

# Environmental and Social Management System Audit Report

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Project Number: 55144-001  
April 2022

## Viet Nam: Hayat Women and Children Personal Hygiene Products Project

Prepared by IBIS Environmental and Social Asia Consulting Pte Ltd for Hayat Kimya Vietnam Company Limited and the Asian Development Bank.

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21 APRIL 2022

# FINAL REPORT

Environmental & Social Due Diligence Report on Hayat Kimya  
Manufacturing Site

Binh Phuoc Province, Viet Nam

# I FINAL REPORT

ESDD Report of Hayat Kimya



**KFW** DEG

**For and on behalf of:** Asian Development Bank and DEG

**Project Location:** Binh Phuoc Province, Viet Nam

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**Date:** 21 April 2022

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# NOMENCLATURE

ACRONYM	MEANING
ADB	Asian Development Bank
BPIP	Becamex–Binh Phuoc Industrial Park
CAP	Corrective Action Plan
DONRE	Department of Natural Resources and Environment
E&S	Environmental & Social
EHS	Environmental, Health & Safety
EIA	Environment Impact Assessment
EM	Ethnic Minorities
EMP	Environmental Management Plan
ERP	Emergency Response Plan
ESCAR	Environmental and Social Compliance Audit Report
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
GHG	Greenhouse Gas
GRM	Grievance Redress Mechanism
H&S	Health & Safety
IFC	International Finance Corporation
ILO	International Labour Organisation
IP	Indigenous Peoples
IR	Involuntary Resettlement
LFDC	Land Fund Development Centre
LURC	Land Use Right Certificate
MoNRE	Ministry of Natural Resources and Environment
OHS	Occupational Health & Safety
PPE	Personal Protective Equipment
SEP	Stakeholder Engagement Plan
WBG	World Bank Group

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# EXECUTIVE SUMMARY

## Project Description

Hayat Kimya Viet Nam Company Limited (“Hayat Kimya”, “the Borrower”, or “the Company”) is a hygiene products manufacturer based in Vietnam, primarily manufacturing diapers and wet wipes. The Company, which is a subsidiary of Hayat Kimya Sanayi Anonim Şirketi (the “Parent Company”) is currently intending to raise capital from investors as working capital for its manufacturing facility in Binh Phuoc Province (“the Project”), and is seeking general corporate financing from ADB and DEG.

The Project occupies a land area of 320,056.73 m<sup>2</sup> in the Becamex–Binh Phuoc Industrial Park (Zone A) located in Minh Thanh Commune, Chon Thanh District, Binh Phuoc Province, Vietnam. The Project has a footprint of 103,611.7 m<sup>2</sup>, consisting of the main manufacturing factory of area 47,001.77 m<sup>2</sup>, as well as other associated infrastructure such as the waste storage area, air cooling pump room, factory office building, internal roads, landscaped areas, and a wastewater treatment facility. Notably, the Project has a reserved land area of 216,445 m<sup>2</sup> for future expansion which is currently being used as a laydown area whilst the construction contractor demobilises from the site. It is managed as part of the main site from a security perspective. Construction of the main Project facilities commenced in April 2020 and was completed in May 2021. The Project commenced serial production of all baby diaper production lines in July 2021. The Project site produces approximately: 291,060,000 pieces (pcs) of baby open diapers per year; 241,920,000 pcs of baby pants diaper per year; and 3,919,104,000 pcs of wet wipes per year. The diaper and wet wipes products manufactured at this Project site are sold primarily in Vietnam, Thailand, and Malaysia. A further 476,280,000 pcs of sanitary napkins will be produced when the site is fully developed, however, this production operation has not yet been developed.

## E&S Categorisation

The Project is a self-contained manufacturing process, and its activities are considered to have limited potential adverse environmental or social risks and/or impacts, that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

The lot occupied by the Project was previously occupied by a rubber plantation and cleared as part of the wider development of the Becamex–Binh Phuoc Industrial Park. Historical aerial imagery from 2016 does not indicate signs of permanent structures on the site prior to development so the risks of physical involuntary resettlement are considered to be low.

Following the ADB’s SPS Categorisation System, the proposed categorisations of the Project are presented in the below table.

PROJECT	ENVIRONMENT <sup>(1)</sup>	INVOLUNTARY RESETTLEMENT <sup>(2)</sup>	INDIGENOUS PEOPLES <sup>1 (3)</sup>
Hayat Kimya	Category B	Category C	Category C

Note:

- (1) Category B. Based on the information provided (including from the locally completed EIA) the impact level is considered to be generally site-specific, few, if any of them are irreversible if properly managed. Thus, the proposed environmental categorisation of the Project is B.
- (2) Category C. The proposed project categorisation of the Project is C, as no land acquisition was directly required for the Project. The Project is located within the existing footprint of the Becamex–Binh Phuoc Industrial Park. Prior to the development of the industrial park the site was occupied by a rubber plantation. Aerial photography of the site suggest that there is a low likelihood of impact which could be classified as involuntary resettlement.
- (3) Category C. The proposed project categorisation of the Project is C, as there are no known Indigenous Peoples in the Project area and no known impacts on Indigenous Peoples from the Project.

With respect to DEG's approach for categorisation IBIS is of the opinion that the project is *Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.*

### Summary of the Main E&S Risks and Impacts

The impression of the Project is that it is well designed, well run and with relatively low risk from an E&S perspective. There are no major emissions or process residues, the process is primarily automated with low exposures for staff to high-risk activities.

Based on the Assessment the key E&S risk are as follows:

- An E&S policy has not been developed for the Project;
- Statutory training on health and safety as required by Vietnamese Law on first aid, firefighting, occupational health and safety and use of air compressors is yet to be completed;
- Approvals and plans around emergency preparedness and response have not yet been formalised and are yet to be approved by the local fire service;
- E&S risks identified relate to the oversight of contractors working on at the Project;
  - During the site visit there were unsafe behaviours witnessed with respect to working at height with contractors working in elevated positions without adequate fall protections;
  - Some of the guard rails for some of the elevated platforms within the Project buildings are yet to be installed and present fall from height risk for the workforce;

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<sup>1</sup> Please note that the term indigenous peoples should be interpreted throughout this report as 'ethnic minorities' as this is the common term used in Vietnam.

- With regards to social impacts, in relation to workers, there are some minor gaps with respect to:
  - Grievance mechanism - there is the outline of a grievance mechanism however it needs to be strengthened to meet the Applicable Standards;
  - Collective bargaining – currently being negotiated with the trade union however is still to be formally agreed;
  - Overtime - regulations in Vietnam have been exceeded in the past 12 months due to understaffing (220 employees versus a staffing need of 277) as the Project tried to maintain production levels in the face of the COVID-19 situation; reportedly recruitment has been difficult during this period, however, it is expected that this issue will be rectified as the pandemic impacts reduce;

The Project is subject to periodic inspections from various local agencies (e.g., fire, police) which have been carried out without issue thus far.

In general terms the E&S risks identified can be easily addressed through management time and incurring minor costs. There are not major deviations from the Applicable Standards.

In the public domain there were no hits during IBIS' reputational risk review (*Annex C: Reputational Risk Review*) with respect to Hayat Kimya. There is some discussion in the Vietnamese media regarding obstacles to the land acquisition of Becamex Industrial and Residential Complex. It is understood that there is some contention with respect to the compensation process, however, it is not possible to determine if these relate to the lot occupied by Hayat Kimya. It is worth noting that the land acquisition is for the 4,600-hectare Becamex Binh Phuoc Industrial Park of which the Hayat Kimya lot occupies 32 hectares. With respect to Indigenous Peoples there are no triggers which would make this topic a consideration for the Project.

### Corrective Action Plan

Within the corrective action plan there are a total of 23 items to be addressed of which 3 are considered high risk, 10 are considered medium risk and 10 are considered low risk. None of the items identified individually should incur more than minor costs to rectify and if sufficient capacity internally exists may be addressed using Project personnel.

# 1 INTRODUCTION

## 1.1 BACKGROUND

IBIS Environmental and Social Consulting Asia Pte. Ltd. (“IBIS”) was engaged by Asian Development Bank (“ADB”) and Deutsche Investitions- und Entwicklungsgesellschaft (“DEG”), collectively referred to as “the Clients”, to act as an Independent Environmental and Social (“E&S”) Consultant (“the Consultant”) to provide E&S services in response to the *“Hayat Kimya Viet Nam, Terms Of Reference for a Corporate ESMS and Existing Facilities Environmental And Social Compliance Audit”* (“TOR”), dated 21 September 2021.

Hayat Kimya Viet Nam Company Limited (“Hayat Kimya”, “the Borrower”, or “the Company”) is a hygiene product manufacturer based in Vietnam, primarily manufacturing diapers, sanitary napkins, and wet wipes. The Company, which is a subsidiary of Hayat Kimya Sanayi Anonim Şirketi (the “Parent Company”) is currently seek financing for working capital to be used at its manufacturing facility in Binh Phuoc Province (“the Project”), and is understood to be seeking general corporate financing from ADB and DEG. The Company has agreed to meet the requirements under ADB’s Safeguard Policy Statement (SPS) and DEG Environmental and Social (E&S) requirements.

IBIS has been appointed to conduct a Corporate Audit on the Company’s Environmental and Social Management System (ESMS), and an E&S Compliance Audit on the Company’s past and current activities, against the objectives, principles, and requirements of ADB’s SPS, DEG’s E&S Framework and other policy requirements. IBIS has conducted the audit, and prepared and agreed with the Company a Corrective Action Plan (CAP) to address the gaps identified against the Reference Framework identified during the audit (the “Assessment”). The Assessment findings are presented in this report.

The Project occupies a land area of 320,056.73 m<sup>2</sup> in the Becamex–Binh Phuoc Industrial Park (Zone A) located in Minh Thanh Commune, Chon Thanh District, Binh Phuoc Province, Vietnam. The Project has a production area of 103,611.7 m<sup>2</sup>, consisting of a main manufacturing factory of area 47,001.77 m<sup>2</sup>, in addition to other facilities and systems such as a waste storage area, air cooling pump room, factory office building, internal roads and hardstanding. The Project will be connected to Becamex-Binh Phuoc Industrial Park Zone A wastewater treatment facility which is currently being planned and will form part of the wider industrial park. Wastewater it is currently treated on-site to Vietnam B standard prior to being directed to the centralised WWTP of Zone B of the Becamex-Binh Phuoc Industrial Park where it is treated to Vietnam A standard. At the time of the site visit wastewater generated from the operations was reportedly less than 50% of the amount indicated in the EIA. Notably, the Project has a reserved land area of 216,445 m<sup>2</sup> which is not currently planned for use, however, is available for future expansion.

Construction of the main Project facilities commenced in April 2020 and was completed in May 2021. The Project commenced serial production of all baby diaper production lines in July 2021. The Project produces approximately:

- 291,060,000 pieces (pcs) of baby open diapers per year;
- 241,920,000 pcs of baby pants diapers per year; and
- 3,919,104,000 pcs of wet wipes per year.

A further 476,280,000 pcs of sanitary napkins will be produced when the site is fully developed, however, this production operation has not yet been developed.

The diaper and wet wipes products manufactured at the Project are sold primarily in Vietnam, Thailand, and Malaysia. A more detailed description of the Company and the Project is provided in *Chapter 2*.

## 1.2 REPORT STRUCTURE

This report documents the findings of the Assessment and is structured in the following manner:

- **Chapter 1 Introduction** provides a brief introduction to the Project and this Assessment;
- **Chapter 2 Project Setting and Description** provides background information of the Project, including its location, current status, and key activities of the Project;
- **Chapter 3 Scope of Work** describes the objectives, scope of work, methodology, and key tasks undertaken as well as applicable and relevant requirements for the Project, i.e., the Applicable Standards;
- **Chapter 4 ESMS Corporate Compliance Audit** details the observations and findings made during the ESMS Corporate Compliance Audit;
- **Chapter 5 E&S Compliance Audit** details the observations and findings made during the E&S Compliance Audit, with corresponding proposed corrective actions;
- **Chapter 6 Conclusion and Corrective Action Plan** summarises the Audit findings and proposes corrective actions in a consolidated and tabular format; and
- Four Annexes provide supplementary information collected during the course of the Audit, including a list of key documents reviewed during the course of the Audit (*Annex A*), a list of interviewees (*Annex B*), an external factor review (*Annex C*), and photographs taken at the during the site visit in November 2021 (*Annex D*).

## 1.3 LIMITATIONS

The work was carried out in general accordance with IBIS' proposal dated 30 September 2021. Note that IBIS has worked with its in-country partner consultants who supported the Audit, including document review, reporting, and undertaking the site visit held between 15 and 16 November 2021. Due to COVID-19, members of IBIS project management team did not attend the site visit.

All conclusions and recommendations made represent the professional opinions of IBIS' consultants involved with the project, and the results of this report should not be considered a legal interpretation of existing regulations.

IBIS assumes no responsibility or liability for errors in the public data utilised, information provided by the Company/the Project, or statements from sources outside of IBIS, or developments resulting from situations outside the scope of this assignment. We make no warranties, expressed or implied, including, without limitation, as to merchantability or fitness for a particular purpose.

All data and information provided were assumed to be accurate and up to date.

## 2 PROJECT SETTING AND DESCRIPTION

### 2.1 INTRODUCTION TO THE COMPANY AND THE PROJECT

Hayat Kimya Viet Nam Co. Ltd. (“Hayat Kimya”, or “the Company”) is a 100% wholly owned subsidiary of Hayat Kimya Sanayi Anonim Şirketi (the “Parent Company”), which is the fifth largest branded baby diaper manufacturer globally, and has manufacturing facilities in 16 countries, with sales and exports to 100 countries across Europe, Africa, and Asia. The Company is a hygiene products manufacturer based in Vietnam with a recently constructed manufacturing facility located in Binh Phuoc Province, developed initially for manufacturing baby diapers and wipes, with potential expansion into women’s hygiene products. The Company’s products are sold primarily in Vietnam, Thailand, and Malaysia. The Parent Company funded the construction of the Project through an equity injection and inter-company loan. It is understood that the Company is currently seeking general corporate financing from ADB and DEG to support the Project, with the Parent Company providing a comprehensive corporate guarantee.

The construction of the main Project facilities commenced in April 2020 and was completed in May 2021. The Project commenced production of baby diapers in July 2021. An environmental and social impact assessment (that includes some basic social baseline information) and management plan for construction and operation was developed to meet Vietnamese requirements and was approved by the competent environmental authority (MoNRE) on the 12 August 2020. The Project currently employs 220 workers for its operations. It has three shifts per day and operates 354 days per year (excluding statutory holidays in Vietnam). The staffing requirement for this phase of the project is 277 and is currently operating with a staffing deficit reportedly due to difficulties with recruitment during COVID-19.

The Project, at full capacity, will produce:

- Baby open diapers 291,060,000 pieces (pcs)/year;
- Baby pants diapers 241,920,000 pcs/year; and
- Wet wipes 3,919,104,000 pcs/year.

A further 476,280,000 pcs of sanitary napkins will be produced when the site is fully developed, however, this production operation has not yet been developed.

### 2.2 PROJECT SETTING

The Project is located on Lot A19-A, Becamex–Binh Phuoc IZ, Minh Thanh Commune, Chon Thanh District, Binh Phuoc Province, Vietnam. The Project occupies a land plot with an area of 320,056.727 m<sup>2</sup> in the Becamex–Binh Phuoc Industrial Park (Zone A), which is a component of the overall Becamex–Binh Phuoc Industrial and Residential Park. A location map of the Project is shown below in Figure 2-1,



while its position in the overall Becamex-Binh Phuoc Industrial and Residential Park is shown in *Figure 2-2*Figure 2-1.

The Becamex–Binh Phuoc Industrial Park (BPIP) in Chon Thanh District is located approximately 80 km north of Ho Chi Minh City and approximately 6 km east of Chon Thanh District Center. It has a total area of 4,600 hectares, with 2,400 hectares for industrial land and another 2,200 hectares for services and other developments. The industrial park is located along National Highway 14 (QL 14) which connects Binh Phuoc (in southeast Vietnam) with neighbouring provinces in the Central Highlands and North Central region, as well as the National Highway 13 (QL 13) which connects Ho Chi Minh City in the south towards the border with Cambodia in the north. An expressway linking Ho Chi Minh City and Chon Thanh is also currently under construction, where the Industrial Park is located. The industrial park is currently in the process of completing its infrastructure development, including internal roads, rainwater and wastewater drainage systems, electricity lines, domestic water supply, and a centralised wastewater treatment facility. Administrative support with recruitment and labour policies will be provided to investors in the Industrial Park and in the case of Hayat Kimya this has included job fairs, and job posts on the Becamex website. Becamex also assists with local stakeholder engagement, as necessary. With respect to labour policies Hayat Kimya uses its corporate level policies, devised in its Turkish headquarters which are then adapted for the Vietnam market. Currently, according to the Project's EIA which was approved in 2020, only the CPV Food Incubation Factory (southwest of the Project) was under construction, whilst adjacent land lots to the Project are still vacant. The Project is situated around 1.5 km away from the wastewater treatment facility of the Industrial Park.

