



Dak Drinh Hydropower Company (DHC)

**Environmental and Social Policy**

Approved October 2021



## I. INTRODUCTION

### A. Overview

1. **Environmental and Social Policy (ESP).** The ESP is comprised of four complementary parts as summarized below:

- i) **Introduction.** This provides an overview of the ESP's structure and objectives.
- ii) **Vision.** This sets out the aspirations of the DHC concerning: (a) environmental and social impacts; and (b) its role in addressing the impacts as well as the challenges in promoting sustainable development.
- iii) **Environmental and Social Policy.** The ESP comprises mandatory environmental and social requirements for DHC-supported Projects; and
- iv) **Glossary.** A Glossary of certain terms used in the ESP.

### B. Introduction

2. Dak Drinh Hydropower Company (DHC), a subsidiary of PV Power Group, Vietnam is committed to support environmentally and socially sustainable hydropower projects and subscribes to the principles of sustainable development in the identification, preparation, and implementation of Projects, as described below in the ESP.

### C. Objectives of the ESP

3. The objectives of this ESP are to:

- i) Reflect institutional aims to address environmental and social risks and impacts by DHC-supported projects.
- ii) Provide a robust structure for managing operational and reputational risks of the Project in relation to environmental and social risks and impacts.
- iii) Support the environmental and social soundness and sustainability of DHC-supported Projects.
- iv) Facilitate the integration of environmental and social aspects of DHC-supported Projects into the decision-making process by all parties.
- v) Provide a mechanism for addressing environmental and social risks and impacts through the project phases.
- vi) Provide a framework for public consultation and disclosure of environmental and social information in relation to the Project.

- vii) Provide a grievance redress mechanism designed to enable project-affected people to voice their concerns and grievances in connection with the environmental and social aspects of the project, and
- viii) Improve development effectiveness and impact to increase results on the ground, in both the short and long term.

#### **D. Entry into Effect**

4. This ESP has been approved by the DHC 's Board of Directors and enters into effect on October 1, 2021. This ESP applies to Projects that will be developed by DHC after that date.
5. In addition, based on future experience gained from the application of the ESP, DHC will periodically review the overall ESP and updates may be introduced to the ESP. Any further improvements to the ESP would be recommended to the DHC 's Board of Directors for approval.

## **II. VISION STATEMENT**

6. DHC is committed to the achievement of the national and international standards of environmental and social sustainability of its hydro projects through implementation of this ESP. DHC business leaders are encouraged to develop a balanced approach to meeting environmental and social protection guidelines by striving to achieve sustainable development aimed at both social and economic progress and environmental preservation.
7. DHC recognizes that pollution prevention, biodiversity and natural resource conservation are key to a sustainable environment and will effectively integrate these concepts into its decision-making process.
8. People are the key to our success. DHC holds human rights in high regard by conducting business in the an ethical and legal way. DHC's business shall support and respect the protection of human rights. To achieve this, DHC is committed to reducing inequality, eliminating discrimination, and promoting and protecting human rights through our social policies.
9. DHC understands that transparency and meaningful consultation are essential for the Project and will work diligently to achieve these objectives. Stakeholder engagement will be conducted in a manner commensurate with the risks to, and impacts on, those affected by the Project.
10. DHC is committed to making a positive impact on the communities and environment in which we operate through well-designed community development activities. DHC shall continue to explore innovative ways to raise the standards of our environmental and social performances.



11. DHC believes that gender equality is necessary for sustainable economic development and improvement of lives. It commits to support the equal access to all people and provide equal opportunities for socioeconomic development through identification of potential gender-specific opportunities as well as risks and impacts under the Project and developing mitigation measures to avoid or reduce such risks and impacts, including, as appropriate, measures to identify and address the risks of gender-based violence (GBV).

12. DHC believes that including persons with disabilities in the development process contributes to sustainable development. Consequently, DHC will support project's activities to empower such persons and to identify sustainable solutions that make the Project more inclusive. Through the programs it implements, the project will therefore support efforts to provide equal opportunity to persons with disabilities, including equal access to public facilities and services, and to enable persons with disabilities to live independently where feasible and to be included in the community.

13. DHC recognizes the importance of effective implementation of environmental and social management plans in managing environmental and social risks and impacts. DHC will support to implement such plans for the project through strengthening its corporate system and a variety of collaboration mechanisms. As provided in the ESP, the project will collectively utilize the options of strengthening capacity for their own staff and coordinating closely with other relevant external development organizations and centres of expertise to manage environmental and social risks and impacts.

14. The co-operation and participation of all members of our workforce is crucial to the successful implementation of this policy. DHC will take measures to effectively communicate the ESP to DHC employees and all people, contractors, suppliers, visitors and other interested parties working with DHC; duties are identified to qualified people; and employees are engaged for effective implementation of environmental and social standards.

