor for the quality of environmental and social impact assessments and mitigation,[15] the "good international practice" standard falls well short of ADB's and its member states human rights due diligence requirements to use best available and practiced methods to assess and prevent harms.[16] Further, the Draft Final ESF is in need of a few key improvements to apply the standard properly, comprehensively, and as consistent with ADB's stated intention. These needed improvements are as follows:

   a.) **ESS 9 paragraph 10 provides:** "The GHG quantification assessment will be conducted in accordance with methodologies and practices advised by ADB, considering good international practice." This sentence should be amended to require adherence to good international practice as follows with edits in green: The GHG quantification assessment will be conducted in accordance with methodologies and practices advised by ADB, ~~considering~~ and good international practice."

   b.) **The Final Draft ESF Definition for Good International Practice (GIP) Must Be Amended to Remove the 2007 World Bank Group's (WBG's) EHSGs as GIP and as**

[13] As documented in 2018 United Nations Environment Programme (UNEP) Report with examples from states around the world, public disclosure, and opportunity for public review of, a project and its environmental impact analysis well prior to project approvals, is included in the vast majority of countries' environmental and social impact assessment laws and within international organizations. While the UNEP Report documents that there is no general agreement in laws or the literature on what constitutes good practice in relation to public participation in Environmental Impact Assessments (EIAs), it finds most legislation in Global North and South states around the world make it mandatory to publicly publish information on disclosing a project when an application is submitted or the project is being considered, to make the draft EIA reports publicly available, and to provide the opportunity to submit comments on the EIA reports and project well prior to project approval. UNEP, *Assessing Environmental Impacts: A Global Review of Legislation* (2018) (hereinafter "UNEP EIA Report") at Chapter 3. EIA systems – Legal and institutional frameworks for EIAs, Section 3.2.3 Public participation at 50-66.
[14] IFC Access to Information Policy (2012) at ¶ 34.
[15] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 29.
[16] See Ex. 1, CSOs March 2024 Comments, Appendices B, D at 23-24, 26-34.

the primary GIP, as WBG's EHSGs are Severely Outdated and Not Close to GIP for Environmental and Social Impact Assessments and Mitigation, including in regards to climate change.[17] As such, this clause must be stricken as follows in green from the ESF definition of Good International Practice: "~~World Bank Group Environmental Health and Safety Guidelines (EHSGs) will be the primary GIP, unless the specific guidelines and standards required are not covered in the EHSG or a borrower/client and ADB agree on another GIP.~~" Such an edit is consistent with the relationship between use of GIP and the EHSGs throughout the ESS and the intent expressed in ADB's response to CSO comments.[18] Thus, the error in this definition appears to be an oversight. Further, GIP should not be conditioned on the client agreeing with ADB as to what GIP is. Rather the ESF must provide that ADB ensures GIP is implemented. An edit to the GIP definition must address this point as well.

For comparative purposes, IFC is part of the WBG, and even IFC's 2012 Performance Standards on Environmental and Social Sustainability (PS) recognize that the WBG's EHSG's are just one of many sources to be considered in determining GIP and are not necessarily GIP. IFC PS 3 at paragraph 4 provides: "The principles and techniques applied during the project life-cycle will be tailored to the hazards and risks associated with the nature of the project and consistent with GIIP, as reflected in various internationally recognized sources, including the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines);" PS Overview at page 3 paragraph 6 provides "[t]he environmental assessment process may recommend alternative (higher or lower) levels or measures" than in the EHS Guidelines;). PS 3 at paragraph 5 provides for the client to look at sources other than the EHS guidelines when appropriate ("The client will refer to the EHS Guidelines or other internationally recognized sources, as appropriate, when evaluating and selecting resource efficiency and pollution prevention and control techniques for the project.").

Especially in the climate change context - where scientific methods and good international practice have made leaps and bounds since 2007 when the ESHG's were adopted in regards to quantification of Scope 1, 2, and 3 GHG emissions, GHG emissions alternatives analysis, and GHG emissions mitigation and mitigation analysis – GIP should not be tied to or defined as the ESHGs. This runs afoul of ADB's due diligence obligations to assess and prevent human rights harms prior to project financing decisions.