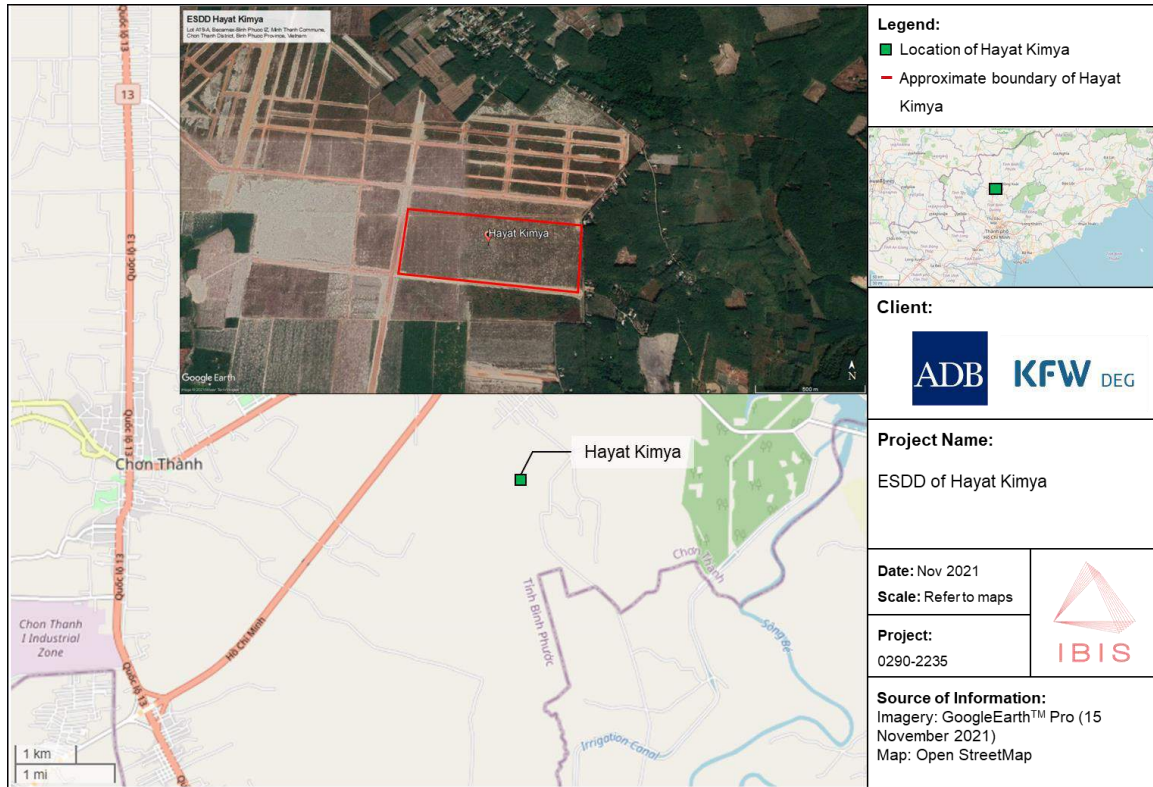


Figure 2-1 Location Map of Hayat Kimya Manufacturing Site as of December 2019

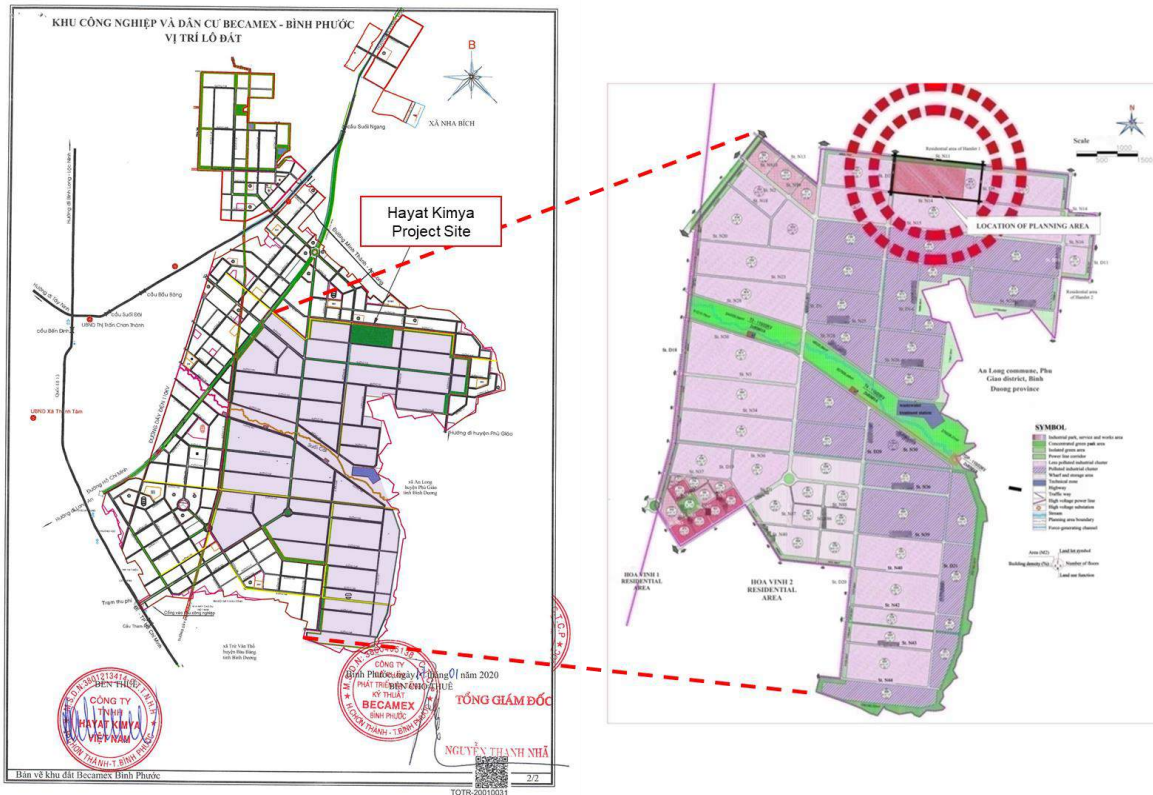
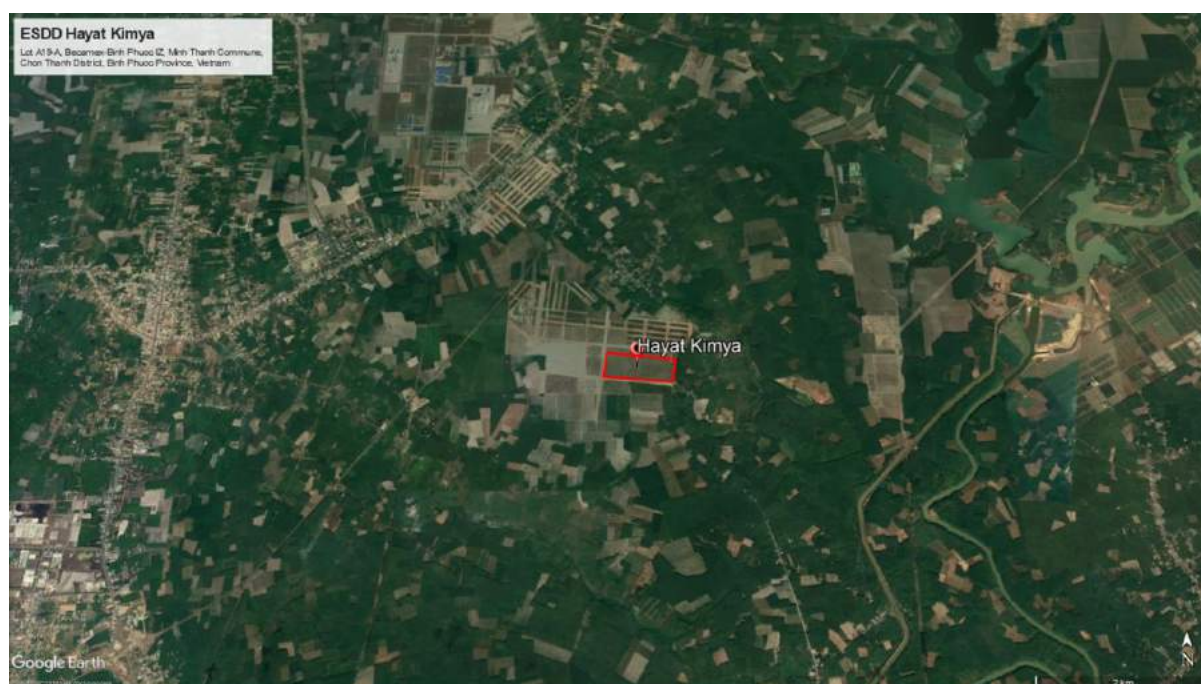


Figure 2-2 Project Location in the Becamex-Binh Phuoc Industrial Park as of 2020

Based on the 2019 Project Location map (*Figure 2-1*), aerial imagery dated December 2019 of the Hayat Kimya Manufacturing Site and its vicinity (*Figure 2-3*) and information provided by the Company, land uses in the immediate vicinity of the Project mainly include vacant cleared land for the wider Becamex–Binh Phuoc Industrial Park (BPIP), agricultural land, several existing and planned residential areas to the north, highways, the CPV Food Incubation factory that is under construction as of 2020 to the southwest, as well as the Be River towards the east of the Project. The border between Binh Phuoc and Binh Duong provinces are approximately 1.1 km south of the Project, whilst Chonh Thanh district center is located approximately 7.6 km west of the Project.



**Figure 2-3 Aerial Imagery of Hayat Kimya Manufacturing Site and its Surrounding Area as of December 2019**

The Project and its surrounding area within the industrial park is located on cleared land that is relatively flat. Land clearance for the area occupied for the Project was completed between March 2016 and April 2019 by the industrial park developer (Becamex Binh Phuoc Infrastructure Development Co. Ltd.), as such there is no comprehensive assessment of historical land use / land acquisition under the Project's EIA. The wider surrounding area is primarily occupied with agricultural land, mostly rubber plantations, along with smaller amounts of annual tree crops such as cassava.

There are no known protected areas or ecologically significant/sensitive areas were identified within 1 km from the Project. Some residential households are known to be present within 1.2 km to the north of boundary of the Project (or 650 m from the Industrial Park boundary). According to the EIA, there are planned and existing residential areas adjacent/near the Industrial Park, in the north, south and

west. Approximately 4.5 km east of the Project is the Be River (Sông Bé). The Be River is the main tributary of the Dong Nai river system, originating from Thac Mo hydropower reservoir, flowing through the provinces of Binh Phuoc, Binh Duong, Dong Nai, and meeting the Dong Nai river at the Tri An hydropower plant. It is understood that rainwater and treated wastewater from the Project facility is discharged into the Cai Stream, a tributary to the Be River.

A list of surrounding land uses around the Project is shown in *Table 2-1*.

**Table 2-1 Surrounding Land Use of the Project**

DIRECTION	NEIGHBOUR	DISTANCE FROM SITE
North	Street N11 and area planned for residential area	Adjacent
	Residential village	1.2 km
	National Route 14 (QL 14)	2.8 km (northeast)
East	Vacant land	Adjacent
	500 kV Chon Thanh electrical substation	2.7 km
	Be River (Sông Bé) and Phuoc Hoa dam	4.8 km
South	Street N14 and vacant land	Adjacent
	Hoa Vinh I and II (planned residential areas)	NA
	Binh Phuoc – Binh Duong provincial border	1.1 km
West	Street D2 and vacant land	Adjacent
	CPV Food Co. Ltd (under construction since 2020) a chicken processing plant	Adjacent (southwest)
	Ho Chi Minh Road (under construction since 2020)	2.8 km
	National Route 13	5.7 km
	Water Supply Plant	6.3 km
	Chon Thành district center	7.6 km

According to a review of historical aerial imagery (*Figure 2-4 to Figure 2-8*) and information collected during the site visit, the industrial park and surrounding area was previously agricultural land. Based on a review of historic satellite imagery the land was cleared for the Industrial Park between March 2016 and April 2019. As the most recent aerial imagery is dated in April 2019 before the commencement of construction and operations of the Project, there is currently no present-day aerial imagery of the Project location.



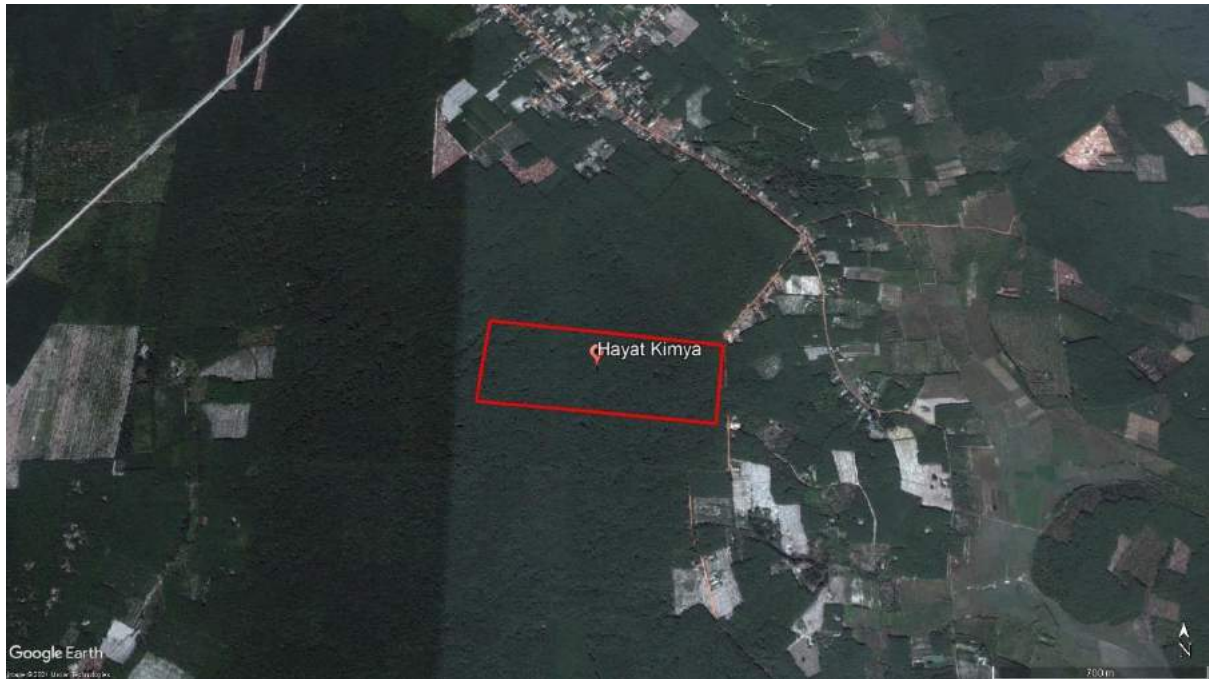


Figure 2-4 Aerial Imagery of Hayat Kimya Manufacturing Site in December 2010



Figure 2-5 Aerial Imagery of Hayat Kimya Manufacturing Site in March 2014



Figure 2-6 Aerial Imagery of Hayat Kimya Manufacturing Site in March 2016



Figure 2-7 Aerial Imagery of Hayat Kimya Manufacturing Site in April 2019





**Figure 2-8 Aerial Imagery of Hayat Kimya Manufacturing Site in December 2019**

## 2.3 CLIMATE CHANGE RISK PROFILE

The climate change risk profile of the Project site has been established via the review of publicly available information and specialist screening.

According to AWARE<sup>2</sup>, the climate change risk screening tool used by ADB, the project locale is considered to be medium risk. The AWARE screening methodology considers 16 difference climatic indicators<sup>3</sup> of which flooding was highlighted as a high-risk issue for the wider region where the project is located. This is on the basis that between 1985 and 2016 the region has experienced at least one significant large scale flood event based on data from Dartmouth Flood Observatory at the University of Colorado. ThinkHazard<sup>4</sup> provides further granular information at district level in Chơn Thành confirming that the district is at high risk of riverine flooding, however, the same tool returns an urban flood hazard level of low which means that there is a chance of more than 1% that potentially damaging and life-threatening river floods occur in the coming 10 years (return period of c. 1 in 1000 years). This information suggests that proximity to the rivers in the Chơn Thành district will have a bearing on the susceptibility to flooding. The Hayat Kimya site is around 3km from the man-made sluice gate which serves the Phuoc Hoa dam located around 3.6km upstream. The natural channel of the Sông Bé river

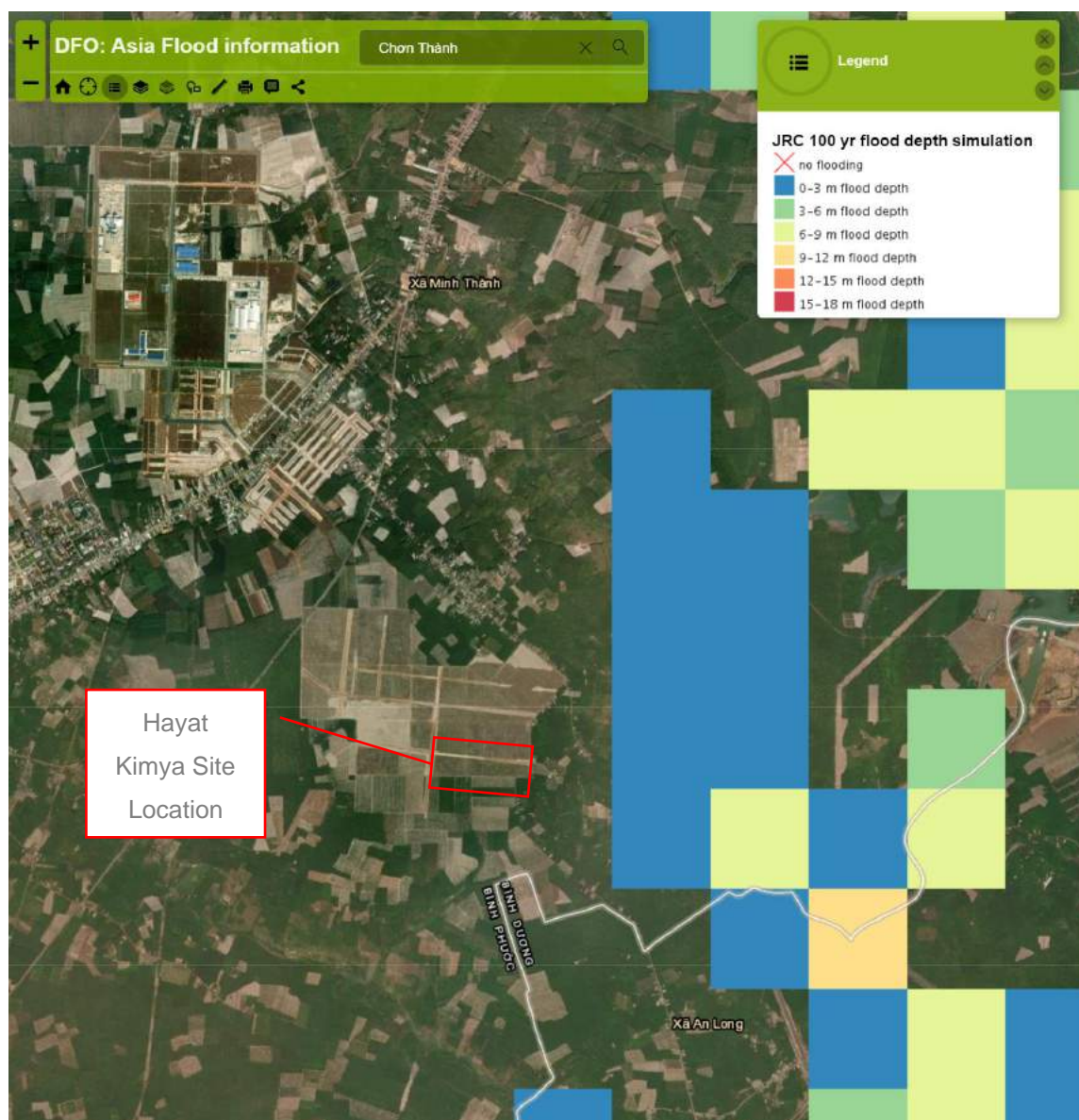
<sup>2</sup> The AWARE report for the site was provided by ADB for review as part of this Assessment.

