

## **SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY**

### **A. Environment and Social Safeguards**

1. The proposed equity investment will focus on middle-market companies and small and medium-sized enterprises (SMEs) in Cambodia, Lao PDR, Myanmar and Viet Nam, with the majority of investments in Viet Nam. The Vietnam Investment Fund III will focus on (i) health care, (ii) education, (iii) manufacturing and distribution of fast-moving consumer goods (FMCG), (iv) retail, and (v) transportation and logistics. The environmental and social management system (ESMS) of the fund was reviewed and assessed as part of the due diligence carried out by the Asian Development Bank (ADB). Some of the key elements of the ESMS will be enhanced to be compliant with ADB's Safeguard Policy Statement 2009.

2. The fund is classified FI for environment, involuntary resettlement and indigenous peoples based on its existing and likely future portfolio. Subprojects categorized as A for the environment, involuntary resettlement of indigenous peoples will be excluded from ADB's equity funding. The client will also submit to ADB for review prior to internal approval, (i) the environmental, social and governance rapid assessment checklist, and (ii) full environmental and social due diligence report for all subprojects categorized as B under its ESMS that will, (a) require land acquisition, (b) cause displacement or resettlement of people, and (c) subprojects that will impact indigenous peoples.

3. The existing Vietnam Investment Group (VIG) ESMS for Fund I and II has been adopted for Fund III, reflecting the requirements of the limited partners. The fund is required to comply with IFC Performance Standards, and national laws and regulations pertaining to environment, health, and safety. The fund also ensures that its own practices and those of its investee companies are in compliance with relevant national and local regulations on labor laws and internationally recognized core labor standards<sup>1</sup>. The environmental and social performance of all investments is regularly monitored and annual reports covering details of investment will be provided to ADB. The fund will also make available to ADB timely reports on any accidents or incidents that may have adverse social and environmental impacts.

4. The fund's environmental and social arrangements are commensurate with the level of potential environmental and social impacts of its investment operations. VIG has a strong commitment to continuously improve the environmental and social impact and risk management associated with its investments. The ESMS will be updated in compliance with the ADB Safeguard Policy Statement requirements prior to the first disbursement by ADB.

### **B. Other Social Dimensions**

5. Through its investments, the project is expected to have a positive impact in terms of increased employment opportunities. The fund is committed to ensuring its investee companies comply with the applicable national labor laws and take measures to adhere to internationally recognized core labor standards to ensure fair, safe and healthy working conditions for investments that make use of ADB funds. The project is categorized as no gender elements in relation to gender mainstreaming. At present, majority of the employees within VIG are women and a significant percentage of the employees of some of its investee companies (e.g. quick-service restaurants, accommodation and tourism services) are also women. The fund, however, cannot commit to setting gender targets given the nature of its operations, but commits to the collection of gender-disaggregated data as part of its reporting.

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<sup>1</sup> In accordance with the ADB Social Protection Strategy 2001.