Further, and as consistent with the above, the definition in the Final Draft ESF for EHGS in the ESF Definition Section should be modified as follows in green:

> Environmental, Health, and Safety Guidelines (EHSGs). Technical reference documents issued by the World Bank Group from 2007 with general and industry-specific statements of good international industry practice, that may now be outdated and are not necessarily consistent with current good international industry practice. The EHSGs contain the performance levels and measures that

[17] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 24 concurs. It provides: "ADB recognizes that the World Bank standard is out of date and IFC is updating it."

[18] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 24 concurs. It provides: The intention is that borrowers should apply ESSs or relevant good international practice if so specified in the ESSs. The World Bank EHS guidelines is just one of those but there are many others, and they will be included in the guidance note for each ESS.

are generally considered, at least as of 2007, to be achievable in new facilities by existing technology at reasonable cost.

c.) ESS 1 paragraph 7 and or 9, must be amended to specify that GIP applies to all environmental and social impact assessments and mitigation. ESS 1 only includes reference to GIP requirements in ESS 1 paragraphs 11 and 12 in the context of when a client proposes to follow other standards than in ADB's ESSs. Not including the GIP standard in ESS 1 paragraphs 7 and 9, and only including the GIP standard in ESS 1 paragraphs 11 and 12 and in very limited contexts in other ESSs, has the unintended effect of GIP not applying to all aspects of environmental and social impact assessments and mitigation.

d.) ESS 1 paragraph 11 provides: "The borrowers/client will also apply the relevant good international practice (GIP) and other internationally recognized standards such as the World Bank Group's Environmental, Health, and Safety Guidelines (EHSGs), as required under the relevant ESSs." To ensure the borrower client applies GIP to all aspects of the environmental and social impact assessment and mitigation measures, and all ESSs, this clause must be modified as follows in green to have its needed and intended effect:

> "The borrowers/client will also apply the relevant good international practice (GIP); other internationally recognized standards such as the World Bank Group's Environmental, Health, and Safety Guidelines (EHSGs~~)~~~~, and the relevant ESSs.~~"

Deleting ", and the relevant ESSs" is necessary because not all the ESSs mention GIP as an applicable standard.

e.) ESS 1 paragraph 12 provides: "Where the borrower/client proposes less stringent standards or measures than those provided in applicable GIP or EHSGs, as required under the relevant ESSs, the borrower/client will provide a detailed assessment and justification for the proposed less stringent standards." To ensure (a) the borrower client applies GIP to all aspects of the environmental and social impact assessment and mitigation measures, and all ESSs, and (b) that the borrower client applies the ESS provisions in ESS 1-10 when these provisions are more stringent than local laws, this clause must be modified in green as follows to have its needed and intended effect:

> "Where the borrower/client proposes less stringent standards or measures than those provided in applicable GIP or EHSGs, ~~as required under the relevant ESSs,~~ or than those provided in the relevant ESSs, the borrower/client will provide a detailed assessment and justification for the proposed less stringent standards."

5.) **New Provisions in the Draft ESF that Allow ADB to Defer Analysis and Mitigation for Environmental, Social, and Climate Change Impacts Until After Project Financing Approval - Even When the Project Has Clearly Defined Components - Runs Afoul of ADB's Due Diligence Obligations to Assess and Prevent Harms Before Project Financing**. Section G of the E&S Policy at paragraphs 37, 38 and 41 provides that "The ESCP/ESAP may allow certain components of the E&S assessment for the project to be carried out during project implementation," and "[h]owever, ADB will only allow such deferral to be included in the ESCP/ESAP if the level of E&S risks and impacts of the activity to be assessed during project implementation is not likely to change the E&S conclusions for the project, and does not compromise the overall E&S readiness of a project."

In the climate change context, if ADB does not ensure that prior to financing decisions GHG emissions are fully quantified and GHG emissions avoidance/mitigation measures are tailored to avoid and reduce these emissions as far as feasible, ADB cannot reasonably determine the E&S conclusions for the project. Moreover, failure to secure such analysis and mitigation, would surely compromise the E&S readiness for the project as it would not be ready in regards to assessing, changing, and improving the project to avoid and mitigate the project's climate change impacts before irretrievable commitments of financial resources are made to the client. Furthermore, failure to secure such GHG emissions analysis and mitigation before project financing in this instance where a project is defined would preclude E&S readiness, as once financing is approved for a project as designed, ADB's (and the client's due to financing that may not cover GHG emissions mitigation) ability is lost to materially change the project design and features to avoid GHG emission as far as feasible.