<sup>3</sup> AWARE Climate Indicators - temperature increase; wildfire; permafrost; sea ice; precipitation increase; flood; g) snow loading; landslide; precipitation decrease; water availability; wind speed increase; onshore category 1 storms; offshore category 1 storms; wind speed decrease; sea level rise; solar radiation change.

<sup>4</sup> Accessed at <https://thinkhazard.org/en/report/73965-vietnam-binh-phuoc-chon-thanh>



which is a further 600m beyond the sluice. To gather more granular data on the Hayat Kimya site IBIS interrogated the Dartmouth Flood Observatory (DFO) in more detail using its DFO Web Portal for Asia<sup>5</sup> to establish the likelihood of flooding impacting the Hayat Kimya site. As can be seen in Figure 2-9 the 1 in 100-year flood simulation show that the site is not within the projected 0 to 3m flooding zone.

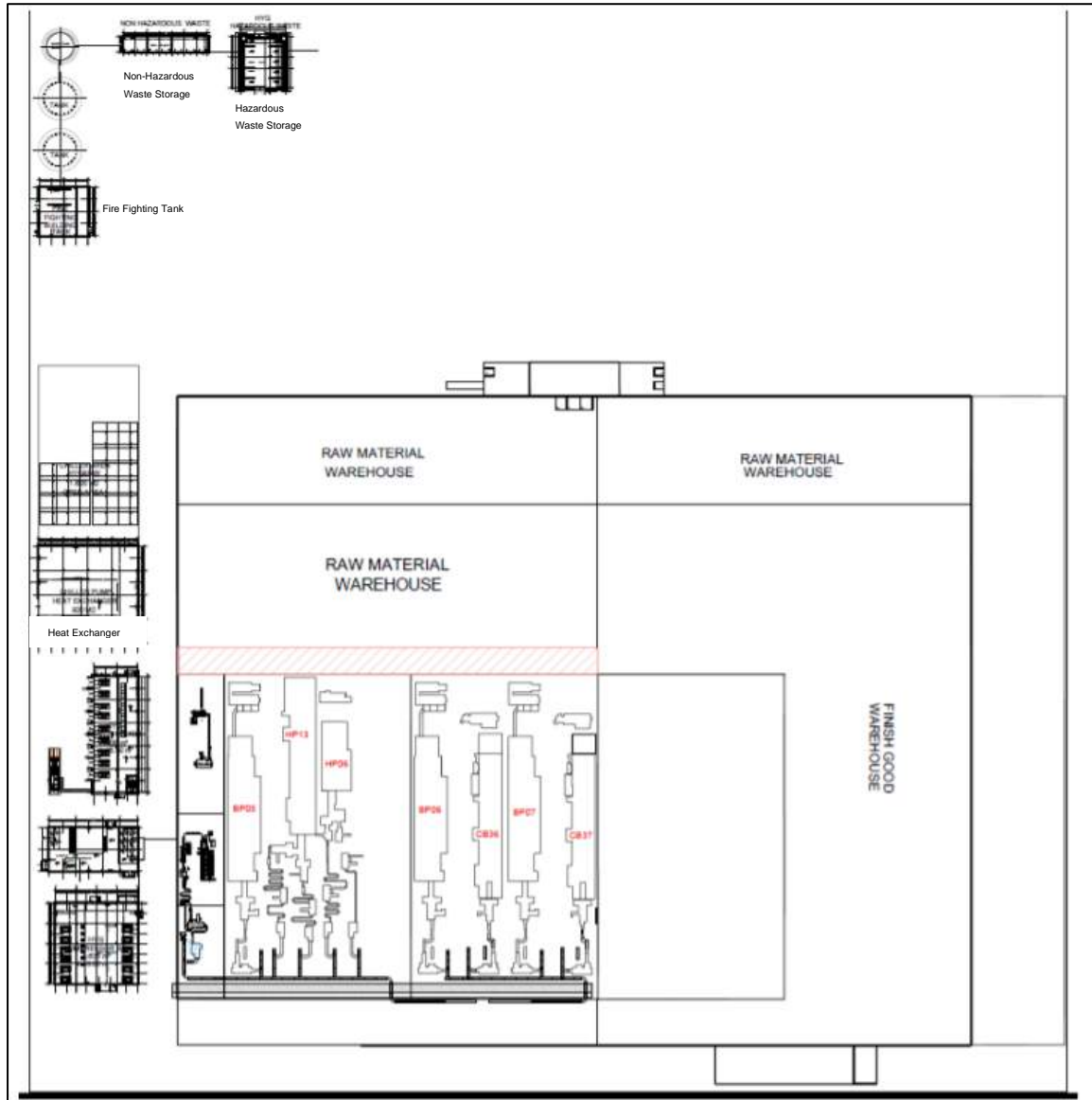


**Figure 2-9: Joint Research Centre 1 in 100-year flood depth simulation**

Despite the initial classification, at a regional level, with respect to flooding risk further investigation has established that the actual location of the Hayat Kimya site is not within an area that is considered to be susceptible to flooding, based on the information reviewed.

## 2.4 PROJECT INFRASTRUCTURE

The overall site layout plan for the Project is provided below in *Figure 2-10*.



**Figure 2-10 Layout of the Hayat Kimya Manufacturing Site**

The Project includes the following key features:

- The manufacturing factory;
- Ancillary facilities such as the air compressor room, electrical room, fire prevention and fighting (FPF) system control room, and chiller plant;
- Office block and the guardhouse;
- Waste management facilities, including hazardous waste storage area and on-site wastewater treatment plant; and

- Other areas such as landscaped areas, unused land, and drainage systems.

The approximate land area occupied by each feature of the Project is shown below in *Table 2-2*. It is also noted that the Project still has a significant proportion of unused land amounting to 216,445 m<sup>2</sup>, out of the total Project area of 320,056.73 m<sup>2</sup>. The unused is currently grass covered in grass and may be developed in future expansions.

**Table 2-2 Components and Land Use of the Project**

NO.	PROJECT FEATURES		
	ITEM	AREA (M <sup>2</sup> )	PROPORTION (%)
<b>A</b>	<b>Main Components</b>		
1	Main factory (diapers and wet wipes)	47,001.77	45.36
2	Factory office building	1,600	1.62
2.1	Material store	263	0.25
2.2	Laboratory	197	0.19
2.3	Dressing room	180	0.17
2.4	Electrical room	39	0.04
2.5	Canteen	205	0.20
2.6	Rest room for experts	71	0.07
2.7	Other areas	720	0.69
3	Guard house	146	0.14
<b>B</b>	<b>Ancillary Components</b>		
4	Air compressor room	638	0.61
5	Lotion preparation area	398	0.38
6	Electrical room	508.87	0.49
7	Cooling pump room	920.025	0.89
8	Chiller plant	1,620	1.56
9	FPF system controlling room	240	0.23
10	Parking lot	479	0.46
<b>C</b>	<b>Waste Treatment and Environmental Protection Components</b>		
11	General industrial solid waste storage warehouse	141	0.14
12	Hazardous waste storage warehouse	234	0.23
13	Wastewater treatment facility	48	0.05
<b>D</b>	<b>Others</b>		
17	Internal roads and grounds	30,994	29.91
18	Green trees	20,722	20.00
19	Reserved land	216,445	
20	Communication system	Along the walls	

NO.	PROJECT FEATURES		
	ITEM	AREA (M <sup>2</sup> )	PROPORTION (%)
21	Rainwater and wastewater collection and drainage system	<i>Underground</i>	
22	FPF system	<i>Around the factory</i>	
23	Lightning protection system	<i>Connecting the lightning-conductor to the ground</i>	
<b>Total construction area of phase 1</b>		<b>51,895</b>	<b>50.09</b>
<b>Total planning area of phase 1</b>		<b>103,611.7</b>	<b>100</b>

### Main Factory

All production activities are carried out in sub-factories within the Main Factory, which occupies 47,001.77 m<sup>2</sup> (45.36% of the Project footprint). The factory uses air handling units (AHU) and a central chillers plant to cool the factory operations area. Specifically, the AHU system installed in front of the production line is considered the first step in air treatment and cleaning before entering the production area.

### Factory Office Building

The factory office building has an area of 1,675 m<sup>2</sup> and includes the canteen, laboratory, mechanical maintenance room, rest rooms and electrical room.

### Cooling Pump Room

The cooling pump room, which occupies an area of 920 m<sup>2</sup> regulates the temperature within the factory, the main operating block, buildings housing the auxiliary components. The cooling system is a closed loop system. Cooling water is lost via partial evaporation at the cooling tower. Based on the experience of Hayat Kimya, the amount of water that needs to be replenished because of this loss is about 2 m<sup>3</sup>/day. Top-up water is supplied from the mains water supply.

### Cooler Area

The cooler area occupies 1,620 m<sup>2</sup> and contains the equipment used to support the operation of air compressing and cooling systems.

### Guardhouse

The guardhouse is located at the entrance of the Project. It has an area of 146 m<sup>2</sup>, including toilets for the guards.

### Air Compressor Room

The air compressor room stores all air compressors used for the Project, within an area of 632 m<sup>2</sup>, near the factory area.

### Transformer Area

The transformer area has an area of 508.87 m<sup>2</sup> and contains the step-down transformer from the incoming 22 kV power grid system of the Industrial Park to meet the Project's needs.

### Auxiliary Power

The main power supply for the Project is the national grid. However, in order to maintain the continuous operation of the Project in the event of an electrical incident, the Project is equipped with a diesel fired back-up generator with a generating capacity of approximately 1,000 kVA.

### Industrial and Hazardous Waste Storage Area

The 375 m<sup>2</sup> waste storage area is made up of the 141 m<sup>2</sup> general industrial waste storage area, and the 243 m<sup>2</sup> hazardous waste storage area. There are waste storage area both indoors and outdoors (covered). The separation of waste is designed to meet the requirements for hazardous waste storage areas according to Circular No. 36/2015/TT-BTNMT. A waste management plan is part of the ESMS and will prescribe labelling for hazardous waste in line with the regulations. The Project is in the early stages of operation and as such has had minimal waste collected to-date.

The EIA estimated waste generation as follows:

**Table 2-3 Predicted Wastes from the Project**

PREDICTED WASTES ARISING FROM THE PROJECT		
<b>Non- Hazardous Waste</b>		
Fluff pulp core	181.41 tons/year	Mainly contain ingredients such as cellulose, hemincellulose
Nonwoven fabrics of all kinds	98.83 tons/year	Plastic cotton yarn
Elastic fabric	4.92 tons/year	Stretchy plastic yarn
Absorbent beads	69.57 tons/year	Polymer
Tape + silicone coated paper	5.65 tons/year	Silicone and non-stick paper
Printed packaging	12.43 tons/year	Plastic
PE film for packing	2.78 tons/year	PE
Carton paper for packing	3.72 tons/year	Mainly cellulose
Waste filter from dust filtration system (PET membrane filter, containing fibrous dust from pulp)	1.66 tons/year	PET fiber, pulp fiber
Domestic waste	108.05 kg/day	Mainly organic ingredients
<b>Hazardous Waste</b>		
Office ink cartridges	62 kg/year	The main ingredients are synthetic plastic, metal, and glass with hazardous substances such as heavy metals, mercury, lead, etc.

PREDICTED WASTES ARISING FROM THE PROJECT		
Discarded Fluorescent Light Bulbs	48 kg/ year	Mercury, sulfur powder, etc.
Waste soft packaging (lotion container)	2,600 kg/ year	Plastic bucket
Metal waste hard packaging	650 kg/ year	Metal bucket
Adhesive-containing packaging	980 kg/ year	PET
Rags, gloves with grease, solvents, chemicals	1,600 kg/ year	Hydrocarbons, mineral oils
Waste lubricating oil	348 kg/ year	Hydrocarbons
Lost lotion	5,350 kg/ year	Hydrocarbons, water
Waste adhesive	2,520 kg/ year	Hydrocarbons
Waste adhesive remover	114 kg/ year	Mineral petroleum, cyclohexene
Waste packaging printing ink	35 kg/year	Mercury, lead, heavy metals

### Fire Protection and Firefighting (FPF) System

Three large FPF water tanks with a total volume of 1,700 m<sup>3</sup>, provide the water supply for firefighting systems. Firefighting facilities and equipment on-site include an automatic fire alarm system, automatic firefighting system which uses an inert gas as a fire suppressant (see photo log #41) and wall-mounted fire hose system supplied by external water tanks.

### Green Space and Reserved Land

The landscaped area at the Project is 20,722 m<sup>2</sup>, and as noted above, the undeveloped area (for future expansion) is 216,445 m<sup>2</sup>.

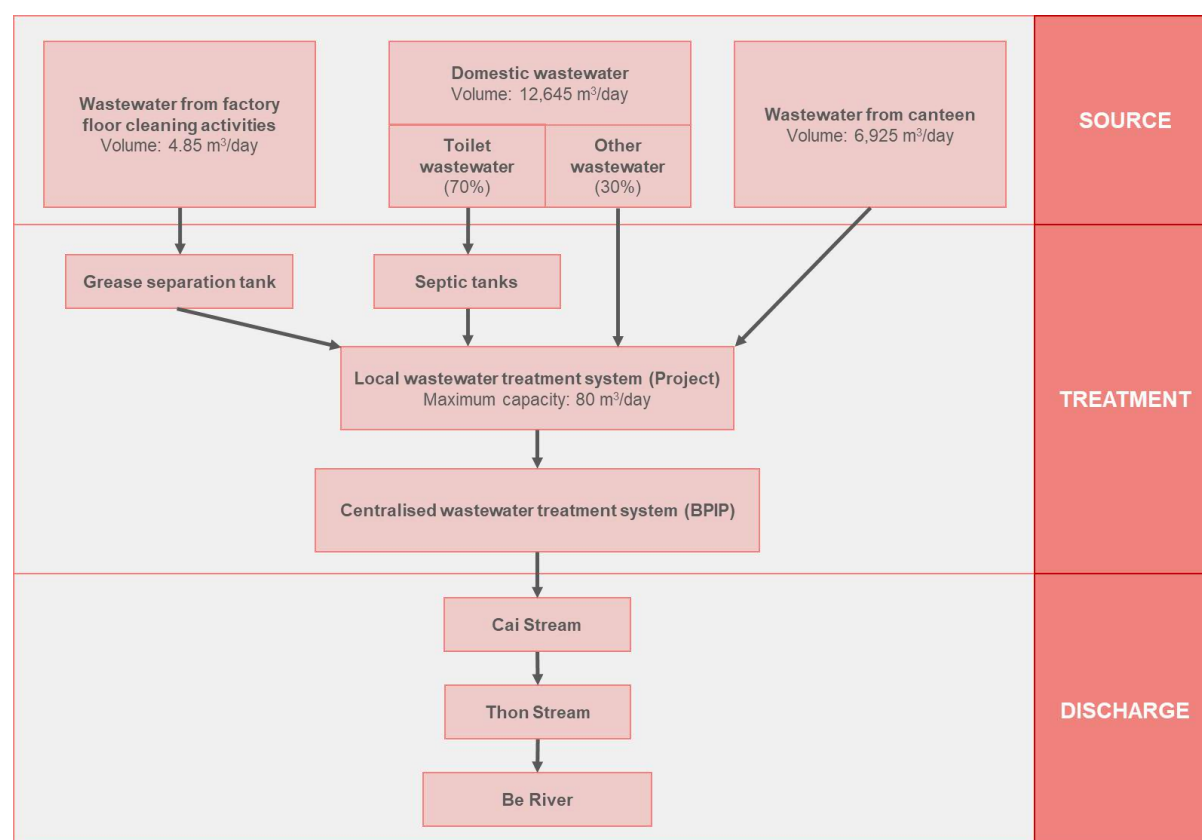
### Domestic Wastewater Collection, Treatment, and Drainage System

As required by Vietnamese laws and outlined in the Land Sub-lease Contract signed in February 2020, the Project is required to have an internal sewage/wastewater treatment system to treat its wastewater effluent to meet Vietnam Standard B (Standard A for metal components in wastewater) before releasing it to the centralised wastewater treatment plant (WWTP) of the Becamex-Binh Phuoc Industrial Park (BPIP). This will in turn be treated to meet Vietnam Standard A at the centralised WWTP, prior to discharge into the Cai Stream, which is a tributary to the Be River.

Wastewater generated at the Project includes sanitary and domestic wastewater, wastewater from floor cleaning activities, and wastewater from the canteen. Specifically for domestic wastewater from the toilets/sanitary areas, the Company has installed four septic tanks with a total capacity of 40m<sup>3</sup> to support pre-treatment. The pre-treated sanitary wastewater along with other collected wastewater is treated by the on-site biological wastewater treatment system with a treatment capacity of 80 m<sup>3</sup>/day. Treated wastewater will then be connected to the centralised wastewater treatment system of the



Becamex–Binh Phuoc Industrial Park (Zone A) for further treatment. At this time the centralised WWTP for Zone A has not been constructed and wastewater is being routed to Zone B for treatment at its WWTP prior to being discharged to the local surface water via Cai Stream, Thon Stream and finally the Be River (see *Figure 2-11*).



