

FINDINGS OF THE CORPORATE SAFEGUARDS AUDIT: ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM ARRANGEMENT

A. Introduction

1. Asian Development Bank will provide a loan of up to \$235 million (or its equivalent in baht) to B.Grimm Power Public Company (B.Grimm) ("Phase 2") in addition to the equity investment of \$75 million and loan of \$20 million ("Phase 1") which was approved by the board on May 2017.¹

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2. The project is classified as category B for environment, involuntary resettlement, and indigenous peoples based on the current and future project portfolio of B.Grimm which will be supported using ADB's proceeds. The proposed project is processed as a general corporate finance transaction following ADB's Safeguard Policy Statement (2009). A corporate and subproject audit of the company's current environmental and social policies and procedures, and an assessment of the company's past and current performance against the objectives, principles, and requirements of ADB's Safeguard Policy Statement (2009), was conducted by a qualified and experienced external expert in Phase 1 which is considered to still be applicable to this proposed project.

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B. Summary of Corporate Audit Findings and Recommendations in Phase 1

1. Findings

a. Policy Coverage

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b. Screening, Categorization, Planning, and Review Procedures

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c. Organization Structure, Staffing and Training

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d. Monitoring and Reporting

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2. Recommendation

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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.

C. Status of ESMS Implementation

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