15. We aim to achieve the ESP objectives by:

- i) Adopting, implementing, and effectively monitoring Environmental and Social Action Plans (ESAPs) and its accompanying Environmental & Social Management Plans (ESMPs) that meet the requirements of national regulations and international guidelines.
- ii) Being accountable in execution of the ESAP and the ESMPs.
- iii) Placing great importance on avoiding and mitigating adverse environmental and social impacts through learning, adopting, and acting responsibly to support environmental and social sustainability of DHC-supported Projects.

- iv) Communicating and enforcing implementation of this ESP to all people who are working for or on behalf of DHC.

### III. ENVIRONMENTAL AND SOCIAL POLICY

16. The aim of this Policy is to lay out the following mandatory requirements to support environmental and social sustainability of DHC-supported Projects.

#### A. Environmental Coverage

17. **Environmental Risks and Impacts.** DHC-supported Projects will undertake assessment of environmental risks and impacts, both positive and adverse, associated with the project. This includes direct and indirect impacts on the physical and biological environment, recognizing they are closely linked with social and economic conditions.

18. **Biodiversity Impacts:** DHC-supported Projects will undertake the assessment of biodiversity and ecosystems as part of Project preparation and will manage these issues as part of Project implementation and operation.

19. **Critical Habitats:** The assessment of potentially affected habitat will consider not just the footprint of the reservoir or Project infrastructure (powerhouses, roads, transmission lines, etc.), but also downstream water and sediment flow and/or water quality effects, aquatic habitats in river reaches upstream and migratory species throughout their ranges in line with the requirements of the relevant international Conventions.

20. **Natural Habitats.** DHC-supported Projects will not support any activity that would result in significant conversion or degradation, and if feasible alternatives are not available, take all measures required so that: (a) the project's overall benefits substantially outweigh the environmental costs; and (b) any conversion or degradation is appropriately mitigated or compensated.

21. **Protected Areas.** DHC-supported Projects are committed to undertake all measures required so that the Project also complies with any applicable national laws and regulations relating to protected areas.

22. **Ecosystem Services.** DHC is committed to conducting an analysis of ecosystem services and dependencies and an assessment and mitigation of impacts on ecosystem services.

23. **Mitigation Measures.** Mitigation of the environmental impacts will follow the hierarchy principle, whereby avoidance, minimisation and restoration measures are applied in that order of preference, with compensatory (e.g., offset) measures considered as a last resort. The single most effective mitigation measure for hydropower projects is the avoidance of biodiversity-related impacts through careful and effective site selection at the strategic planning stage.



24. **Resource Efficiency.** DHC-supported Projects will implement technically and financially feasible measures for improving efficiency in consumption of energy and water, as well as other resources and material inputs. Integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy, and water. Include measures to minimize and recycle domestic waste. Make use of recycled construction waste and other alternatives to new materials where feasible under DHC-supported Projects.

25. This environmental policy will be communicated and enforced implementation to all people who are working for or on behalf of DHC.

## **B. Social Coverage**

26. **Social Risk and Impact Assessment:** DHC is committed to use of a robust and realistic identification and assessment process to identify communities and/or other groups that might be affected, and undertake informed and meaningful stakeholder consultation with them throughout the Project life cycle.

27. **Involuntary Resettlement.** DHC is committed to: (a) to avoid and minimize Involuntary Resettlement wherever feasible by exploring Project alternatives; and (b) where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels and improve the overall socioeconomic status of the displaced poor and other vulnerable groups.

28. **Indigenous Peoples (Ethnic Minorities).** DHC is committed to foster full respect for Indigenous Peoples' identity, dignity, human rights, economies and cultures, as defined by the Indigenous Peoples themselves, so that they receive culturally appropriate social and economic benefits and do not suffer adverse impacts as a result of DHC-supported Projects.

29. **Stakeholder Engagement.** DHC strives to establish and maintain proactive relations with stakeholders including affected local communities. DHC will support sufficient community participation, provision of adequate, culturally appropriate, and timely information to all communities and opportunity for stakeholders to voice opinions, concerns, and issues.

30. **Disclosure of Environmental and Social Information.** To further enhance access to the environmental and social information related to DHC-supported Projects, DHC is committed to disclose the draft environmental and social documentation including management plans as part of consultations with Project-affected people and other stakeholders, in language(s) understandable to them on the DHC's website and make them available in printed form in Project areas.

31. **Vulnerable Groups.** DHC will proactively conduct stakeholder consultations to mitigate social risks and impacts on vulnerable groups. The consultations will be collecting information to assess impacts and identify how vulnerable people including

women and other vulnerable groups such as the elderly and those with disabilities will be affected by the DHC-supported Projects and use this information to develop and implement appropriate mitigation measures.