**Figure 2-11 Process Flow of the Project's Wastewater Collection and Treatment System**

### Rainwater Collection and Drainage System

The rainwater collection and drainage system is built separately from the wastewater collection and drainage system. All rainwater at the Project is collected through a system of stainless-steel gutters and directed into a drainage ditch system. The collected rainwater then discharges into the rainwater drainage system of Becamex–Binh Phuoc Industrial Park (Zone A).

## 2.5 PROJECT STAFFING

The Project currently employs a total of 220 employees. Phase 1 will employ a total of 277 employees and, if and when the full expansion of the Project is undertaken the Project is expected to employ over 1,000 workers.

Organisation charts for the Vietnam Organisation of the Company and the Project's HSE function are shown in *Figure 2-12* and *Figure 2-13*. The HSE function is headed by Mr Hoang Chu, Senior HSE Specialist who reports to the Plant Director. The HSE function currently has, in addition to Mr Chu, five HSE staff, who oversee HSE performance of the Project, with a focus on fire safety. As reported by Mr. Hoang Chu, the Project site is still recruiting more HSE staff, expecting to have a total of 12



HSE staff (including Mr. Hoang Chu), for the current operation. In the future when the Project is fully developed (with a total number of workers expected to be more than 1,000), there will be approximately 30 HSE staff. The number of HSE staff is reportedly based on Parent Company requirements.

The HR and Admin function is headed by Ms. Thai Pham who also handles internal and external grievances, stakeholder engagement, and other social-related matters. In addition, there is one nurse based in the factory and Hayat Kimya plans to recruit two more people for quality control.

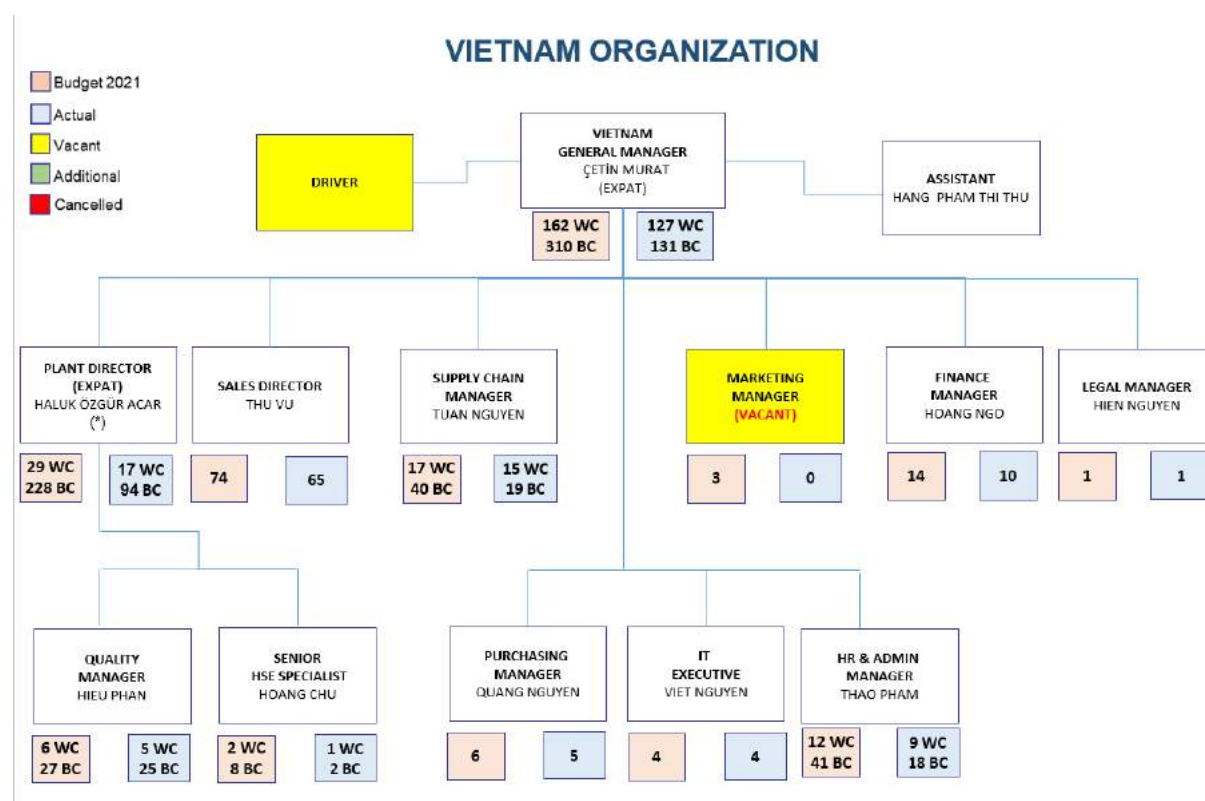


Figure 2-12 Organisation Chart of Hayat Kimya, Vietnam



Figure 2-13 Organisation of the HSE Department, Hayat Kimya, Vietnam

### 2.5.1 Senior HSE Specialist

The Senior HSE Specialist role requires the appointed person to possess a bachelor's degree in an environment related discipline, possess a lead auditor certificate in Environmental Management System (ISO 14001,) with an additional health and safety qualification (NEBOSH or similar is preferred). It is expected that the incumbent in the role has a minimum of 2 to 4 years' experience in a similar role. The key responsibilities of the role are described below:

- Investigate workplace incidents, near misses and occupational illnesses with the occupational physician to prevent similar incidents occurring again, to specify corrective actions and to follow up on the actions taken;
- Responsible for undertaking risk assessments, receiving opinions from employee representatives, planning the periodical controls for health and safety, specifying appropriate PPE, and reporting to the Factory Manager;
- Manages the personnel who are responsible for health, fire, and environmental safety;
- Prepare and maintain emergency plans. Make necessary arrangements for the evacuation and environmental drills including coordination and communications with other departments. Observes the evacuation drills and report to Factory Manager;
- Conduct necessary practices and reporting related to ISO 45001 and ISO 14001 Management Systems;
- Determine training that is necessary to be provided for fire and safety officers and report to HSE Leader. Deliver and maintain records of on-the-job training, health and safety, fire safety, emergency management for employees;

- Participate in the health & safety and environmental safety committees by suggesting corrective actions for any nonconformities, communicating with the relevant departments the actions deadlines, investigate any near miss incidents, specify, and monitor any follow up actions;
- Lead on behaviour observation system audits, analyse results and report them the HSE Committee. Lead weekly audits together with the plant manager;
- Prepare the budget for health & safety, fire safety, environmental safety. Create purchasing requests for necessary PPE and other consumables; follow-up on the budget monthly reporting to the Global HSE Manager and Factory Manager;
- Initiate maintenance periods for the fire systems and actions that are planned through the management system related to fire safety. Monitor the fire pumps such that they are always active and ensure the fire water tanks are always full. Report if there are any problems relating to fire equipment. Follow the periodical controls for the fire extinguishers, including sending them to for maintenance returning them to the appropriate locations;
- Supervise the activities of maintenance contractors that are outsourced by the HSE group;
- Keeps records on periodical controls that are made within the scope of Fire Safety;
- Lead and assimilate the integrated policies for – Environment – Health and Safety - Information Security and Energy;
- Control storage, transport, and disposal/recycling of hazardous and non-hazardous wastes according to environmental regulations;
- Ensure compliance with the standards for wastewater treatment units operated in the plant;
- Follow the Health and Safety, Environmental Safety, Energy, and Information Security Management Systems. Responsible for the assessment of the risks and performing corrective actions to prevent any accident;
- Responsible for equipping staff with knowledge and understanding of legislation, regulations, and workplace instructions, with respect to the occupational health, safety, and environmental activities;
- Responsible for the organisation and implementation of the necessary actions in the workplace according to Fire Safety legislation;
- Ensure the plant operates in an environmentally friendly manner; and
- Ensure cordial relationship exists between the company and any regulatory bodies.

### 2.5.2 Environmental Engineer

The Environmental Engineer role requires the appointed person to possess a BSc/HND in an environment-related discipline, possess a lead auditor certificate in Environmental Management System (e.g., EMS ISO14001), have familiarity with ERP systems, manufacturing processes, calibration of equipment and ideally have previous experience as a lead auditor in an engineering setting. It is expected that the incumbent in the role has a minimum of 2 to 4 years' experience in a similar role. The key responsibilities of the role are described below:

- Monitor environmental activities through the analysis of the various environmental parameters – water, energy, solid waste to establish the plants status based on the strategic environmental planning set out by the management;
- Monitor the performance of the water treatment plants to ensure efficient operation, resulting in the production of treated effluent that conforms to environmental standards;
- Track performance, highlight environmental issues and promptly address any issues;
- Liaise with environmental regulatory bodies to maintain full compliance with environmental regulatory statutes and laws;
- Manage the company management systems such as ISO14001, ISO45001;
- Communicate to the regulator environmental progress reports of the company;
- Develop tools for use to maintain good environmental practices;
- Ensure plants operate in an environmentally friendly manner;
- Ensure cordial relationship exists between the company and the regulatory bodies; and
- Follow direction from the Global HSE Manager.

### 2.5.3 HS&Fire Specialist

The HS & Fire Specialist is expected to have a minimum 3-5 years of OHSE & Fire Safety experience ideally within the fast-moving consumer goods sector. A critical skill set for the role is knowledge of HSE management systems and risk assessment methodologies with experience of working with quality and integrated management systems such as ISO 14001, ISO45001. Key responsibilities within the role include:

- To investigate the workplace incidents, near misses and occupational illnesses with the occupational physician to prevent similar incidents that may occur again. Specifies the corrective actions and follows up;
- Be responsible for undertaking risk assessments, receiving opinions from employee representatives, planning the periodical controls for H&S and Fire Safety;
- Manage personnel responsible for health, fire & safety on various shifts and delegate the responsibility;
- Prepare and maintain emergency plans. Make necessary arrangements for the evacuation and environmental drills including coordination and communications with other departments;
- Conduct necessary practices and reporting relating to ISO 45001 and ISO 14001 Management Systems;
- Determine training that is necessary to be provided for fire and safety officers and report to HSE Leader. Deliver and maintain records of on-the-job trainings, health and safety, fire safety, emergency management for employees;
- Participate in the health & safety and environmental safety committees by suggesting corrective actions for any nonconformities, communicating with the relevant departments the actions deadlines, investigate any near miss incidents, specify, and monitor any follow up actions;
- Lead on behaviour observation system audits, analyse results and report them the HSE committee;

- Lead weekly audits together with the plant manager;
- Monitor the fire pumps such that they are always active and ensure the fire water tanks are always full;
- Administer the maintenance of all fire extinguishers;
- Supervise periodical maintenance control/maintenance that are outsourced by HSE group;
- Keeps records about periodical controls that are made within the scope of Fire Safety;
- Responsible for the organization layout and implementation of the necessary applications in the workplace according to Fire Safety legislations; and
- Perform preventive actions for continuous improvement to prevent employees from health and safety and environmental risks.

## 2.5.4 Training

Decree No. 44/2016/ND-CP of the Vietnamese Government dated 15 May 2016 requires staff to be trained in occupational safety and sanitation. Hayat Kimya has engaged a third party to assist with delivering this training to all staff as per the requirements of the law in Vietnam. Hayat Kimya has stated that it expects this training to be completed within six months.

## 2.6 PROJECT SITE MACHINERY, EQUIPMENT AND RAW MATERIALS

All major production processes at the Project site are highly automated, and most processes are carried out under sterile conditions to ensure product quality and integrity. Factory workers are responsible for activities not directly involved in the production process, such as monitoring and customising machines and equipment, and transporting packaged products to the finished products area. Machinery and equipment used includes:

- Main machinery for production processes such as – diaper tape production line, sanitary napkin production line, bag sealing machines, packing machines, and packing machines;
- Machinery for the wastewater treatment system such as – air blowers, input pumps, output pumps; and
- Emission treatment equipment, including local exhaust ventilation (LEV) and dust filters.

The list of machinery and equipment is shown below in *Table 2-4*.

**Table 2-4 List of Machinery and Equipment Used in Project Operations**

NO.	NAME OF MACHINERY	POWER (KW)	QUANTITY (PCS)	YEAR OF MANUFACTURE	ORIGIN	CONDITION (% NEW)
<b>I. MAIN MACHINERY FOR PRODUCTION</b>						
1	Diaper tape production line	400	1	2020	China/Italy	100
2	Diaper pants production line	450	1	2020	China/Japan/USA/ Italia	100
3	Sanitary napkin production line	350	1	2020	China	100

## PROJECT SETTING AND DESCRIPTION

NO.	NAME OF MACHINERY	POWER (KW)	QUANTITY (PCS)	YEAR OF MANUFACTURE	ORIGIN	CONDITION (% NEW)
4	Wet wipes production line	350	1	2020	Turkey	100
5	Wet wipe bag sealing machine	12	1	2020	Turkey	100
6	Diaper tape packing machine	12	2	2020	Germany	100
7	Bag sealing machine (diaper tape)	12	2	2020	Brazil	100
8	Diaper pants packing machine	12	2	2020	Germany	100
9	Bag sealing machine (diaper pants)	12	2	2020	Brazil	100
10	Sanitary napkin packing machine	12	2	2020	Germany	100
11	Continuous packing machine (sanitary napkin)	12	2	2020	Italy	100
12	Continuous packing machine (wet wipes)	12	1	2020	Italy	100
13	Pre-packing diaper counting machine (diaper tape + pants)	12	1	2020	Italy	100
14	Continuous packing machine (diaper tape + pants)	12	1	2020	Italy	100
15	Cartoning machine (sanitary napkin)	12	4	2020	Turkey	100
16	Cartoning machine (wet wipes)	12	1	2020	Turkey	100
17	Barcode printer	-	12	2020	Turkey	100
18	Metal detector	-	12	2020	Turkey	100
19	Metal detecting conveyor	-	12	2020	Turkey	100
20	Material handling elevator	-	3	2020	Turkey	100
21	Defective product conveyor	-	3	2020	Turkey	100
22	Vacuum cleaner system	-	3	2020	Turkey	100
23	Top handling crane	-	3	2020	Turkey	100
24	Packing conveyor	-	9	2020	Turkey	100
25	Projection system	-	9	2020	Turkey	100
26	Weighing system	-	12	2020	Turkey	100
27	Packing machine	-	3	2020	Turkey	100
28	Packing and carton sealing machine	-	8	2020	Turkey	100
29	Air compressor	-	5	2020	Turkey	100
30	Compressed air dryer	-	6	2020	Turkey	100
31	Conveyors and elevators	-	1	2020	Turkey	100
32	Nylon wrapping machine	-	2	2020	Turkey	100
33	Squeezer	-	1	2020	Turkey	100
34	Hydraulic lift table	-	1	2020	Turkey	100
35	Hydraulic lifter (coupling)	-	1	2020	Turkey	100

NO.	NAME OF MACHINERY	POWER (KW)	QUANTITY (PCS)	YEAR OF MANUFACTURE	ORIGIN	CONDITION (% NEW)
36	Cleaning cart	-	1	2020	Turkey	100
37	Cooling system	-	3	2020	Turkey	100
38	Air-conditioner	-	9	2020	Turkey	100
<b>II. MACHINERY SERVING WASTE WATER TREATMENT SYSTEM</b>						
1	SBR box	80m <sup>3</sup> /day, night	1	2020	Turkey	100
2	Control cabinet	IP43	1	2020	Japan	100
3	Air blowers for aerobic and recirculation chambers	220-300V-50Hz	2	2020	Japan	100
4	Backwash air blower	220-300V-50Hz	1	2020	Japan	100
5	NaOCl automatic filling equipment	-	1	2020	Turkey	100
6	Input pump	Q = 0.13m <sup>3</sup> /min, 50Hz	2	2020	Japan	100
7	Output pump	Q = 0.13m <sup>3</sup> /min, 50Hz	2	2020	Japan	100
<b>III. EMISSION TREATMENT MACHINERY AND EQUIPMENT</b>						
1	Dust collection and filtering machine for diaper tape production line	120	1	2020	Turkey	100
2	Dust collection and filtering machine for diaper pants production line	180	1	2020	Turkey	100
3	Dust collection and filtering machine for sanitary napkin production line	100	1	2020	Turkey	100
<b>Total</b>			<b>157</b>			

The demand for raw materials in the stable production process of the Plant is shown in the table below:

**Table 2-5 Raw Materials and Materials Used in the Production Process**

NO.	NAME OF RAW MATERIALS OR MATERIALS	UNIT	DEMAND FOR USE	CONVERTED DEMAND FOR USE (TONS/YEAR)	ORIGIN
Common Diaper Tape	Topsheet Nonwoven Fabrics	m <sup>2</sup>	42,745,074	329.14	Turkey/China/ USA
	Super stretchy waist band	m <sup>2</sup>	6,554,676	45.88	China/Taiwan
	Backsheet film adhesive	kg	49,482	103.04	Turkey
	Anti-spill groove	m <sup>2</sup>	3,259,873	18.26	Turkey
	Core fabrics	m <sup>2</sup>	62,752,543	263.56	Turkey
	Adhesive for the diaper wings	kg	53,039	37.13	China/Taiwan
	Elastic fabrics	kg	68,814	48.17	China/Taiwan