In addition, ADB allowing deferral of project impact analysis and mitigation until after project financing when a project is clearly defined runs afoul of ADB's due diligence obligations to assess and prevent harm before financing is made, and thus a project design and features are solidified and not likely to change. This is especially the case in this type of instance where ADB and the client can assess and prevent impacts before ADB's financing decision. Allowing such deferral in this circumstance is also contrary to long standing good international practice at the environmental and social impact assessment stage that requires provision of impact analysis and mitigation measures to the public for a duration sufficient to allow for meaningful review and input prior to project financing approvals to inform the accuracy, omissions and improvements for impact assessments and mitigation for any impacts.[19] Such impermissible allowance of deferral of impact assessments and mitigation after project financing as provided in the Final Draft ESF paragraphs 37, 38, and 41 is also contrary to GIP at MDBs, as even IFC's 2012 Performance Standards on Environmental and Social Sustainability do not allow for the deferral of mitigation before project financing except for the case in which assets to be developed, acquired or financed have yet to be defined. See IFC Performance Standard 1 at ¶ 7.

For all these reasons, ADB must thus modify paragraphs 37, 38, and 41 of the ESF to explicitly provide deferral of environmental and social impact assessments, alternatives analysis, and mitigation, including in the climate change context, is impermissible when the project has clearly defined components. **Such a modification is also consistent with ADB's ESF staff comments during our our October 18, 2024 consultation that ADB's intent is not to allow deferral of environmental and social impact assessments until after project financing.** In addition, for all these reasons, ADB must modify this clause in E&S Policy paragraph 13 from: "ADB will only finance projects that are expected to meet the requirements of the ESSs in a manner and within a time frame acceptable to ADB and as set out in the ESCP/ESAP", to (edits in green):

> "ADB will only finance projects that ~~are expected to~~ meet the requirements of the ESSs and that ADB expects and ensures to the best of its ability will meet the requirements of any ESCP/ESAP ~~in a manner and within a time frame acceptable to ADB and as set out in the ESCP/ESAP.~~"

6.) **Ensuring Scope 3 GHG emissions are quantified, and avoided as far as economically and technically feasible.** During the April 5, 2024 ADB ESF consultation, in response to our positions on ensuring quantification, disclosure, and avoidance of scope 3 GHG emissions, ADB

[19] *See* fn. 13, *ante*; *See* Ex. 1, CSOs March 2024 Comments, Section III.8 at 12-13.

suggested editing the following clause in the ESF definitions for absolute GHG emissions as follows, by replacing "where relevant" with "where feasible", could be a solution (contemplated edit suggested by ADB in blue:

> Absolute greenhouse gas (GHG) emissions. GHG emissions and removals resulting from a project, including all scope 1 and scope 2 emissions attributable to projects, and scope 3 emissions, where feasible.

However, the Final Draft ESF contained no such adjustment. We feel such an edit, while an improvement, also needs to be clarified to provide the following, to ensure ADB adheres to its due diligence obligations to assess and prevent climate change harms (see our additions in red):

> Absolute greenhouse gas (GHG) emissions. GHG emissions and removals resulting from a project, including all scope 1 and scope 2 emissions attributable to projects, and scope 3 emissions, where feasible. Where feasible means as consistent with best available commonly practiced methods for quantifying GHG Scope 1, 2, and 3 emissions and when information is obtainable that would allow GHG emissions to be quantified.

These additions in green respect client capacity, and principles of common but differentiated responsibilities, as if the client does not have the expertise, capacity, or resources to conduct this analysis, ADB through its duty to ensure adherence to the ESF – could conduct this analysis or retain consultants to do so. In the alternative, ADB could loan the client funds to secure this analysis. This loan could be forgiven if the project is not ultimately pursued, or if the project is pursued, included in the total amount of financing provided.

The notion that Scope 3 GHG emissions should not be required to be calculated because they are hard to calculate and out of client control, may have been closer to true 10-15 years ago, but not anymore given current practices regularly implemented around the globe. Further, some clients chose to contract out activities with significant GHG emissions like construction and retaining contractors or fleets for shipping. Not only is information obtainable that would allow for quantification of these Scope 3 emissions. For ADB's individual project and cumulative financing flows to come into alignment with the 1.5°C warming limitation objective, it must require that these emissions be avoided when economically and technically feasible as well.[20] To do so, these emissions must be quantified in the first instance prior to financing approvals.