32. **Social Investment.** Being socially responsible, DHC understands and respects local customs and cultural values in the environment it operates in. We actively support community initiatives by being an integral part of them. Our commitment is visible through volunteer, financial and equipment support. Our social investment is iterative, multi-step process with engagement and feedback.

33. **Cultural Heritage.** DHC is committed to meet the requirements of the national regulations and international conventions on preservation of Cultural Heritage, including archaeological, historical, and spiritual sites; graveyards; and individual graves. DHC will also use chance find procedures to address archaeological materials encountered unexpectedly during Project construction or operation.

34. **Grievance.** DHC is committed to establish and maintain Project and Corporate level Grievance Redress Mechanisms (GRM) to receive and facilitate timely resolution of the concerns and complaints of people who believe they have been adversely affected by the project's environmental or social impacts, and to inform project-affected people of its availability.

35. **Associated facilities.** In case there is any new associated facility to be developed by any of the projects in the future, the project will identify and assess the potential environmental and social risks and impacts of such associated facilities, and implement measures as follows:

- i) To the extent DHC has controls or influence over the associated facilities, DHC is committed to comply with the requirements of the ESP with respect to such facilities; and
- ii) If DHC does not control or have influence over the Associated Activities, it will identify in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to the project, as well as potential mitigation measures that are within the DHC's control.

### **C. Occupational Health and Safety**

36. DHC pledges to implement the following measures to provide Project workers with safe and healthy working conditions:

- i) Provide personal protective equipment at no cost to Project workers.
- ii) Provide Project workers with facilities appropriate to their work (e.g., hygiene, rest, eating facilities).



- iii) Where accommodation services are provided, provide adequate accommodations for Project workers, including separate and safe accommodations for female workers.
- iv) Put in place workplace processes for Project workers to: (a) report work situations that they believe are not safe or healthy; and (b) remove themselves from situations which they have reasonable justification to believe present a danger to their life or health; and
- v) Put in place a system for regular review of occupational health and safety performance and the working environment.
- vi) DHC will develop its HR policy in accordance with the Vietnam Labor Codes 2019.
- vii) DHC will implement the OH&S policy and the relevant management plans and procedures.

#### **D. Labor and Working Conditions**

37. DHC is committed to the following measures to support a sound labor management relations system for Project workers, in consistent with relevant national law:

- i) Clear and understandable written labor contract made available to Project workers in an accessible manner at the time of hiring and when any changes are made to the contracts.
- ii) Timely payment for Project work.
- iii) Adequate periods of rest.
- iv) Timely written notice of termination of the working relationship.
- v) Employment based on the principles of equal opportunity, fair treatment, and nondiscrimination with respect to any aspect of the employment relationship.
- vi) Compliance with national law relating to workers' organizations and collective bargaining.
- vii) An accessible, understandable and transparent Grievance Redress Mechanism (GRM) for workers to raise their workplace concerns, including gender-related concerns, that: (a) does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures, or substitute for grievance mechanisms provided through workers unions or collective agreements; (b) involves an appropriate level of management and addresses concerns



promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retaliation; (c) is proportional to the nature and scale and the potential risks and impacts of the project; and (d) allows for confidential complaints to be raised and addressed, including complaints related to gender-based violence (GBV), sexual exploitation and abuse (SEA) and sexual harassment (SH); and (e) provides measures to protect against retaliation; and

viii) A suitable system designed to inform Project workers of the GRM at the time of hiring, and which is made easily accessible to them.

38. DHC is committed to prevent forced labor and child labor. To be specific:
- i) Children under the age of 18 are not employed for work by DHC-supported projects;
  - ii) No work or service not voluntarily performed is required from an individual under threat of force or penalty (including any kind of forced or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements, or labor by trafficked persons); and
  - iii) If cases of child labor or forced labor are identified, DHC will take immediate steps to correct them, to prevent similar occurrences in the future, and facilitate rehabilitation of the victims.

#### **E. Dam Safety**

39. With respect to dams currently under operation and those proposed new dams, DHC is committed to follow the relevant dam safety requirements and measures for Inspection and Evaluation of dams on a regular basis. And to implement dam safety measures designed by qualified engineers DHC will arrange for a panel of independent dam specialists to:

- i) Advise DHC-supported Projects on matters related to dam safety and other critical aspects of the dam, its associated structures, the catchment area, the area surrounding the reservoir and downstream areas;
- ii) Inspect and evaluate the safety status of the dam, its associated structures, and its performance history;
- iii) Review and evaluate the owner's dam safety measures, including instrumentation, and operation and maintenance procedures; and
- iv) Provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the dam to an acceptable standard of safety.