NO.	NAME OF RAW MATERIALS OR MATERIALS	UNIT	DEMAND FOR USE	CONVERTED DEMAND FOR USE (TONS/YEAR)	ORIGIN
	Fluff pulp	kg	4,365,900	3,056.13	Turkey
	Inline adhesive	kg	45,990	33.11	Turkey
	Hotmelt construction adhesive	kg	395,441	237.26	Turkey
	Elastic fabrics adhesive	kg	69,100	56.32	Turkey
	Absorbent	kg	4,034,094	3,227.28	Turkey
	Cuff nonwoven fabric	m <sup>2</sup>	63,468,547	355.42	Turkey/China/ USA
	Pad	m <sup>2</sup>	8,964,652	57.37	Turkey
	Inline nonwoven fabric	m <sup>2</sup>	57,769,589	462.16	Turkey
	Inline polyethylene film	m <sup>2</sup>	55,697,244	445.58	Turkey
	“Wet” indicator tape	kg	9,887	9.89	Turkey
	Front tape	m <sup>2</sup>	2,770,896	29.09	Turkey
	Label for carton	pcs	3,447,444	2.76	Vietnam
	Printed packaging	pcs	12,936,000	28.46	Turkey
	PE film for packing	kg	127,865	102.29	Vietnam
	Label for pallet	pcs	359,297	3.45	Vietnam
	Stretchy film	kg	48,510	43.66	Turkey
Diaper Pants	Elastic fabric	kg	208,115	166.49	China/Taiwan
	Corewrap nonwoven fabric	m <sup>2</sup>	48,877,058	410.57	China/Taiwan
	Cuff nonwoven fabric	m <sup>2</sup>	49,142,336	515.99	China/Taiwan
	TXT Backsheet nonwovenfabrics	m <sup>2</sup>	33,210,778	371.96	China/Taiwan
	Disposable tape	m <sup>2</sup>	318,052	1.78	Turkey
	Pad	m <sup>2</sup>	7,912,604	44.31	Turkey
	Outer layer fabric	m <sup>2</sup>	62,310,879	610.65	Turkey
	Inner layer fabric	m <sup>2</sup>	44,755,200	250.63	Turkey
	Breathable film	m <sup>2</sup>	13,519,597	141.96	Turkey
	Inline polyetilen film	m <sup>2</sup>	18,558,995	155.90	Turkey
	Topsheet fabric	m <sup>2</sup>	27,361,152	159.93	Turkey/China/ USA
	“Wet” indicator tape	kg	8,418	8.42	Turkey
	Inline adhesive	kg	63,343	57.01	Turkey
	Core adhesive	kg	75,394	67.85	Turkey
	Elasticfabrics adhesive	kg	198,147	198.15	Turkey
	Hotmelt construction adhesive	kg	382,182	305.75	Turkey
	Super absorbing beads	kg	3,113,511	3,113.51	Turkey
	Fluff pulp	kg	3,870,720	3,870.72	Turkey
	PE film for packing	kg	128,241	102.59	Vietnam
	Label for carton	pcs	223,894	2.15	Vietnam
Sanitary Napkins (not currently in production)	Stretchy film	kg	43,008	34.41	Turkey
	Label for carton	pcs	2,799,981	2.24	Vietnam
	Printed packaging	pcs	8,064,000	23.12	Turkey
	Hotmelt positioning adhesive	kg	257,147	388.29	Turkey
	AC layer	m <sup>2</sup>	7,500,600	127.51	Turkey/China/ USA
	Spunbond nonwoven fabric	m <sup>2</sup>	13,846,112	276.92	Turkey/China/ USA
	SW nonwovenfabrics	m <sup>2</sup>	14,517,015	174.20	Turkey/China/ USA
	Silicone coated paper	m <sup>2</sup>	7,519,856	90.24	Turkey
	Fluff pulp	kg	1,190,700	2,143.26	Turkey
	Hotmelt construction adhesive	kg	343,758	550.01	Turkey
	Super absorbing beads	kg	381,024	616.50	Turkey
	Topsheet nonwovenfabrics	m <sup>2</sup>	9,808,286	147.12	Turkey/China/ USA

NO.	NAME OF RAW MATERIALS OR MATERIALS	UNIT	DEMAND FOR USE	CONVERTED DEMAND FOR USE (TONS/YEAR)	ORIGIN
Wet Wipes	Breathable film	m <sup>2</sup>	20,192,870	302.89	Turkey
	One-side tape	m <sup>2</sup>	151,982	2.28	Turkey
	Transparent tape	m	1,137,544	17.06	Turkey
	Label for carton	pcs	11,110,341	1.67	Turkey
	Stretchy film	kg	187,340	277.26	Turkey
	Label for pallet	pcs	891,635	0.12	Vietnam
	Printed packaging	pcs	169,872,153	30.58	Turkey
	Carton	pcs	10,557,082	1.27	Vietnam
	Stretchy film	kg	20,206	16.17	Turkey
	Printed packaging (roll)	kg	471,648	377.32	Turkey
	Transparent tape	m	4,712,256	47.12	Vietnam
	Printed label	pcs	55,987,200	2.24	Turkey
	Transparent label	pcs	55,987,200	4.48	Vietnam
	Promotional label	pcs	55,987,200	5.37	Vietnam
	Carton	pcs	4,665,600	119.67	Vietnam
	Spunlace nonwoven fabric	m <sup>2</sup>	130,680,708	6.97	Turkey/China/ USA
	Aromatizer	kg	3,898.137	3,898.14	Turkey/China/ USA
	Lotion	kg	9,095.653	9,095.65	Turkey
Total				38,331.80	

Based on the site visit observations drip trays and spill kits are located throughout the Project where required.

## 2.7 Project Categorisation

The Project is a self-contained manufacturing process, and its activities are considered to have limited potential adverse environmental or social risks and/or impacts, that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

The lot occupied by the Project was previously occupied by a rubber plantation and cleared as part of the wider development of the Becamex–Binh Phuoc Industrial Park. Historical aerial imagery from 2016 does not indicate signs of permanent structures on the site prior to development so the risks of physical involuntary resettlement are considered to be low.

### 2.7.1 ADB's SPS Categorisation System

Following the ADB's SPS Categorisation System and based on the Assessment, the proposed categorisations of the Project are presented in the below table.

PROJECT	ENVIRONMENT <sup>(1)</sup>	INVOLUNTARY RESETTLEMENT <sup>(2)</sup>	INDIGENOUS PEOPLES <sup>(3)</sup>
Hayat Kimya	Category B	Category C	Category C

Note:

- (1) Category B. Based on the information provided (including from the locally completed EIA) the impact level is considered to be generally site-specific, few, if any of them are irreversible if properly managed. Thus, the proposed environmental categorisation of the Project is B.
- (2) Category C. The proposed categorisation of the Project is C, as it is understood no land acquisition was directly required for the Project. The Project is located within the existing footprint of the Becamex–Binh Phuoc Industrial Park. Prior to the development of the industrial park the site was occupied by a rubber plantation. Historical aerial imagery of the location suggest that there is a low likelihood of impact which could be classified as involuntary resettlement. Hayat Kimya secured a forty-five-year Land Lease Agreement dated February 2020. According to the agreement, the land rent has been paid in full, in six instalments, the last of which was made 31 December 2020. Hayat Kimya has also been granted a Land Use Rights Certificate for the land parcel it is occupying, and this has been confirmed. There were no known occupants or structures, formal and informal land users, or any economic activity at the Project area at the time Hayat Kimya's took control of the site, thus, the lease has not resulted to the physical and economic displacement of any residents or formal and informal land users. Hayat Kimya has not been involved in any land acquisition or negotiation activities and will not purchase any additional land for the Hayat Kimya operations. Any land acquisition related issues, concerns, and complaints that will arise later on will be handled by the Becamex-Binh Phuoc Industrial Park, and any significant reputational risks to Hayat Kimya and its partners are considered to be unlikely.
- (3) Category C. The proposed project categorisation of the Project is C, no known impacts on Indigenous Peoples (ethnic minorities) from the Project.

### 2.7.2 DEG Categorisation

With respect to DEG's approach for categorisation IBIS is of the opinion that the project is *Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.*

## 3 SCOPE OF WORK

### 3.1 OBJECTIVES

Key objectives of the scope of work were to complete:

- **A Corporate Audit of the Company's ESMS:** Corporate compliance audit on the Company's ESMS;
- **Environmental and Social Compliance Audit (ESCA) of Existing Facilities and Operations:** Detailed ESCA of the Company's operations that will receive ADB financing, namely the Project Site in Binh Phuoc Province, Vietnam;
- **Corrective Action Plan (CAP):** Propose measures to be implemented to enhance the existing corporate ESMS to improve systems such that environment, health, safety, involuntary resettlement, indigenous peoples, labour, and other social issues are addressed adequately;
- **Develop Terms of Reference for upgrading or supplementing the ESIA:** Based on the outcome of the audit and the CAP, devise supplementary studies to further assess environmental and social topics not adequately covered by the ESIA; and
- **ESMS and Capacity Building:** assist the Company in updating the ESMS to meet the Reference Framework and carry out ESMS training for the Company.

The output of the scope of work includes:

- This report, comprising of findings from the Corporate Audit of the Company's ESMS and the E&S Compliance Audit of Existing Facilities and Operations; and
- Corresponding corrective action measures, in the form of a CAP to address the key risks/issues identified during the Assessment.

### 3.2 APPLICABLE STANDARDS

The scope of work was undertaken against the following standards, collectively referred to as the "Applicable Standards":

- Applicable local, national, and international E&S laws, regulations, and standards fully in force in Viet Nam at the time of Proposal authorisation (including international conventions fully ratified), which are further detailed below;
- ADB Safeguard Policy Statement (SPS) (2009) – Safeguards Requirement (SR) 1 on Environment, SR2 on Involuntary Settlement (IR), and SR 3 on Indigenous Peoples (IP);
- Relevant ADB Operations Manual (OM) such as OMF1 for Safeguards Policy Statement, OML3 for Access to Information, OMD10 for Non-sovereign Operations, OMC3 for Incorporation of Social Dimensions into ADB Operations, OMC2 for Gender and Development;
- ADB's Social Protection Strategy (2001), Gender and Development Policy (1998), Access to Information Policy (2018);

- DEG Guideline for environmental and social sustainability which references the International Finance Corporation (IFC) Performance Standards, 2012;
- World Bank Group (WBG) General Environmental, Health & Safety Guidelines (2007);
- International Labour Organisation (ILO) conventions ratified by Viet Nam at the time of Proposal authorisation, covering core labour standards (such as ILO conventions 29, 98, 100, 105, 111, 138 and 182) and the basic terms and conditions of employment (such as ILO conventions 120, 124, 155 and 187);
- IFC and European Bank for Reconstruction and Development (EBRD) Guidance Note on Workers' Accommodation: Processes and Standards (September 2009);
- Good international industry practice, including Association of Southeast Asian Nations (ASEAN) Good Manufacturing Practice Guidelines and EDANA's guidelines for nonwovens and related industries;
- IFC's COVID-19 and Gender-Based Violence: Workplace Risks and Responses;
- Interim Advice for IFC Clients on Preventing and Managing Health Risks of COVID-19 in the Workplace;
- IFC's Interim Advice for IFC and EBRD Clients on Migrant Workers and COVID-19;
- IFC's Interim Advice for IFC Clients on Safe Stakeholder Engagement in the Context of COVID-19; and
- IFC's Good Practice Note on Cumulative Impact Assessment and Management for the Private Sector in Emerging Markets (2013).

It should be noted that the Assessment focused on identifying those issues that are most significant for the potential transaction in relation to the Applicable Standards.

*Annex E: Local Vietnamese Regulations* presents key E&S laws and regulations in Viet Nam which are applicable and relevant to the Project.

### 3.3 SCOPE

The focus of the ESCA has been on understanding any significant E&S issues in relation to the Project (commensurate with its nature and scale) and any E&S issues that may present a concern to DEG and ADB in terms of notable non-compliance against the Applicable Standards or a potential significant E&S-related reputational risk (as far as can be reasonably foreseen). Key relevant national laws and regulations in Viet Nam relating to environment, health & safety (H&S), land acquisition, relocation of affected persons, Indigenous Peoples (where applicable), labour and gender issues have been considered.

E&S topics and aspects of the business operations reviewed under this Assessment cover environmental, health and safety (H&S) and social issues, such as E&S management systems, labour and working conditions, community and occupational health and safety (H&S) during construction and operation, land acquisition or leasing processes for development of the Project, resource use and

efficiency, pollution abatement (waste and wastewater management), indigenous peoples, cultural heritage, stakeholder engagement, grievance management, and contractor and supply chain management from an E&S perspective.

The ESDD was performed using the following steps that have been grouped into the key tasks set out below and detailed in the following section.

### 3.4 METHODOLOGY

A phased approach was undertaken for the Assessment to carry out the tasks described in the Terms of Reference (TOR), including tasks and outputs anticipated by IBIS. The approach consists of two consecutive assignments, namely Phase 1 and Phase 2 (Parts A & B). The tasks and outputs are presented in the phases as follows:

- Phase 1: Corporate Audit of the Company's ESMS and Environment and Social Compliance Audit of Company's Existing Facilities;
- Phase 2A: ESIA upgrade and supplementary studies; and
- Phase 2B: ESMS Development and Capacity Building.

This Audit Report includes the findings from Phase 1, Tasks 1 to 5 (i.e., the ESMS Corporate Audit, E&S Compliance Audit of Existing Facilities, and CAP). The reporting of tasks under Phase 2A (including Phase 1 Task 6) and Phase 2B will be prepared by IBIS separately, if required.

#### 3.4.1 Phase 1: Scoping and Gap Analysis

Under Phase 1, a corporate-level compliance audit on the Company's ESMS was conducted to assess the adequacy and effectiveness of the Company's systems, processes and procedures which are in place to identify, assess and manage E&S risks and impacts associated with its operations and Project development, in line with the Applicable Standards. An E&S Compliance Audit of existing facilities and operations of the Company was also conducted to assess the practical application of the corporate ESMS, and to ground truth the findings from the document review and management interviews. Gaps identified were consolidated and recommendations are provided in this report to support the Company in complying with the Applicable Standards.

##### 3.4.1.1 Task 1: Project Initiation

A kick-off teleconference call was held on 26 October 2021 between IBIS, ADB and the Company to open lines of communication. During the kick-off call, IBIS discussed access to the Project for the purpose of the site visit and management interviews. Local conditions with regards to COVID-19 were discussed as well as health and safety protocols, permissions and rules required for IBIS to access the Project. The Company supported the planning of the visit to the Project site and provided an initial set of documents for review. Meeting minutes of the kick-off call summarising key discussion points, agreed milestones, and timelines were shared via email after the meeting.

A draft Information Request List (IRL) was provided by IBIS to the Company and the Clients at the proposal stage to collect documented information from the Company, including information on the Company's ESMS and other relevant materials requiring review. The IRL was discussed and refined based on kick-off call to include more specific requests relevant to the Project, and the IRL was updated and resubmitted on 26 October 2021.

A subsequent call was held between ADB, DEG and IBIS on 19 November 2021 to discuss the project with the potential financiers.

### 3.4.1.2 Task 2: Document Review

Under Task 2, a desktop document review of available E&S information related to the Company and the Project was undertaken with a view to assess the Company's ESMS and evaluate their implementation at the existing facilities in Task 4. The documents reviewed included information such as existing E&S policies, E&S management plans and procedures, ESMS, previous E&S impact assessments, organisation charts and E&S permits; as well as other information available on the public domain. A list of key documents reviewed by IBIS is provided in *Annex A: Document Review List*.

Additionally, a Reputational Risk Review (RRR) of E&S risk issues for the Company, based on publicly available information, was undertaken in both English and Vietnamese languages. The RRR screening approach consisted of a Google search using a combination of keywords such as "scandal" and "accident", and a screening of the company on strategic websites such as Land Matrix, WWF, and Human Rights Watch.

The findings of the RRR are presented in *Annex C: Reputational Risk Review*. There are no direct hits with respect to Hayat Kimya in the RRR.

### 3.4.1.3 Task 3: Management Interviews

Management interviews were held between IBIS and representatives of the Company to better understand the Company's E&S practices, organisational capacity, and implementation of the current E&S policies and procedures at the existing facilities. A list of E&S discussion topics were provided by IBIS prior to the interviews to help structure the interviews. The table below summarises the interviews held during the Assessment.

**Table 3-1 Teleconference Calls and Interviews Held during the Audit**

DATE	KEY TOPICS	PARTICIPANTS
26 October 2021	Kick-off call and general introduction with the Company	<ul style="list-style-type: none"> <li>• Hayat Kimya</li> <li>• ADB</li> <li>• IBIS</li> </ul>
19 November 2021	Kick off with the Clients	<ul style="list-style-type: none"> <li>• DEG</li> <li>• ADB</li> <li>• IBIS</li> </ul>
9 December 2021	Progress call with the Clients	<ul style="list-style-type: none"> <li>• DEG</li> </ul>

DATE	KEY TOPICS	PARTICIPANTS
		<ul style="list-style-type: none"> <li>• ADB</li> <li>• IBIS</li> </ul>
16 December 2021	Management Interview with HSE	<ul style="list-style-type: none"> <li>• Hayat Kimya</li> <li>• IBIS</li> </ul>

#### 3.4.1.4 Task 4: Site Visit

A visit to the Project site was undertaken on the 15 and 16 November 2021 to the Project to assess the practical implementation of the Company's E&S policies and procedures as part of ground-truthing the findings from the prior tasks. A site visit agenda, including H&S measures under COVID-19 circumstances, was prepared, and submitted to the Company in advance of the visit.

Activities undertaken during the visit included:

- A brief introductory meeting to understand the historical activities, current operations and known future plans and operations of the Project;
- An accompanied tour of the Project, and visual observations of relevant areas directly and indirectly affected by the Company's activities;
- Meetings with knowledgeable personnel at the Project site to discuss the management of E&S issues; and
- A review of E&S documentation made available on-site.

Photographs were taken during the site visit and are presented in *Annex D: Photolog*. Further documents provided for review are also listed in *Annex A: Document Review List*. During the visit, interviews were undertaken with knowledgeable personnel, collectively referred to as the "Project Representatives". Further details of the interviewees are provided in *Annex B: List of Interviewees*.

#### 3.4.1.5 Task 5: Audit Reporting

Following the completion of Tasks 1 to 4 above, this Audit report was prepared to document the findings gathered from the preceding tasks, covering the corporate audit of the Company' ESMS and the E&S compliance audit of existing facilities and operations. Recommendations for follow-up actions are also provided in the form of a CAP, which was developed to address identified gaps at both the corporate ESMS level and site-specific E&S management level. Action items were identified to enhance the existing ESMS and target non-compliances at the facility level to support compliance with the Applicable Standards.

Note that the focus of the Audit has been on assessing those issues that may present the most significant areas for non-compliance or present an obvious potential E&S related reputational risk issue. In order to assist with setting out the context of non-compliances identified, a colour-coded risk ranking has been provided for the findings. The criteria for each of these is provided in the table below. The risk rankings consider the potential risks and impacts reasonably associated with the components under review.



