

## **SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY**

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

1. The proposed investment of the Asian Development Bank (ADB) in OrbiMed Asia Partners III, LP Fund (OAP III) aims to make equity and equity-linked investments in a portfolio of health care companies primarily in the People's Republic of China (PRC) and India. OAP III will be managed by OrbiMed Asia GP III, LP (the general partner), and ADB is expected to be a large investor in the fund. The fund's nature of business is similar to that of its predecessor, OrbiMed Asia Partners II, LP Fund (OAP II), in which the Asian Development Bank (ADB) is currently invested, and involves providing corporate financing through equity investments in health care. The focus of OAP III is on (i) manufacturing, marketing, and distribution of products that can improve the affordability and quality of pharmaceuticals, medical devices, and diagnostics; (ii) operations of hospital groups and laboratory chains; and (iii) other services such as contract research manufacturing mostly focused on the PRC and India.

2. Overall, the OAP III transaction is classified *FI* for environment, the same as OAP II. However, it is expected that some of the fund's investee companies will be classified as category B. Potential environmental impacts from investee companies arise from the generation of domestic and hazardous solid wastes, and air emissions and wastewater discharges contaminated with infectious and hazardous materials and wastes. Other potential issues include threats to biodiversity, those related to bioethics, and occupational health and safety hazards. While these impacts are varied, most of these are site-specific and largely reversible, and can be avoided or mitigated by adhering to recognized international guidelines and best practices as well as design criteria. OAP II has no record of environmental violations nor received any grievances or complaints during its investment period. On social safeguards, the investment is classified as *FI treated as C*, since no impacts on involuntary resettlement and indigenous peoples are expected.

3. OAP II established and started implementation of the ESMS in 2014. OAP's senior management has designated an environmental and social (E&S) team to oversee and monitor the implementation of the environmental and social management system (ESMS) at the regional (Shanghai and Mumbai) level down to portfolio company level. The E&S team is tasked with the screening of new investment against ADB's prohibited investment activities list, categorization, conduct of E&S due diligence (ESDD) activities, and preparation of an ESDD report for each proposed investment, for further evaluation prior to approval. No environment category A subproject will be funded by OAP III using ADB funds. Regular monitoring and preparation of the annual environmental and social performance report are carried out by the E&S team. With the experiences gained in implementing the ESMS since 2014, the institutional capacity for and commitment to managing the subprojects' E&S impacts are deemed adequate. To meet ADB requirements for category FI transactions, the fund will officially and fully adopt all provisions in the updated ESMS prior to ADB's first disbursement of financing for an investee company.

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

4. The fund's ESMS will set out requirements for investee companies to comply, as applicable, with national labor laws and to take measures to comply with the internationally recognized core labor standards pursuant to ADB's Social Protection Strategy (2001). The ESMS also contains ADB's requirements, as applicable, for information disclosure and consultation with affected people. The general partner will report regularly to ADB on the implementation by OAP III of the ESMS. The investment is categorized as having no gender

elements. However, OAP III will explore opportunities to invest in companies that provide medical products and services to women and children in underserved rural areas.