ADB Final ESF response to comments asserts that ADB may be considering requiring quantification and disclosure of Scope 3 GHG emission when:

> Scope 3 is included if significant. This means that scope 3 emission is more than 5% of aggregate of Scope 1 and 2. Scope 3 can be included if data is available. Assessment of project level GHG emission is assessed ex-ante.

ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Final Response to Comments) at 116, 115. For the forementioned reasons including in regards to ensuring avoidance as a much Scope 3 GHG emissions as possible, while

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[20] See judgement in *Verein KlimaSeniorinnen Schweiz and Others v. Switzerland* (2024), at paragraph 280 page 126 providing: "[i]t would therefore be difficult, if not impossible, to discuss Switzerland's responsibility for the effects of its GHG emissions on the applicants' rights without taking into account the emissions generated through the import of goods and their consumption or, as the applicants labelled them, "embedded emissions"."(judgement available here).

we support a specific requirement that Scope 3 emissions be quantified and disclosed where feasible, we oppose limiting the instances where scope 3 emissions is more the 5% of aggregate of Scope 1 and 2. This invites opportunity for under estimating and omitting sources of Scope 3 emissions, removes the ability of the public and ADB to identify any Scope 3 emissions omissions, and moreover, for projects that have very large GHG emissions, even less than 5% of Scope 1 and 2 GHG emissions can amount to quantities with a significant avoidable impact.

7.) **Alternatives Analysis Corrections and Needed Improvements:** In order to be consistent with GIP and ADB's and its Members State's Due diligence obligations to assess and prevent human rights climate change harms, the ESS 1, A–1: Indicative Outline of an Environmental and Social Impact Assessment, alternative analysis section G (ESS 1, A–1) must be improved to specifically require "supported analysis of alternatives" instead of being potentially interpreted to just allow listing alternatives.[21] To achieve these changes, we propose the following edit in green, which appears to be consistent with ADB's intent from its response to comments and other ADB ESF edits:

> This section contains, in relation to the relevant ESSs, supported analysis of feasible alternatives to the proposed project including the without project scenario, as well as feasible alternatives to the project design such as the project location, technology, and other relevant project features that can avoid as a first priority, and/or mitigate the relevant E&S risks and impacts.

In addition, this next sentence to ESS 1, A–1 Section G. must be edited as follows in green to add back this essential alternatives analysis component that has been established as good international practice for alternatives analysis and GHG alternatives analysis: "For each alternative, it quantifies the E&S risks and impacts to the extent possible, and attaches economic values where feasible." ADB offers no support for why the economic values alternatives analysis requirement has been stricken in this latest draft.

Proper and supported performance of this analysis is also needed to significantly reduce GHG emissions from all projects ADB is contemplating financing, and to reveal the true cost (in monetary terms) of each ton of GHG emissions a project will emit in comparison to its feasible alternatives to: ADB, governments, communities in a project's region, and the public. Without conducting an alternatives analysis that attaches economic values, including the societal / social, costs and benefits of each alternative, ADB cannot perform the necessary due diligence prior to financing decisions (a) required by its obligations under international law, (b) necessary to prevent climate change harms, and (c) help significantly reduce the occasions where remedial action is required for climate change harms ADB causes or contributes to. Further if performed properly, analysis that reveals the social/societal cost of carbon for each alternative provides a powerful substantive tool needed to persuade banks and their directors to abandon financing for proposed carbon intensive energy projects, and to instead direct financing towards feasible renewable energy infrastructure that can meet a project's and or region's energy demand. Thus, ADB requiring and securing such analysis is essential to its Paris Agreement alignment efforts.

[21] See Ex. 1, CSOs March 2024 Comments, Section III.3. at 8-10 (detailing alternatives analysis requirement under good international practice, and under best available and practiced methods); See Ex. 1, CSOs March 2024 Comments, Appendices B, D at 23-24, 26-34 (detailing ADB's and its member state's due diligence obligations applicable to alternatives analysis to assess and prevent/mitigate impacts).