**Table 3-2 Compliance Risk Ranking**

DEFINITION	COMPLIANCE RISK LEVEL	
No significant issues identified with respect to alignment with the Applicable Standards, or an item that appears to be not applicable and as such does not have an identified compliance risk.		None identified
Item of non-alignment with the Applicable Standards, however, is unlikely to create a material E&S impact, although should be rectified as a compliance matter.		Low
Item of non-alignment with the Applicable Standards and is required to have additional documentation, improved management measures or allocation of responsibilities to reduce the risk, and if left unaddressed has the potential to escalate to a high-risk issue.  Item with potentially limited E&S risk/impacts that are few in number, generally site specific, largely reversible and are likely to be able to be managed through mitigation measures.		Medium
Clear significant item of non-alignment with the Applicable Standards that has the potential (or has already) to lead to a significant adverse an E&S impact(s).  Has the potential (or has already) to lead to adverse media and/or NGO attention.  Has the potential to trigger legal action, may lead to a major environmental incident, or may result in fatalities/serious injuries or have irreversible E&S impacts (e.g., clearance of natural forests).  May require significant expenditure (>USD100k) to address the gap and align with the E&S Safeguards.		High

Where IBIS has identified a material issue that is a deviation from the Applicable Standards the issue is marked in the document as follows “**CAP #XX; [Rating]**” indicating the corresponding CAP item number and the risk ranking based on Table 3-3. All findings and proposed actions to rectify the issues are consolidated in the CAP in *Section 6*.

### 3.4.1.6 Task 6: TOR for E&S Supplementary Studies and ESMS Upgrades

A terms of reference (TOR) for the upgrade of the existing ESIA (or preparation of supplemental studies and plans such as labour management plan, livelihood restoration plan, social development plan), which is to be undertaken in Phase 2A, was required to be prepared by IBIS under Task 6 to support the Company and the Project in achieving compliance with the Applicable Standards. Commentary on this task is provided in *Section 7*.

In addition, *Section 7* describes any upgrades to the Company’s ESMS that the Consultant believes are necessary to adequately address the inherent E&S risk presented by the Project and to bring the operations in line with the expectations of the Applicable Standards with regards to environmental and social management.

## 4 CORPORATE AUDIT OF THE COMPANY'S ESMS

The following section assesses the Company's Environmental and Social Management System (ESMS) and its ability to address the relevant environmental and social risks presented by the Project. Section 4.1 outlines each element of the existing ESMS, and section 4.2 presents a gap analysis against the ADB's Safeguard Principles/Requirements.

### 4.1 STRUCTURE OF THE COMPANY'S ESMS

The following documents make up the Company ESMS. The system was audited by British Standards Institution (BSI) and certified to ISO 14001 (an environmental management system certification) and ISO45001 (an occupational health & safety management system certification) on the 13 and 14 December 2021. The ESMS has been designed based on a template system from the Parent Company that is reportedly applied at all manufacturing locations. It has been localised for the Vietnamese context including adapting documentation into local language / bilingual for use by local and expatriate staff. The manufacturing process is standardised across the Parent Company's other businesses and, as such, the HSE is well versed and understand the expectant E&S risks and therefore is well equipped to design a system to address them. Due to the limited period of time that the operations have been in place in Vietnam, the track record for implementation of the ESMS does not yet exist and this may be an area to be focussed upon in the monitoring of the financing if taken forward by the lenders.

The ESMS includes the following documents:

- VN.PR.02.01\_EN\_1 Vietnam Construction Waste Management;
- VN.PR.02.02\_EN\_1 QUY TR NH QU N L CH T TH I (Waste Management Process);
- VN.PR.02.03\_EN\_1 Legal and Other Requirements;
- VN.PR.02.04\_EN\_1 HSE Objectives and Planning - M C TI U V K HO CH HSE;
- VN.PR.02.05\_EN\_1 Work Permit Procedure;
- VN.PR.02.06\_EN\_1 Environmental Aspect And Impact Assessment Procedure;
- VN.PR.02.07\_EN\_1 Risk Assessment Procedure;
- VN.PR.02.08\_EN\_1 Emergency Response Procedure;
- VN.PR.02.09\_EN\_1 QUY TR NH KI M SO T NH TH U (Contractor Management Procedure);
- VN.PR.02.10\_EN\_1 QUY TR NH THAM GIA THAM V N NG I LAO NG (Labour Consultation);
- VN.PR.02.11\_EN\_1 QUY TR NH O T O N NG L C V NH N TH C (Visitor / Contractor Management);
- VN.PR.02.12\_EN\_1 Occupational Health Safety And Environment Procurement Procedure For Contract (Contractor Selection);
- VN.PR.02.13\_EN\_1 QUY TR NH L M VI C TR N CAO (Working at Height);

- VN.PR.02.14\_EN\_0 QUY TR NH KI M SO T CH T PH NG X (X-Ray / Exposure);
- VN.PR.02.15\_EN\_1 QUY TR NH LOG OUT - TAG OUT (Lock out Tag Out);
- VN.PR.02.16\_EN\_1 Wastewater Management Procedure;
- VN.PR.02.17\_EN\_0 Confined Space Procedure; and
- VN.PR.02.18\_EN\_1 QUY TR NH QU N L H A CH T (Chemical Management and Storage).

The Table below presents a review of the Company's ESMS against the Applicable Standards.

**Table 4-1 Gap Analysis of Hayat Kimya Vietnam's ESMS against Applicable Standards**

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
1	<b>Environmental &amp; Social Policies</b>				
	Ensuring that E&S Safeguard requirements are incorporated into the ESMS including to comply with ADB SPS and host-country environmental & social laws and regulations (including those laws implementing host country obligations under international law).	ADB Safeguard Policy Statement, V. Safeguard Policy Statement IFC PS1	<p>At Parent Company level, a Health and Safety Policy is accessible <a href="#">online</a>. It describes the Parent Company HSE management objectives, policy and principles and is endorsed by the group CEO. A site-specific policy of this nature was not provided however the group version is reportedly cascaded down to individual sites.</p> <p>The Company has an Internal Labour Regulations (IRL) that include provisions for:</p> <ul style="list-style-type: none"> <li>(i) Recruitment and employment contracts;</li> <li>(ii) Working time - Rest time;</li> <li>(iii) Salary and social insurance;</li> <li>(iv) Order within the Company;</li> <li>(v) Occupational safety and health;</li> <li>(vi) Protect the assets, business secrets, technology secrets and intellectual property rights of the Company;</li> <li>(vii) Handling of labour regulation violations;</li> <li>(viii) Anti sexual harassment; and</li> <li>(ix) Implementation of the regulations.</li> </ul> <p>It is noted that the IRL requires compliance with the Labor Code 2019.</p> <p>Hayat Kimya maintains a legal register for the site which is centrally stored with the Hayat Kimya</p>		E&S policy and related E&S objectives shall be established for the Company; <b>(CAP #1; Low Risk)</b>

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
			<p>global HSE function in Turkey. This will be updated from time to time in line with any relevant changes in legislation.</p> <p>In order to operate the Project has attained the following permits and licences:</p> <ul style="list-style-type: none"> <li>• Investment registration certificate,</li> <li>• Certificate of business registration,</li> <li>• Construction permit,</li> <li>• Fire protection license</li> </ul>		
<b>2 Screening, Categorisation and Review</b>					
	<p>Ensuring that policy requirements are implemented throughout the lifecycle of projects including screening of projects, categorisation (according to the ADB SPS), impact assessment and development of management and mitigation programs. This is in order to manage and address all relevant social and environmental risks and impacts of its business and operations, in particular the issues identified in Safeguard Requirements 1 to 3.</p> <p>Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.</p>	<p>ADB Safeguard Policy Statement, V.</p> <p>ADB SPS, H. General Corporate Finance, 17 (i) (ii)</p> <p>ADB SPS, Requirements 1 to 3</p> <p>ADB Prohibited Investment Activities List</p> <p>IFC PS1</p>	<p>The Company has not established a policy or procedure of this nature however in light of the scope of the Project it is considered that this is not necessary, given that the proposed financing is for the recently established Project only. The Company is not planning to expand beyond its current operation or footprint, noting that the design of the facility is for gradual expansion within the current footprint, and therefore additional development elsewhere in Vietnam is considered unlikely.</p> <p>The scope and coverage of the Vietnamese EIA system is considered adequate to address the environmental and social risks that the company would have to assess if expansion was to take place.</p> <p>With respect to the requirements to assess the environmental and social risk of the business, the company has a standard management system from its Parent Company which is being adapted for the Vietnamese entity and evidence reviewed shows that there is a systematic methodology for undertaking risk assessment for its operations.</p>		<p>Hayat Kimya to add a policy document and/or procedure to its ESMS with respect to new developments or acquisitions committing the company to evaluate the environmental and social impacts of the projects in line with the Applicable Standards of the lender group. <b>(CAP #2; Low Risk)</b></p>

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
			<p>The Company has undergone its ISO 14001 and ISO 45001 audit in December 2021 and has received certification for both systems.</p> <p>There is no written policy or procedure with respect to the approach to assessing E&amp;S issues for developmental projects in Vietnam. It is not anticipated that Hayat Kimya Vietnam will expand, however should an additional facility be planned in future it is considered necessary to align it with the requirements of lenders including:</p> <ul style="list-style-type: none"> <li>• Evaluation against the prohibited investment activity list (PIAL) of ADB or exclusion of list of DEG;</li> <li>• Categorisation with respect to environmental, involuntary resettlement and indigenous peoples impacts in Vietnam; and</li> <li>• Completing an Environmental and Social Impact Assessment which follows host country regulations and the additionality of the IFC PS and WBG EHS guidelines.</li> </ul> <p>There is a reserved area within the current footprint of the Project which is reserved for expansion of the current production however this has already been assessed as part of the local EIA.</p>		
<b>3 Organisational Structure and Staffing</b>					
	Ensure that there is sufficient institutional or organisational arrangements to effectively implement the ESMS. Including providing training and capacity development as required.	ADB Safeguard Policy Statement, V. ADB SPS, Environmental Safeguards, 4.	<p>As described in Section 2.5 there is a dedicated HSE team which reports to the Plant Manager.</p> <p>The HSE Specialist currently leads a team of 5 with a budgeted headcount of 12 demonstrating that as the capacity and throughput of the factory increases, the HSE staffing numbers will increase commensurately.</p>		None identified.

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
		ADB SPS, Environmental Safeguards, 3. IFC PS1	<ul style="list-style-type: none"> <li>Mr. Chu Quy Hoang (HSE Specialist) is the HSE team leader. He is responsible for overall functioning of the HSE team, ensuring compliance with HSE regulations and corporate requirements, and ensuring the HSE team is adequately staffed;</li> <li>Ms. Kim Anh is responsible for overall environmental and safety management;</li> <li>Four other HSE staff responsible for general safety and fire safety at workplaces; and</li> <li>Six other HSE staff and two nurses have been recruited (the nurses will start work in December 2021).</li> </ul> <p>There is also a document control officer under the HR Department, who also has responsibilities in managing HSE documentation.</p> <p>The Company human resources department is headed by the Human Resources Manager who assumes responsibility for executing the various HR related policies and procedures.</p> <p>Currently, Mrs. Thu is the Manager for Regulatory and Corporate Affairs and Mrs Huong is the Corporate Communication Manager and is person in charge of any Corporate Social Responsibility activities.</p> <p>The HR and Admin function is headed by Ms. Thai Pham who also handles internal and external grievances, stakeholder engagement, and other social-related matters. In addition, there is one nurse based in the factory and Hayat Kimya plans to recruit two more people for quality control.</p> <p>Based on the discussions held with the various functions of the company IBIS found the teams to be sufficiently skilled in the relevant aspects of E&amp;S</p>		

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
			management to broadly support the Project in meeting the Applicable Standards.		
<b>4 Training Requirements</b>					
	Organise training to strengthen the capacity to manage environmental and social risks as part of the implementation of the ESMS.	ADB Safeguard Policy Statement, V.  IFC PS1 IFC PS2	<p>The Company provided a copy of its Training and Development Procedure which contains details relating to the process for training approval.</p> <p>The human resources department is responsible for identifying the training needs. There are options for internal and external training providers depending on the topic.</p> <p>Templates included in the document include:</p> <ul style="list-style-type: none"> <li>• Annual Training plan VN.FR.03.20;</li> <li>• Training Proposal VN.FR.03.21;</li> <li>• Training Record (Hayat Employees) VN.FR.03.22;</li> <li>• Training Record (Non-Hayat Employees) VN.FR.03.23;</li> <li>• Training Assessment VN.FR.03.24; and</li> <li>• Training ROI VN.FR.03.25.</li> </ul> <p>The document is a generic draft and does not appear to be localised for the Hayat Kimya Vietnam business. There is a clear system to be used to manage the training needs of the Company. This has to be executed in the implementation of the ESMS. The Training Plan will include safety instruction for newcomers (two days), safety internal periodic training six months/time (four hours), and external safety training in accordance with Decree 44/2016/ND-CP.</p>		Execute the training plan for the business with demonstrable evidence of implementation in the first 12 months following financial close. <b>(CAP #3; Low Risk)</b>



REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
5	<b>Monitoring and Reporting</b>				
	<p>Implement E&amp;S Safeguards and to prepare periodic monitoring reports on the performance of their implementation including:</p> <ul style="list-style-type: none"> <li>Establish and maintain procedures to monitor the progress of implementation of safeguard plans;</li> <li>Verify the compliance with safeguard measures and their progress toward intended outcomes;</li> <li>Document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports;</li> <li>Follow up on these actions to ensure progress toward the desired outcomes;</li> <li>Retain qualified and experienced external experts or qualified NGOs to verify monitoring information for projects with significant impacts and risks;</li> <li>Use independent advisory panels to monitor project implementation for highly complex and sensitive projects; and</li> <li>Submit periodic monitoring reports on safeguard measures as agreed with ADB.</li> </ul>	<p>ADB SPS, B. Policy Delivery Process, 57. Monitoring and Reporting</p> <p>IFC PS1</p>	<p>The Company shared templates for its ESMS internal audit and reporting system. The internal audit system appears to be a standard form used across all of the Parent Company sites, including Hayat Kimya Vietnam. It is a generic internal audit questionnaire for conducting internal audit for any of its factory sites. It includes:</p> <ul style="list-style-type: none"> <li>Context of the organisation;</li> <li>Environmental policy;</li> <li>Organisational roles, responsibilities, and authorities;</li> <li>Actions to address risks and opportunities;</li> <li>Compliance obligations;</li> <li>Planning action;</li> <li>Environmental objectives and planning to achieve them;</li> <li>Competence;</li> <li>Awareness;</li> <li>Communication;</li> <li>Documented information;</li> <li>Operational planning and control;</li> <li>Emergency preparedness and response;</li> <li>Monitoring, measurement, analysis, and evaluation;</li> <li>Evaluation of compliance;</li> <li>Internal audit;</li> <li>Management review;</li> <li>Nonconformity and corrective action; and</li> <li>Continual improvement.</li> </ul> <p>With respect to periodic reporting to external stakeholders including lenders or investors at parent company level the annual sustainability report is published (<a href="https://www.hayat.com/en-">https://www.hayat.com/en-</a></p>		<p>Hayat Kimya to agree a suitable format for the dissemination of information to the lenders for periodic monitoring of Project specific information. (<b>CAP #4; Low Risk</b>)</p>

REF	REQUIREMENT	APPLICABLE STANDARD REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
			tr/sustainability/) which provides information at sites specific levels with respect to EHS management across its sites globally. It would be expected that the Vietnamese operation will be added to this document at its next publication. Topics covered include energy efficiency, gender, training hours, waste management, CSR, water management, etc.		

## 5 ENVIRONMENTAL AND SOCIAL COMPLIANCE AUDIT

### 5.1 INTRODUCTION

A visit to the Project site was undertaken on the 15 and 16 November 2021 to assess the practical implementation of the Company's E&S performance as part of ground-truthing the findings from the prior tasks. Findings from visit with respect to the Applicable Standards are presented below. Photos from the visit are provided in *Annex D: Photolog*.