## **F. Project Implementation, Monitoring and Reporting**

40. The DHC is committed to implement its projects in compliance with the Project specific ESMPs and ESAPs and relevant environmental and social documentation. DHC will also prepare and furnish periodic monitoring reports to the lenders and disclose relevant information related to environmental and social risks and impacts in DHC website.

41. In the case of a Project activity that deems to be highly risky or contentious because of its potential environmental or social risks and impacts (or both), DHC will engage one or more suitably qualified and experienced recognized independent experts, not affiliated with the Project, to advise DHC during preparation and implementation of the Project activities. Such experts may, depending on the Project activities, form part of an advisory panel or be otherwise employed by the DHC, and provide independent advice and oversight to the Project.

42. Changes may occur in the nature and scope of the Project during Project implementation. Such changes may present material environmental or social risks and impacts. In such circumstances, additional assessment, stakeholder consultations or environmental and social risk mitigation measures might be required to meet the ESP.

#### IV. GLOSSARY

- **Activity** is a term used generically, to refer to a specific subset of activities under the Project that is supported directly by the Sponsor. The term also includes investments made for general corporate purposes.
- **Critical habitat** is defined as areas with high biodiversity importance or value, including: (a) highly threatened or unique ecosystems; (b) habitat of significant importance to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national approaches; (c) habitat of significant importance to endemic or restricted-range species; (d) habitat supporting globally or nationally significant concentrations of migratory or congregator species; and (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d).
- **Cultural resources** include movable or immovable objects, sites, structures, groups of structures and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural interest may be at the local, provincial, or national level, or within the international community.
- **Disability** is the term used for persons with disabilities and applies to all persons with disabilities, including those who have long-term physical, mental, intellectual, or sensory impairments which, in interaction with various attitudinal and environmental barriers, hinder their full and effective participation in society on an equal basis with others.
- **Ecosystem services** are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (a) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (b) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (c) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (d) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- **Environmental and social action plan (ESAP)** is a plan for the Project that sets out measures necessary to strengthen the Project's existing environmental and social policies and procedures and its capacity to implement them under the Project. It defines desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to



the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation.

- **Environmental and social impact assessment (ESIA)**, or environmental and social assessment, is an instrument to identify and assess the potential environmental and social impacts of the Project, and design appropriate mitigation, management, and monitoring measures.
- **Environmental and social management plan (ESMP)** is an instrument that details: (a) the mitigation and management measures to be taken during the implementation and operation of a Project to reduce, mitigate and/or offset adverse environmental and social impacts and enhance positive impacts; (b) the environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for disclosure and consultation during Project preparation and implementation, including measures for stakeholder engagement; (e) capacity-development and training measures, including engagement of any environmental and social experts required for the purpose; (f) implementation schedule and cost estimates, which are integrated into the Project's overall schedule and budget; and (g) performance indicators.
- **Gender-based violence** is an umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially ascribed gender-related differences between people. It includes acts that inflict physical, sexual, or mental harm or suffering, threats of such acts, coercion, and other deprivations of liberty. These acts can occur in public or in private.
- **Involuntary resettlement** refers to land acquisition, including restrictions on land use and access to assets and natural resources that cause physical displacement (relocation, loss of land or shelter) and/or economic displacement (loss of land or assets, or restrictions on land use, assets or natural resources leading to loss of income sources or means of livelihood). Involuntary Resettlement covers both of these impacts and the processes to mitigate and compensate these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.
- **Land acquisition** refers to all methods of obtaining land for Project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way, and changes in land use rights. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) Project impacts that result in land being

submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and water bodies legally associated with the land.

- **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade and bartering.
- **Mitigation hierarchy** is a tool commonly applied in environmental and social assessment that provides a stepwise approach to addressing risks and impacts as follows: (a) anticipate and avoid risks and impacts; (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigate; and (d) where residual risks or impacts remain, compensate for or offset them, where technically and financially feasible.
- **Natural habitats** are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition.
- **Project area of influence** includes the area likely to be affected by the Project, including all its ancillary aspects.
- **Project workers** include persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal, or migrant), to work specifically on the Project; contractors engaged by the Client to work on the Project; and subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the DHC or other entities.
- **Vulnerable** groups or individuals refers to people who, by virtue of factors beyond their control: (a) may be more likely to be adversely affected by the Project’s environmental and social impacts; and (b) may be more limited than others in their ability to claim or take advantage of Project benefits. Such individuals or groups are also more likely to be excluded from or unable to participate fully in the mainstream consultation process and may require specific measures or assistance (or both) to do so.