We note that the ADB management approved 2021 Energy Policy of the ADB Supporting Low-Carbon Transition in Asia and the Pacific (June 2023) ("2021 ADB Energy Policy") provides the following:

> *Accounting for externalities. ADB incorporates the social cost of carbon across all operations, including in the energy sector. The current unit value used by ADB is based on the empirical estimates of the global social cost of carbon reported by the Intergovernmental Panel on Climate Change, to be increased annually in real terms to allow for the potentially increasing marginal damage of global warming over time.[[22]] This unit value is used in economic analyses to estimate the value of avoided GHG emissions for projects that reduce emissions and the cost in damage created for projects that increase emissions. The unit value will be revised in the future as more and newer estimates of damages caused by climate change become available.*

2021 ADB Energy Policy at 15. Considering the forementioned factors, including (a) ADB's due diligence obligations to prevent climate change harms under international law and (b) the stronger social cost of carbon requirements in the ADB management approved 2021 ADB Energy Policy that indicates ADB will ensure quantification of the social cost of carbon for all projects, the social cost of carbon requirements must be included is ESS 1, and improved from the prior draft ESF. Specifically, the requirements from the prior draft language in ESS 1 must be put back and strengthened to require that prior to financing decisions for each project with anticipated GHG emissions, that ADB will ***ensure the*** completion and publicly disclosure of the social cost of GHG emissions estimates for all project alternatives using (a) the global social cost of carbon reported by the Intergovernmental Panel on Climate Change, and (b) best available methods to quantify social cost of GHG emissions to communities in the project's region and country.[23] ADB must also ensure that both of these costs of GHG emissions include monetary figures of the societal cost from incremental metric ton of GHG emissions, including from physical damages caused by climate change. Production and disclosure of such figures are essential for the ADB, communities local to the contemplated project and in the country where the project is located, and communities disproportionately affected by climate change all over the world to understand the true costs of contemplated projects and their alternatives.

8.) ADB's ESF Must Not Allow for the Client Not to Adhere to the ESF at ADB's Discretion. E&S Policy Paragraph 11 detailing ADB's Responsibilities weakly provides "ADB will work with a borrower/client so that all E&S assessment requirements under the relevant ESSs will be identified and undertaken ***to the extent possible to the satisfaction of ADB***, to enhance the E&S readiness of the project." To adhere to its due diligence obligations to assess and prevent harm prior to project financing decisions, ADB must ensure its ESS requirements are adhered to without the discretion provided in Draft E&S Policy paragraph 11 allowing ADB to excuse client non-adherence and non-compliance with the ESS when ADB wishes. See Ex. 1, CSOs March 2024 Comments, Section III.1.(2) at 6-7. As such ADB must edit paragraph 11 to read as follows (proposed edits in green and with strikethroughs):

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[22] ADB. 2017. Guidelines for the Economic Analysis of Projects. Manila.

[23] US EXIM, and also NEPA which EXIM adopts, requires that a GHG alternatives analysis contain best available social cost of GHG emissions estimates with monetary figures of the societal cost from incremental metric ton of GHG emissions including from physical damages (e.g., sea-level rise, infrastructure damage, human health effects, etc.) See Interim U.S. Council of Environmental Quality (CEQ) NEPA guidance effective January 8, 2023 for GHG emissions and climate change assessments, alternatives analysis and mitigation in environmental impact statements (available at: https://www.regulations.gov/document/CEQ-2022-0005-0001).

ADB will work with a borrower/client so that all E&S assessment requirements under the relevant ESSs will be identified, undertaken, and achieved to ~~the extent possible to the satisfaction of ADB,~~ to ~~enhance~~ ensure the E&S readiness of the project."

9.) Outstanding Comments Applicable to ADB's Financial Intermediary (FI) Investments:

a.) The Final Draft ESF must be amended to clarify that ADB's FI client must not be allowed to finance a higher risk transaction until ADB explicitly approves such a transaction and certifies the transaction has met all applicable ESS requirements. As such, this clause in paragraph 65., while seemingly provides for such a requirement with its "to be supported" language, must be strengthened as follows with the additions in green to ensure and effectuate ADB's intent and a policy that applies the ESS requirements to FIs:

> For higher risk transactions to be supported by ADB financing, before the FI can finance or support a higher risk transaction, ADB must first ~~will~~ review and clear the screening, risk classification, and FI's E&S due diligence (FI ESDD) and E&S assessment and management documents prepared by FI borrowers/investees.

b.) The Final Draft ESF provisions specifying what ESS requirements an FI must adhere to and apply for each project the FI finances must be modified to provide essential clarifications to ensure adequate requirements for FIs to assess and mitigate environmental and social impacts:

- Paragraphs 62, 73, and 76 of the Environmental and Social Requirements for Financing Modalities and Products provides ADB will require that the FI apply the "relevant" ESS requirements. To ensure that the FI applies, and ADB ensure the FI applies, the bare minimum ESS requirements that apply to all projects regardless of impact type, this clause should be amended to provide that the FI apply the relevant ESS requirements, including but not limited to ESS 1 (sets the requirements for environmental and social impact, alternatives, and mitigation requirements), ESS 2 (labor and working conditions– all projects have labor and working conditions), ESS 4 (health, safety, and security), ESS 10 (disclosure and consultation with communities), and considering the climate crisis and ADB's **wider ambition to be a climate bank and trendsetter amongst MDB's in climate finance and mitigation,**[24] ESS 9 if a project is expected to have absolute positive GHG emissions;

- **Paragraph 67 must be modified with the edits in green to ensure ADB makes the disclosure of a contemplated FI investment (a) prior and (b) sufficiently prior to FI financing decisions to provide for meaningful public review and input: "**[f]or higher risk transactions to be supported by ADB financing, 120 days prior to ADB approval of a FI higher risk transaction, ADB will also disclose any draft, or final if available, documentation prepared by FI borrowers/investees and submitted to ADB relating to the E&S assessment of such transactions." See Section 3, *ante*, regarding the need for 120-day project disclosure and environmental and social impact public review period – which

[24] ADB September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 113-114 providing "As an institution ADB has a wider ambition to be a climate bank for the region to help countries with policies, plans and investments that support low carbon, with directions towards net zero in the long term and build climate resilience. These are part of the mandate of ADB now and are reflected in ADB's Climate Change Action Plan."

should not be any different for FI higher risk investments. As is, this clause does not provide for any minimum number of days for public review of a FI high risk transaction before ADB approves such a transaction as meeting the ESS requirements. This runs contrary to good international practice establishing opportunity for meaningful public review and input as a cornerstone of ensuring the sufficiency of environmental and social impact assessments.[25]

ADB's staff expressing during the ESF Consultations that:

(1) considering FIs are a substantial part of ADB's portfolio, ADB's intention in the draft ESF is for the same requirements applicable to its direct investments to apply to investments by its FI clients, and

(2) ADB's intention - for all but those projects with very limited GHG impacts such as an education project or operation of a school with almost negligible GHG emissions – that ADB considers the rest of projects it finances to have significant emissions and thus will need to adhere to these requirements in the ESS and ESF: (a) GHG emissions quantification estimates, alternatives analysis, adoption of measures to avoid GHG emissions as far as economically and technically feasible, and (b) public disclosure of estimated GHG emissions amounts, analysis, and mitigation prior to financing decisions

provides additional justification that these requests regarding the ESF's FI climate change provisions, must and should be adopted. Essential to ADB meeting its obligations under international law to align its financing flows with the 1.5°C objective, is ADB requiring its FI investments to meet the same ESS 1 and ESS 9 GHG emissions impact assessment and mitigation requirements as its direct investments;

c.) **Prohibited Investment Activities List (PIA List):** As consistent with and supported by the March 2024 Comments, in regards to the ESF PIA List, the ESF definition of borrower/client and the definition of project must be clarified to specify that financial intermediaries (FIs), recipients of advisory services and or technical assistance, and recipients of trade and short-term finance are all included in the definition of borrower/client and the definition of project. This clarification is important so that the ESF requires that FIs do not invest in activities on the PIA List and that the ADB ensures that FIs do not finance such projects and activities;

d.) To ensure ADB's FI investments align with the 1.5°C warming objective and considering the climate crisis, paragraph 29 of the E&S Policy must be amended to provide that any FI transaction expected to emit over absolute GHG emissions of 10,000 ton CO2-eq/yr. is considered a higher risk transaction with at least subclassification of FI-1.