### 5.2 ADB SPS ENVIRONMENT SAFEGUARDS

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
<b>1 Environmental Assessment</b>					
	Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical	Environmental Safeguard, Policy Principles 1, 2 and 3  IFC PS1	An EIA for the Project was developed in 2020. The EIA was approved by DoNRE of Binh Phuoc province in 2020.  The EIA broadly follows the content requirements set out in Circular No. 25/ 2019/TT-BTNMT.  However, the EIA does not include an assessment of: <ul style="list-style-type: none"> <li>• Consideration of cumulative impacts;</li> <li>• Socio-economic impacts;</li> <li>• Physical cultural resources;</li> <li>• Transboundary and global impacts, including climate change; and</li> <li>• Alternatives to the project location, design and technology and</li> </ul>		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
	cultural resources in the context of the project's area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate. Examine alternatives to the project's location, design, technology, and components and their potential E&S impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.		<p>components and their potential impacts.</p> <p>It is considered, however, based on the nature of the Project, that those impacts are unlikely to be significant (as the Project is a consumer goods manufacturing plant developed within an existing industrial park), and noting that cumulative impacts assessment for the Project would be beyond the scope and level of influence they will have.</p> <p>The EIA has been prepared for the full capacity of the site (some of which is yet to be developed/realised) and therefore takes into account the impacts of the planned full design of the Project. Any expansion beyond this capacity would require a further EIA however this is not currently planned by Hayat Kimya.</p>		
<b>2 Environmental Planning and Management</b>					
	Avoid, and where avoidance is not possible, minimise, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring, and reporting requirements, related institutional or organisational arrangements, capacity development and training measures, implementation schedule, cost estimates, and	Environmental Safeguard, Policy Principle 4 IFC PS1 Para. 5	<p>The EIA has identified mitigation measures for the significant adverse impacts and those has been documented in the Environmental Management Plan (EMP) as part of the EIA report.</p> <p>For its operation phase, besides the EMP in the EIA, the Project has developed an Occupational Health and Safety and Environment management system following ISO 14001 for Environmental Management System and ISO 45001 for Occupational Health and Safety Management System. As part of the OHSE management system, the Project has developed various management plans for waste management, chemical</p>		Address the minor non-conformities states in the BSI Assessment Report. <b>(CAP #5; Low Risk)</b>

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
	performance indicators. Key considerations for EMP preparation include mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.		<p>management, emergency response etc. The management systems for environment and OHS are designed in line with the Parent Company systems that have been employed at Hayat Kimya facilities elsewhere with similar (if not identical) manufacturing processes.</p> <p>The Company's HSE management system was certified by BSI on 13 and 14 December 2021 via remote audit.</p> <p>Five minor non-conformities were identified relating to the following topics:</p> <ul style="list-style-type: none"> <li>• Staff competencies;</li> <li>• Compliance obligations;</li> <li>• Planning;</li> <li>• Legal register; and</li> <li>• Leadership.</li> </ul> <p>Hayat Kimya stated that these are expected to be completed by March 2022.</p> <p>The temporary certifications that have been issued as of 13 January 2022 are as follows:</p> <ul style="list-style-type: none"> <li>• EMS 762221 (ISO 14001:2015) Manufacture of diaper and wet wipes; and</li> <li>• OHS 762222 (ISO 45001:2018) Manufacture of diaper and wet wipes.</li> </ul> <p>These will reportedly be formalised in Q1 2022.</p>		

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
<b>3 Consultation and Participation</b>					
	Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organisations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.	Environmental Safeguard, Policy Principle 5  IFC PS1 Para. 26-35	<p>As part of its ESMS, the Project has a communication procedure (with both internal and external stakeholders). Employees at all levels are encouraged to report problems related to the HSE and to offer suggestions on how to improve performance. The communication procedure includes a communication table which summarises the aspects to be communicated, responsibilities and methods for communications with internal and external stakeholders.</p> <p>A grievance mechanism has been drafted which sets out the key contact (Pham Thi Thao) including email, mail, and telephone contact details. Timings for the processing and responding to grievances are described and the grievance mechanism includes a process diagram showing the various steps through the grievance resolution process. The grievance mechanism includes a standard form for submission of issues and a log for the Project to track and document all grievances.</p> <p>It should be noted that the Project is located within an industrial park, therefore community exposure is limited.</p> <p>The industrial park was developed under a separate EIA programme that predates the Hayat Kimya Project. The EIA for the industrial park was disclosed previously to the community and therefore the EIA for the individual lots need not be disclosed. The appraisal board for the industrial park EIA included all relevant local regulatory and</p>		None identified.



REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
			public bodies, including representatives of the local community.		
<b>4 Information Disclosure</b>					
	Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.	Environmental Safeguard, Policy Principle 6 IFC PS 1 Para. 26	As noted above, the Project is located in an industrial park. During the EIA process, the EIA report (including EMP) had been sent to the BPIP management board for comments. The EMP is not disclosed to the surrounding community. .		None identified.
<b>5 Monitoring &amp; Reporting</b>					
	Implement the EMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.	Environmental Safeguard, Policy Principle 7	<p>The EIA includes an environmental monitoring plan, which set out the monitoring of wastewater quality, emission quality, solid waste, and hazardous waste.</p> <p>At the time of the visit, the first quarterly monitoring had not been conducted due to COVID-19. The Project was in a process of selecting a licensed contractor to conduct the quarterly monitoring. The monitoring results will be included in the annual Environmental Protection Activities Report to be submitted to DoNRE in January each year.</p> <p>Internally, Hayat Kimya will have weekly internal meeting to address HSE matters with the global and local HSE teams. The implementation of the ESMP and ESMS will be discussed during this meeting with</p>		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
			corrective actions being issued and managed by the team. This information will be documented as part of the process. This function will be undertaken by the HSE team of Hayat Kimya in Vietnam and not outsourced to a third party.		
<b>6 Unanticipated Environmental Impacts</b>					
	Where unanticipated environmental impacts become apparent during project implementation, the borrower/client will update the environmental assessment and EMP or prepare a new environmental assessment and EMP to assess the potential impacts, evaluate the alternatives, and outline mitigation measures and resources to address those impacts.	Environmental Safeguard, Policy Principle 7	No issues identified.		None identified.
<b>7 Biodiversity Conservation and Sustainable Natural Resources Management</b>					
	Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognised endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement	Environmental Safeguard, Policy Principle 8 IFC PS6	The Project is within BPIP, which was cleared prior to the company taking the lease on the current lot. Prior to the development of the BPIP the Project was a rubber plantation and therefore modified habitat.  The closest protected area is the Cat Tien National Park the closest boundary of which is around 15km due east of the Project.		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
	additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.				
<b>8</b>	<b>Pollution Prevention and Abatement</b>				
a	<p><i>Pollution Prevention, Resource Conservation</i></p> <p>Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimise or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions,</p>	<p>Environmental Safeguard, Policy Principle 9</p> <p>Law on Environmental Protection (55/2014/QH13)</p> <p>Law on Chemicals (06/2007/QH12) Irrigation Law (08/2017/QH14)</p> <p>Decree 38/2015/ND-CP on waste management</p> <p>Circular 36/2015/TT-BTNMT on hazardous waste management</p> <p>Decree 201/2013/ND-CP guiding the implementation of the Law on Water Resources,</p>	As noted in the Project description, pollution impacts from the operations are limited to routine waste generation and domestic wastewater. There are no significant process residues that would require significant consideration or specialist provision beyond what is available locally. Further details are provided in the sections below		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
	waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts.	including the issuance of groundwater extraction, surface water extraction and wastewater discharge permits			
B	<i>Wastewater Management</i>	Environmental Safeguard, Policy Principle 9  Vietnamese technical regulations on environmental and discharge quality (QCVNs)	<p>As noted in the EIA and in the lease for the lot, the Project is required to treat its domestic wastewater to meet Vietnam level B standard. This is, in turn, further treated by BPIP to meet Vietnamese "Level A" standard prior to discharge to the local surface water system.</p> <p>The on-site wastewater treatment system is a biological treatment technology. Wastewater is piped to the centralised system of the industrial park for further treatment prior to discharge. Currently the Project is using the wastewater treatment plant of Zone B of the industrial park as Becamex has not completed the construction of the Zone A wastewater treatment plant.</p> <p>Volumes of sanitary wastewater from the operational phase are estimated at around 20m<sup>3</sup> per day of which 1.25m<sup>3</sup> is related to hygiene (washing) and the remainder is from the canteen. Wastewater from the canteen passes through a grease trap.</p> <p>Cooling water is in a closed loop system with likely some minor losses from partial evaporation at the cooling tower. There is a daily top-up to the system of around 2 m<sup>3</sup>/day. There is no routine discharge.</p>		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
C	<i>Air Emission Management</i>	Environmental Safeguard, Policy Principle 9	<p>No issue significant issues identified. There are no point source emissions from the process operations of the Project.</p> <p>There is a backup generator installed at the Project for auxiliary power when required equipped with a drip tray for any potential leakage.</p> <p>A wider air impact within the Project is dust from the storage of raw materials, however, there is reportedly an automatic sensor system installed to test the air quality for this issue as a precaution to reduce the explosion risk.</p>		None identified.
D	<i>Noise Management</i>	Environmental Safeguard, Policy Principle 9 QCVN 26/2010/BTNMT on National technical regulations on Noise	<p>The EIA concluded that the impacts from noise beyond the Project boundary are negligible. The processes do not give rise to significant noise impacts, they are enclosed within the buildings, and sensitive receptors are not found in close proximity to the Project. No significant sources of boundary noise were observed during the visit to the Project.</p> <p>There is potential for the back-up generator to cause noise impacts when it is operated, however, as this is only in emergency situations this impact overall is not considered to be significant in the context of the industrial park setting.</p>		None identified.
E	<i>Waste Management</i>	Environmental Safeguard, Policy Principle 9 Decree No. 38/2015/ND-CP dated April 24, 2015,	Hazardous waste has been collected by a licensed vendor via a valid contract, however, no hazardous waste manifest has been maintained.		Hayat Kimya shall implement a waste log to record the waste it produces and maintain hazardous waste manifest in

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
		<p>of the Government on management of waste and discarded materials.</p> <p>Circular No. 36/2015/TT-BTNMT dated June 30, 2015, of MoNRE on management of hazardous wastes;</p> <p>Circular No. 30/2015/TT-BTNMT dated June 30, 2015, of MoNRE on management of hazardous wastes.</p>	<p>Hazardous waste generator registration, as required by local regulations, has not been obtained (the registration process was reportedly ongoing).</p> <p>A hazardous waste collection contract between the Company and Cao Gia Quy Environment Co Ltd was provided for review. The contract includes clauses relating to maintaining documentation relating to the waste generated in line with the noted technical circulars.</p> <p>Estimated wastes arising from the Project are stated in <b>Table 2-3</b> and are considered to be minor impact in the context of the operations.</p>		<p>line with Vietnamese requirements (<b>CAP #6; Low Risk</b>).</p> <p>Hayat Kimya shall include as part of its ESMS a programme of third-party audit of the waste management facilities it uses for the disposal of hazardous and non-hazardous wastes commensurate with the tonnage it sends to the various disposal sites using a risk-based approach (<b>CAP #7; Low Risk</b>)</p>
F	Hazardous Materials	<p>Environmental Safeguard, Policy Principle 9</p> <p>Law on Chemicals (06/2007/QH12)</p> <p>Law on Occupational Health and Safety (84/2015/QH13)</p> <p>Decree 39/2016/NĐ-CP guiding the implementation of the Law on Occupational Health and Safety</p> <p>Decree 113/2017/ND-CP guiding the implementation of the Law on Chemicals</p>	<p>There were reportedly no hazardous substances used on-site in the production process. Key inputs such as adhesives, lotions and fragrances are designed for contact with human skin in the use of the products and therefore have limited hazardous properties.</p> <p>The total use of adhesives is 1.6kg/day (around 700L/year). The process is self-contained within the manufacturing process.</p> <p>There is a laboratory area within the Project which uses a small amount of chemicals. Laboratory chemicals are stored in labelled containers, divided into separate zones. Any spent chemicals are managed in accordance with the relevant hazardous waste regulations.</p>		<p>Reference should be made to the WBG EHS Guidelines, in addition it is recommended that secondary containment is installed (<b>CAP #8; Low Risk</b>)</p>



REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
		<p>Circular 32/2017/TT-BCT guiding the implementation of the Law on Chemicals and Decree 113/2017/ND-CP</p> <p>Circular No. 36/2015/TT-BTNMT dated June 30, 2015, of MONRE on management of hazardous wastes.</p>	<p>With the exception of the back-up generator and fire-water pump there is no fuel stored on site. All forklift trucks are battery operated.</p> <p>Secondary containment was not installed around the above-ground diesel storage tank (approximately 200L) at the fire water pump house. (See photo log #35)</p>		
G	<i>Pesticide Use and Management</i>	<p>Environmental Safeguard, Policy Principle 9</p> <p>Law on Chemicals (06/2007/QH12)</p> <p>Decree 113/2017/ND-CP guiding the implementation of the Law on Chemicals</p> <p>Circular 32/2017/TT-BCT guiding the implementation of the Law on Chemicals and Decree 113/2017/ND-CP</p>	<p>The Project operates a canteen equipped to provide meals for 277 staff each day. It is understood that there is a small amount of pest control materials stored on-site associated with food storage and preparation.</p>		None identified

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
H	<i>Greenhouse Gas Emissions</i>	Environmental Safeguard, Policy Principle 9  Circular 47/2011/TTLT-BCT-BTNMT	Greenhouse gas sources associated with Project operations include: <ul style="list-style-type: none"> <li>• Use of electricity (indirect emissions);</li> <li>• Emissions from the diesel-run fire water pump and the diesel-run back-up generator; and</li> <li>• Vehicle exhaust.</li> </ul> <p>The Project has not quantified its greenhouse gas emissions, and no energy saving program has been established.</p> <p>The Parent Company reports Scope 1 and Scope 2 GHG emissions in its annual sustainability report therefore it is expected that the Company impacts will be recorded as part the Parent Company reporting.</p>		The Project to establish a baseline of energy use and as part of its management systems seek to improve energy efficacy annually (normalised against production) ( <b>CAP #9; Low Risk</b> )
<b>9 Health and Safety</b>					
a	<i>Worker Health &amp; Safety</i>  Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease.  Under the Social Protection Strategy, it recommends the project proponent to provide safe and healthy working environment for its employees as well as its contractors/ subcontractors and comply with the national labour	Environmental Safeguard, Policy Principle 10  Social Protection Strategy  IFC PS2 Para. 23	The following issues have been identified at this stage:  Safety and security risks to workers travelling to work on night shifts (the Project operates three shifts): the Project is located within an industrial park that is still being developed, approximately 7 km from the district town. Workers travelling to work at night may need to travel in poorly illuminated and poorly paved roads. Risks may include road traffic accidents. Until the industrial park facilities are completed, maybe in another few years, the Project should		Hayat Kimya shall undertake a travel risk assessment for workers travelling to and from the Project to determine if any unacceptable risks to safety exist and if any control measures can be added to prevent accidents or other incidents. ( <b>CAP #10; Medium Risk</b> )

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
	laws and take measures to comply with the core labour standards. The ADB SPS mandate that the identified OHS issues must be identified, assessed, and addressed in an EIA for proposed projects.		consider alternative transportation modes (e.g., bulk transport from the local settlements (buses etc).		
			Machine safety: the HSE Department appeared to have little influence or control on machine safety. Machine safety is reportedly managed by production and technical staff. For example, HSE personnel did not know how the emergency button worked on the machines. Machine maintenance, including machine safety function, is the responsibility of the production team, and the HSE team was not aware. The HSE team should therefore have more control on the safety aspects of machine operation and maintenance.		Hayat Kimya shall define the oversight of its HSE department in its ESMS. If matters relating to machine safety are to be delegated to other departments (for safety or technical reasons), the HSE team should still retain oversight ( <b>CAP #11; Medium Risk</b> )
			There are several areas with a high risk of falling: a first-floor balcony of the office area and a section on the upper platform of a production line did not have a guard rail to prevent fall from height;  Whilst there is frequent working at height at the Project, it has not established a procedure for safe work at height.  <i>See photolog #45 &amp; 46</i>		Hayat Kimya shall install guard rails at all locations where falls from height could occur ( <b>CAP #12; High Risk</b> )  A risk assessment to this effect should be undertaken for all routine areas of the factory ( <b>CAP #13; Medium Risk</b> )  Work at height rules shall be disseminated amongst the workforce and training provided to staff and contractors. Work at height shall be included in the induction process ( <b>CAP #14; Medium Risk</b> )
			During the visit to the Project potential confined spaces at the Project were		Establish a confined space entry procedure for the Project site with an

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
			identified (e.g., manholes and water tanks), however, the Company has not established a confined space entry procedure. Whilst "VN.PR.02.17_EN_0 CONFINED SPACE PROCEDURE.pdf" was provided as part of the ESMS, this document refers to wastewater and not to confined spaces. (It is noted that this was not identified in the ISO 14001/45001 audit.)		appropriate permit to work system ( <b>CAP #15; High Risk</b> )
			Whilst it was reported that the speed limit in the production area for forklift trucks is 10 km/hr, there is no signage to inform of such requirement, and forklifts were operated at speeds observed to be most likely exceeding the limit.		<ul style="list-style-type: none"> <li>- Provide signage notifying users of the area of the speed limit</li> <li>- Demarcate walkways within the production area to separate workers from forklift trucks</li> <li>- Include training on both for all staff.</li> </ul> <b>(CAP #16; Medium Risk)</b>
			Emergency exit signs were not installed on some emergency escape routes in the production area. (see photolog #27)		Undertake an audit of the emergency exits and install adequate signage where necessary ( <b>CAP #17; Medium Risk</b> )
			Safety certificates have not been obtained for the pressure vessels associated with the air compressors on-site (the certification process is planned to start in one to two months). (see photolog #30)		Obtain the necessary safety certification. ( <b>CAP #18; Medium Risk</b> )
			Oversight of contractors was noted to be lacking. For example, the contractors working at setting up the warehouse racks were observed to have unsafe work practices (unsafe electrical wiring and working at height without proper use of harnesses). (See photolog #45)		Enforce the contractor management procedure to ensure that contractors (and sub-contractors) meet the Company's health and safety expectations. ( <b>CAP #19; High Risk</b> )
			The following government-required occupational health and safety (OHS) training has not been delivered to workers. It is reportedly planned for December 2021 or when Covid-19 restriction eases up: <ul style="list-style-type: none"> <li>o First aid.</li> </ul>		Include these topics in the training matrix for 2022 and ensure staff are adequately trained on each topic as necessary. Additional training topics shall be included in the training matrix on gender-based violence, disease prevention,

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
			<ul style="list-style-type: none"> <li>o Firefighting.</li> <li>o General OHS.</li> <li>o Air compressor operators' training.</li> </ul>		safety, and emergency ( <b>CAP #20; Medium Risk</b> )
			<p>The following fire safety management measures have not been completed, as required by Vietnam Law. These are reportedly planned for December 2021 or when COVID-19 restrictions ease:</p> <ul style="list-style-type: none"> <li>o A firefighting plan has been developed internally but not yet approved by the local fire brigade.</li> <li>o The firefighting team has not been formally established (with a written decision by Company management).</li> <li>o No evacuation map has been posted at workplaces.</li> <li>o No lightning protection device testing has been performed.</li> <li>o No plan has been considered for fire drills.</li> </ul>		<ul style="list-style-type: none"> <li>- Seek approval from the local fire service for the draft firefighting plan</li> <li>- Develop and circulate an evacuation map to be displayed throughout the building(s)</li> <li>- Establish a team of fire wardens responsible for co-ordinating a response in the case of a fire (and covering relevant shifts)</li> <li>- Test the lightning protection system</li> <li>- Include in the ESMS a fire drill plan including a log for drills undertaken by the company and a minimum frequency.</li> </ul> <p>(<b>CAP #21; Medium Risk</b>)</p>
			<p>With respect to COVID-19 the Project has a policy of triple vaccinating its staff in line with the local government requirements and will provide repeat vaccinations in line with the policy of the Vietnamese government on the issue. 100% of employees have received three doses of the vaccine. Hayat Kimya follow the recommendations of the Ministry of Health, and these are being enforced and monitored by the HSE team. Any visitors, newcomers, suppliers, or contractor must be triple vaccinated and have negative COVID-19 test to enter the factory.</p>		None identified.

