

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Safeguards

1. The proposed phase 2 loan of the Asian Development Bank (ADB) of up to \$235 million (or its equivalent in baht) to B.Grimm Power Public Company Limited (B.Grimm) will be in addition to the phase 1 equity investment of up to \$75 million and loan of up to \$20 million, which the ADB Board approved in May 2017.¹

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2. B.Grimm currently operates 12 distributed gas-fired cogeneration plants and 15 solar power plants. B.Grimm has partnered with an experienced solar power plant developer in Thailand for these solar projects.

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3. A qualified external expert was commissioned during phase 1 and conducted (i) a corporate audit of the company's current environmental, health and safety, and social policies and procedures; and (ii) an assessment of the company's past and current performance against the objectives, principles, and requirements of ADB's Safeguard Policy Statement (2009). A corrective action plan was prepared as a result of the audit, which B.Grimm agreed to implement according to the timeline set for each concern. Details of the audit findings are presented in the Findings of the Corporate Safeguards Audit.²

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B. Social dimensions.

4. B.Grimm buys and/or leases the land for most of its subprojects. Land is generally purchased through negotiated settlement with individual landowners, and in some cases leased from owners on a long-term basis, on mutually agreed terms. Land for the existing renewable and gas-fired projects was either purchased or leased on a long-term basis. For the planned future projects, the company will buy or lease land through negotiation. To minimize adverse impacts, the site and land screening and selection procedure is designed to avoid indigenous peoples' lands, and inhabited and irrigated lands. Involuntary resettlement and indigenous people issues and impacts are therefore not envisaged.

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5. B.Grimm's human resource policies and procedures and core labor standards comply with national law and are enforced through contractual obligations with suppliers and contractors. Pursuant to ADB's Social Protection Strategy (2001), the company will take measures to fully comply with internationally recognized core labor standards. The existing human resource policies and procedures are being strengthened (as a corrective action plan requirement under phase 1

¹ ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Equity Investment and Administration of Loan for the ASEAN Distributed Power Project*. Manila.

² Findings of the Corporate Safeguards Audit: Environmental and Social Management System Arrangement, (accessible from the list of linked documents in Appendix 2 of the main text).

transaction). The company will report to ADB on (i) compliance with laws and international standards, and (ii) corrective measures taken in case of non-compliance. Information disclosure and consultations with affected people or communities will be conducted in accordance with ADB requirements.