In addition, paragraph 29 of the E&S policy must be amended to explicitly provide that any FI transaction expected to emit over absolute GHG emissions of 500 ton CO2-eq/yr. or during construction prior to avoidance and mitigation measures is a "substantial E&S risk" under the FI-2 classification. This is especially critical, because under the FI-2 subclassification, risks could be classified as "moderate" instead of "substantial", and if classified as substantial, a contemplated FI transaction would not be considered a "higher

[25] See Section 2.a.1, *ante*; see fn. 13, *ante*.

risk transactions" subject to the disclosure, impact avoidance, and other GHG emissions ESS requirements. See Paragraphs 62 of the Environmental and Social Requirements for Financing Modalities and Products and E&S Policy paragraph 30 limiting FI environmental and social impact assessment and mitigation analysis and disclosure of this analysis only to projects with high and substantial E&S risks - which excludes those transaction with moderate risks in the FI-2 classification - providing:

> For FIs with portfolio and/or proposed activities and transactions that present high to **substantial** E&S risks (part or all of FI-1 and FI-2 portfolio), ADB will require that such FIs assess and require higher risk activities and transactions they support to apply the relevant requirements of the ESSs. These higher risk activities and transactions are referred to as "higher risk transactions".

In the alternative, paragraphs 62 of the Environmental and Social Requirements for Financing Modalities and Products and E&S Policy paragraph 30 must be amended to encompass all transactions in a FI-2 portfolio or in other words all FI-2 transactions with either moderate or substantial risk as follows (edits in green):

> For FIs with portfolio and/or proposed activities and transactions that present high, ~~to~~ substantial, or moderate E&S risks (~~part or~~ all of FI-1 and FI-2 portfolios), ADB will require that such FIs assess and require higher risk activities and transactions they support to apply the relevant requirements of the ESSs. These higher risk activities and transactions are referred to as "higher risk transactions".

Considering the climate crisis, these edits must be made, as any new continuous streams of GHG emissions are irreversible and will contribute to exceeding the 1.5°C warming limitation objective. These edits and thresholds are therefore also appropriate and fitting, as FI-1 defines "high risk" as "potential significant adverse E&S risks and impacts that are diverse, irreversible, or unprecedented," while FI-2 has a similar definition of risk but qualifies it by impacts that for the most part can be avoided with mitigation. Classifying projects with GHG emissions at least as FI-2 is critical, as FI-2 projects – by the ESF's definition of FI-2 alone - alert the client, ADB, and the public that GHG emissions will occur but can be avoided or substantially avoided with feasible and sufficient mitigation or adoption of alternatives. Moreover, these edits are critical to aligning ADB's investments with the 1.5°C warming limitation objective, as ADB's financial flows can only come into alignment with this objective if its FI client's individual projects resulting in over 500 tons CO2-eq/yr. or during construction are subject to the ESF requirements for GHG emissions quantification, alternatives analysis, mitigation, and disclosure.

e.) The ESF needs to define "relevant" as a defined term in the board adopted ESF definitions, and further needs to specify that relevant in the context of climate change means that for any FI transaction expected to emit over absolute GHG emissions of 500 tons CO2-eq/yr. or 500 tons CO2-eq/yr. during construction prior to avoidance and mitigation measures, that at a minimum the requirements in ESS1 and ESS9 will apply. Paragraph 27 of the E&S Policy provides "For FIs with portfolio and/or activities and transactions that **present high to substantial** E&S risks (part or all of FI-1 and FI-2 portfolio), ADB will require that such FIs assess and require higher risk activities and transactions they support to apply ***the relevant*** requirements of the ESS." Without a definition of relevant, and such a definition of relevant in relation to GHG emissions, the

FI could have too much leeway to disregard applicable E&S requirements necessary for due diligence and to prevent a transaction's or project's adverse environmental and social impacts. For similar reasons, Paragraph 69 of the E&S Policy requires the same edits, and a definition of "relevant".

10.) **The concerns in CSOs' March 2024 and May 2024 comments that the Final Draft ESF must be modified to address and needed to supplement ADB's Paris Agreement Methodology for ADB to adhere to its human rights, harm prevention, and Paris Agreement legal obligations, include:** the items in Sections I, II, and III in CSOs' March 2024 comments; and the items in the following Sections of CSOs' May 2024 comments: 1-3, a few items in 4, 5, 6, a few items in 7, 8, a few items in 9, 11, and 13.

11.) **The Presence of ADB's Paris Methodologies Does Not Excuse ADB, or its Member States, from Adopting and Implementing an ESF that Meets ADB's Climate Change Obligations Under the Paris Agreement, Human Rights and Harm Prevention International Law, and Other Laws – Furthermore ADB's Paris Methodologies are Insufficient to Meet These Obligations, and Do Not Contain the ESF Requirements Requested in our 10 Comments above Needed to Align ADB's Financing Activities with the Paris Agreement and its Human Rights Climate Change Obligations.**

ADB's Response to ESF Comments excuses the ESF's non-alignment with ADB's Paris Agreement obligations because it provides ADB's alignment with the Paris Agreement is led outside of safeguards.[26] However, ADB's Paris Agreement Methodology adopted by ADB Management,[27] fails to contain the critical provisions for ADB's ESF requested in the 10 sections of this letter above needed for ADB to meet its Paris Agreement, and also human rights and harm prevention obligations, to assess and prevent climate change harms. Specifically, the Joint MDB PA Methodology ADB has adopted fails to ensure ADB aligns its financial flows with each project it finances with 1.5°C, including but not limited to, the following reasons:

(a) it allows for ADB to defer to the Nationally Determined Contributions (NDCs), Long Term Strategies (LTS), or other climate plans of a country where an ADB contemplated investment is located to determine alignment of the investment with the PA. This can result in ADB's funding of natural gas, LNG, and other fossil fuel projects that best available science demonstrates will contribute to exceedance of the 1.5°C warming limitation objective;

(b) it does not require ADB to ensure prior to each financing decision for each investment: a full and adequate assessment of a project's Scope 1, 2, and 3 GHG emissions – which in turn is critical to determining the alternatives and measures needed to avoid GHG emissions for every investment to the furthest extent feasible; a GHG emissions and climate change alternatives analysis supported by credible study that meets a best reasonably available and practiced methods standard; and to adopt measures and alternatives that avoid the investment's GHG emissions as far as economically and technically feasible; and

[26] ADB's September 2024 Key Stakeholder Feedback on ADB's Draft Environmental and Social Framework (ADB Response to Comments) at 113-117, 124.
[27] The Paris Agreement Methodology ADB has adopted is the "Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New operations - Direct Investment Lending Operations" (June 2023) (Joint MDB PA Methodology) available at: https://www.adb.org/news/mdbs-agree-principles-aligning-financial-flows-paris-agreement-goals.

(c) fails to require disclosure and opportunity for public review prior to ADB's financing decisions needed to ensure the adequacy and accuracy of the GHG emissions quantification, alternatives analysis, and mitigation measures for each investment that will determine the investment's alignment with 1.5°C and the Paris Agreement.

ADB must align its ESF with the Paris Agreement and other climate change obligations to fill the voids and shortcomings in the Joint MDB PA Methodology. However, regardless of what ADB management desires to do in its management adopted policies, for ADB's member states' to fulfill their independent obligations when acting on behalf of ADB, ADB's member state Directors must take sufficient action as well to ensure ADB's alignment with its climate obligations.[28] Thus, despite the provisions and requirements in ADB's Paris Methodologies – which are ADB management and not ADB Director adopted - ADB and its member states have an obligation to align ADB's board adopted ESF requirements with not only ADB's Paris Agreement obligations, but also ADB's obligations under human rights and harm prevention international and domestic laws to ensure alignment of ADB's finance flows with 1.5°C. To do so, ADB must make the changes to the ESF we request in this and, CSOs' March 14, 2024 and May 5, 2024, letters.

Conclusion

Thank you for considering our comments. These improvements, in addition to those set forth in the attached March 14, 2024 and May 5, 2024 letters (see Exhibits 1 and 2) are necessary for ADB's financing and guarantee activities to come into alignment with the 1.5°C warming limitation objective, and for the ADB and its member state shareholders to comply with their obligations under international law. Moreover, they are needed for ADB to avoid causing and contributing to irreversible severe harm to communities and millions of people all over the world and in its investment regions, especially those who are differentially or disproportionately affected by changing climate.

We look forward to your timely response and engagement with us on these issues. Please confirm receipt of this submission, and let us know if we can provide any additional information.

Sincerely,

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[28] For ADB's Directors to adhere to their Paris Agreement, human rights, harm prevention and other obligations, the ESF ADB adopts must align with, and not fall short of, these obligations.

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Enclosures: Exhibit 1 - March 14, 2024 CSO's Climate Change Comments on ADB ESF; Exhibit 2 – May 5, 2024 CSOs' Climate Change Comments on ADB ESF; Exhibit 3- Data Detailing IFC's Practice Disclosing GHG Emissions prior to its financing approvals for Projects with Estimated GHG Emissions of 500-20,000 tons CO2-eq/yr.

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