REF	REQUIREMENT	APPLICABLE STANDARDS REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION(S)
B	<i>Community Health &amp; Safety</i> Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimise, adverse impacts and risks to the health and safety of local communities.	Environmental Safeguard, Policy Principle 10  Decree No. 102/2017/ND-CP on registration of security measures	Impacts on local communities from the operation of the factory are not anticipated to be significant as the Project is not in close proximity to residential areas, the nearest residence is 1.2km from the Project.  There are currently no neighbouring properties to the Hayat Kimya in the industrial park.		None identified.
C	<i>Consumer Safety</i>	ADB SPS	In order to protect consumers Hayat Kimya uses a rigorous QAQC procedure. The QA team will quality control, testing, microbiological analysis, authorised product standards etc.		None identified.
<b>10 Physical Cultural Resources</b>					
	Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.	Environmental Safeguard, Policy Principle 11  Law on Cultural Heritages (28/2001/QH10) and Amendment (32/2009/QH12)	The Project has been constructed and the likelihood of encountering any physical cultural resources at this stage of development is considered to be unlikely.		None identified.

### 5.3 LAND ACQUISITION

The land lease agreement was signed between Hayat Kimya Vietnam and Becamex Binh Phuoc in February 2020. The lease amount was paid in six instalments with the latest payment made in December 2020. The lease provides Hayat Kimya with lot 19-A of the Becamex Binh Phouc Industrial Park, totalling 320,056.767 m<sup>2</sup> for the period up to 30 June 2065; a period of 45 years. Under the lease agreement there are various conditions placed upon the lessor (Becamex) and the lessee (Hayat Kimya) which are summarised as follows:

- The lessor shall:
  - Supply and maintain the internal road system between the lot and the main Highway 14;
  - Provide an electrical supply of 22 KV to the substation to be installed by the lessee;
  - Arrange the water supply with the authorised agency up to the perimeter of the lot, the lessor shall be responsible for connection into the factory;
    - The water supply shall be 200 m<sup>3</sup> per day during Phase 1 of operation rising to 1,300 m<sup>3</sup> per day for full production by 2025. The lessee is required to give two years' notice of the increase in demand for water;
  - Supply connectivity to the industrial park surface drainage system around the perimeter of the lot;
  - Supply telecommunication systems adjacent to the access road up to the perimeter of the land lot, the lessee shall be responsible for its own telecommunication system within the factory;
  - Provide security services for the area outside the land lot in the common areas of the industrial park;
- The lessee shall:
  - Maintain its own sewage system to treat wastewater from the factor to meet the level B standard as stipulated in Vietnamese Law before it is released into the common sewage system of the industrial park; The lessor shall maintain a sewage treatment facility that treats the incoming sewage from the lessee to level A standard according to Vietnam law prior to discharge. A fee schedule for this service is agreed in the lease.
  - The lessee is responsible for applying for the Land Use Right Certificate

The Land Lease document does not contain any details with regards to land clearance or land acquisition for the industrial park.

A Land Use Right Certificate for the Parcel No. 14 in Cadastral Map No. 159-a with an area of 320,056.7 m<sup>2</sup> of “industrial zone land” in Minh Thanh commune, Chon Thanh district, Binh Phuoc province was granted to Hayat Kimya Vietnam Co. Ltd. on 1 June 2021, with an expiration date of 30 June 2065.



It should be noted that the parcel where the Project is located is within an industrial park being developed by Becamex Binh Phuoc. The industrial park is one component of the Becamex Binh Phuoc Industrial and Residential Complex Project. It has a total area of 4,600 ha, of which approximately 2,400 ha is designated for industrial development. The remainder 2,200 ha is reserved for services (e.g., roads, pipelines, utilities, etc.) and for residential land. According to media reports<sup>6</sup>, the entire development is being implemented in four phases and started in 2015. According to the phasing map<sup>7</sup>, the lot upon which Hayat Kimya is located in the area of Phase 2. There is no information relating to the land acquisition for the land area on which the parcel of Hayat Kimya is located available on the public media.

According to the Binh Phuoc Information Portal<sup>8</sup>, there have been issues related to the land acquisition process for the development. As of June 2021, only 18% of the total area for the Complex had been approved for compensation. It should be noted that since Hayat Kimya was already granted a Land Use Right Certificate for industrial land for its parcel, and it is assumed that Becamex Binh Phuoc has already completed the land acquisition process for the land area including that parcel. Hayat Kimya confirmed this is the case during the teleconference with IBIS on 16 December 2021. There is no information on the previous owner of the land area of Hayat Kimya's parcel, however, based on the map in the land use right certificate, it is likely that the land was previously under management of Song Be Rubber Co. From the historical satellite imagery, the Project site area was previously a rubber plantation, with no residential houses identified prior to clearance. As such it is not likely that there has been any physical or economic displacement due to land acquisition for this parcel specifically.

It is understood that there were no occupants or structures, formal or informal land users, or any economic activity at the Project area at the time Hayat Kimya's assumed control from BPIP, thus, the lease has not resulted in the physical and economic displacement of any residents, formal or informal land users. Hayat Kimya was not involved in any land acquisition or negotiation activities and has stated that it does not intend to acquire any additional land for its operations. Its current leased lot has existing undeveloped land that is available for future development of the Project when it expands to the full production capacity that was permitted during the EIA process. Any land acquisition related issues, concerns, and complaints that may arise will be managed by the Becamex-Binh Phuoc Industrial Park, and it is considered unlikely that this represents a significant reputational risk to Hayat Kimya (or its partners).

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<sup>6</sup> <https://crownland.vn/du-an-becamex-binh-phuoc-giai-doan-2-sap-hoan-thanh>

<sup>7</sup> <https://becamexbinhphuoc.vn/ban-do-khu-cong-nghiep-becamex-binh-phuoc-toan-tap.html>

<sup>8</sup> <https://binhphuoc.gov.vn/vi/news/tin-noi-bat/trong-nam-2021-phai-giai-phong-xong-mat-bang-du-an-khu-cong-nghiep-va-dan-cu-becamex-binh-phuoc-24825.html>

Hayat Kimya has confirmed that documentation can be requested from the Becamex Binh Phuoc with respect to the compensation process, however, this will require a timeline outside of the timings of this Assessment.

## 5.4 INDIGENOUS PEOPLES AND ETHNIC MINORITIES

The Project is located at Minh Thanh Commune, Chơn Thành District, Binh Phuoc Province. Binh Phuoc Province is home to 41 ethnic minority groups; Kinh people account for 82.1%, other ethnic group account for 17.9% of the total population of the province. Chơn Thành itself has a population of around 80,560 with a density of 161 per km<sup>2</sup>. 15 ethnic minority groups<sup>9</sup> reside in Chơn Thành District such as Kinh, Stieng, Khmer, Tamum, Châu, Hoa representing around 7.6% of the population. Minh Thanh commune is known to have 3 ethnic minority groups living scattered. The nearest ethnic residential households is 1.2 km away.

There were no socio-cultural group, Indigenous Peoples, or members of any ethnic minority groups utilising the Project area when Hayat Kimya took over. According to the information gathered from leader of Minh Thanh commune in July 2020, the Project area is not an ancestral land or domain, or is being claimed to be one. The Project will not result to any physical displacement from traditional or customary lands, nor will it result to the commercial development of natural resources within customary lands. The Project will not impact the livelihood, cultural, and spiritual resources and knowledge of any Indigenous Peoples or ethnic minority groups.

Any issues, concerns, and complaints that will arise later on in relation to impacts to Indigenous Peoples and/or ethnic minority groups as a result of the acquisition of the area for the industrial park are anticipated to be handled by the Becamex-Binh Phuoc Industrial Park, and it is unlikely that this would pose a significant reputational risk to Hayat Kimya (and its partners).

Based on the available information gathered, the Becamex-Binh Phuoc Industrial park, through Decision No. 2793/QĐ-UBND dated 22 December 2008; investment certification decision 44221000072 dated 29 December 2008, was formed and was awarded a total of 4,600 ha (phase 1: 2000 ha, phase 2 :2600 ha) by the government. Land acquisition by Becamex commenced in 2016 and has continued until the writing of this report. The current location of the Project was previously under the management of Song Be Rubber Co and was previously a rubber plantation. In 2020, Hayat Kimya signed a Land Lease Agreement for the lot it occupies in the industrial park. The lot was already cleared of any structures or rubber trees. Hayat Kimya has not been involved in any negotiations

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<sup>9</sup> Information taken from <https://vansudia.net/gioi-thieu-khai-quat-huyen-chon-thanh/>

on land acquisition with Song Be Rubber Co. or other former land users or occupants, and is not aware of any issues on compensation, or impacts to former land users, and ethnic minorities groups.

Hayat Kimya has contributed to generating jobs to more than 200 employees and is expected to increase to almost a thousand once fully operational. Currently, 85 of its workers are renting rooms in nearby villages, thus contributing to adding to the income of the room owners. 8% of its workers are members of ethnic minority groups. Based on anecdotal information gathered during the site visits, the Project had positive impacts on the community in the form of employment and the use of services in the Project locale. There is no known instances of the Project creating negative impacts to the ethnic minority communities, livelihoods, or culture.

## 5.5 LABOUR CONDITIONS AND GENDER DIMENSIONS

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
<b>1</b>	<b>Child Labour</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	ADB's Social Protection Strategy (2001) IFC PS2	Based on observations conducted during the visit, no signs or evidence of child labour or young workers were identified at the Project. According to the HR Manager, the minimum age of workers employed by Hayat Kimya is 18 years or above and the recruitment officers will check the age of the applicants when processing the applications to ensure that no applicants under 18 years-old is considered for job interview. The ILR also sets the minimum age of 18 years old as a criterion for employment.		None Identified

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
<b>2</b>	<b>Forced Labour</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) IFC PS2	Based on observations conducted during the site visit, no signs or evidence of forced labour identified at the Project.  A policy with respect to forced labour is contained within the Hayat Kimya company rules.		None Identified
<b>3</b>	<b>Payment of Wages</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) IFC PS2	For direct employees, the minimum wage is VND5,100,000 per month (exclusive of benefits and allowances) which is higher than the minimum wage set by the Government for Chon Thanh district, Binh Phuoc province (which is classified as Zone 2 with a minimum wage set at 3,920,000 VND per month). According to the Recruitment Procedure, the Company commits to equal opportunity regardless of language, religion, race, or gender to compete for employment. Recruitment is based on merit and qualification only, and there is no different in salary between male and female workers working the same job.		None Identified

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
			<p>According to the HR Manager, formal employment contracts are established for all workers, as required under Vietnamese Law. Sample copies of a general labour agreement for direct workers and indirect workers were provided for review. The general labour agreement provides general employment and labour policies, including working hours, salary and bonus, leaves. Other aspects are referenced to the applicable requirements in the Labor Code of Vietnam and the ILR.</p> <p>IBIS spot checked payslips as part of the site visit. All employees are provided with a sheet that list out all of the salary (including any overtime) and allowances and deductions each month prior to payment. All overtime on the records reviewed had been paid.</p>		
<b>4</b>	<b>Working Hours and Overtime</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d)	Social Protection Strategy (2001) IFC PS2	<p>Currently there are approximately 220 employees of the Company. Core working hours are 6 days per week (Mon – Sat), 8 hour per day. The starting – ending times vary depending on the role and the work time is clearly stated in the Internal Labour Regulations (ILR).</p> <p>Reportedly the overtime limits have been exceeded in the past year due to the inability to recruit staff during the COVID-</p>		Hayat Kimya shall maintain a record of overtime worked such that it does not exceed the statutory limits under Vietnamese Law nor the guidance from ILO on number of working hours. <b>(CAP #22; Low Risk).</b>

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
	elimination of discrimination in respect of employment and occupation.		19 pandemic, as a measure to ensure that production rates were maintained.		
<b>5 Non-Discrimination and Equal Opportunity</b>					
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) IFC PS2	<p>Hayat Kimya reported that it operates an equal opportunity workplace, in addition to receiving entitlements specifically for female employees as required under Government regulations (e.g., maternity leave). Reportedly the Company will provide annual health checks for its employees (as the factory has been operated for only four months, the first annual health checks is not due yet). All workers are provided with standard social insurance, health insurance, unemployment insurance and accident insurance as required by Vietnamese law. This is set out in the labour regulations of Hayat Kimya.</p> <p>With respect to the demographics of the workforce:</p> <ul style="list-style-type: none"> <li>• Labour directly to indirectly involved in production is a ratio of 85:15;</li> <li>• Labour directly involved in production female to male ratio is 28:72;</li> <li>• Labour indirectly involved in production female to male ratio is 37.5:62.5; and</li> <li>• Currently 8% of the workforce is from ethnic minority groups.</li> </ul>		None Identified

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
<b>6</b>	<b>Freedom of Association</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) Vietnamese Law IFC PS2 Para 13-14	Reportedly a trade union has been established to manage and protect workers' rights. It is reported that however the collective labour agreement has not yet been developed (as required by law), due to the Covid-19 situation. Reportedly the collective labour agreement will be developed and signed in 2022. A draft of this document was shared with IBIS for review, however, it is yet to be endorsed by the trade union.		Hayat Kimya shall finalise its collective labour agreement .as soon as reasonably practicable ( <b>CAP #23; Medium Risk</b> ).
<b>7</b>	<b>Worker Accommodation</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) IFC / EBRD Guidelines on Workers Accommodation	Not applicable. The Project does not provide accommodation for workers.		None Identified



REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
8	<b>Supply Chain Management</b>				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labour Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001) IFC PS2	<p>The Project uses the Parent Company Supplier Selection and Evaluation Procedure (PR.GLB.08-001). Local purchasing departments and local quality management teams are responsible for the evaluation of suppliers from which purchases are made directly (excluding service suppliers).</p> <p>The procedure does not include any evaluation of E&amp;S as part of its evaluation criteria.</p>		Hayat Kimya shall include an evaluation of the E&S performance of its suppliers where there is considered to be a potential risk relating to E&S issues based on the product, the jurisdiction from which the supplies are sources and the industry. <b>(CAP #24; Low Risk).</b>

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
9	<b>Gender</b>				
	<p>The policy recognises the need to improve the status of women and to promote their potential role in development practices. The strategy of the policy is based on the consideration of social justice and gender equity that investment in women is vital to achieving economic efficiency and growth. The key elements of the policy relate to the following:</p> <p>Gender Sensitivity: Focuses on how the operations of the project proponent will affect women and men, and to take into account women's needs and perspectives in planning its operations.</p> <p>Gender Analysis: Focuses on the systematic assessment of the impact of a project on men and women, and on the economic and social relationship between them.</p> <p>Gender Planning: Focuses on specific strategies that aim to bring about equal opportunities for men and women.</p> <p>Gender Mainstreaming: Focuses on the consideration of gender issues in all aspects of the project proponent's operations, accompanied by efforts to encourage women's participation in the decision-making process in development activities.</p>	Gender and Development Policy (1998).	Regulations for female workers are specifically mentioned in the ILR and will be implemented according to Labour Code 2019 and Decree No. 85/2015 / NDCP dated 1st October 2015, which also covers elements of female workers' entitlements and benefits (including for pregnancy and maternity). Whilst no sexual harassment policy has been formally developed or established by Hayat Kimya, there is a section in the ILR dedicated to prevention and response to sexual harassment. The provisions include guidance on reporting of and the response process to alleged sexual harassment cases, and responsibility of employees as well as the Company related to anti sexual harassment. The process also accounts for protection of the identity of the victim as necessary. The HR manager indicated that prohibition of sexual harassment is regularly communicated to all workers within the company and no sexual harassment cases have ever been raised or reported.		None Identified

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
	Agenda Setting: Focuses on the formulation of strategies to reduce gender disparities and in developing plans and targets for women's and girls' education, health, legal rights, employment, and income-earning opportunities.				

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
<b>10</b>	<b>Grievance Redress Mechanism</b>				
	<p>Establish and maintain a grievance redress mechanism to receive and facilitate resolution of stakeholders concerns and grievances regarding the projects.</p> <p>The grievance redress mechanism should be scaled to the risks and impacts of the project. It should address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all stakeholders.</p>	<p>ADB Safeguards 1: Environmental, 2: Involuntary Resettlement and 3: Indigenous Peoples</p> <p>IFC PS2</p>	<p>As part of its ESMS, the Project has a communication procedure (with both internal and external stakeholders). Employees at all levels are encouraged to report problems related to the HSE aspects and to offer suggestions on how to improve performance. Notably there was no documented grievance mechanism in place at the Project as is required by the Applicable Standards namely IFC PS2. The grievance mechanism should be made available to all staff in easily understandable language. It should set out the process that will be executed by the Project should a grievance arise including timings and actions to be taken by both sides. Submissions of grievances shall be without retribution and options to submit should be in a variety of formats (e.g., calls, written, emails).</p>		<p>Develop a GRM in line with the requirements of IFC PS2 (<b>CAP #25; Medium Risk</b>).</p>
<b>11</b>	<b>Retrenchment</b>				
	<p>Prior to implementing any collective dismissals, the client will carry out an analysis of alternatives to retrenchment. If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the client's consultation with workers, their</p>	<p>IFC PS2</p> <p>Vietnamese Law</p>	<p>According to the HR manager, the Company is in expansion, as such there is no foreseeable retrenchment. Based on currently available documented information, no retrenchment policy or employment termination related policy has been sighted. According to the <i>Labour Code</i>, an employer has a legal responsibility to implement labour requirements stipulated in the <i>Labour Code</i> in the event of a unilateral termination of employment contract or retrenchment in case of changes in</p>		<p>None Identified</p>

REF	REQUIREMENT	REFERENCE	COMMENTARY/ FINDINGS	RISK RANKING	CORRECTIVE ACTION
	<p>organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. The client will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations.</p> <p>The client should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.</p>		<p>structure, technology or due to economic reasons. The contract and the ILR also make reference to these requirements in the <i>Labor Code</i></p>		

## 6 CONCLUSION AND CORRECTIVE ACTION PLAN

This section summarises the proposed list of corrective actions that should be undertaken by the Company to address the gaps against the Applicable Standards identified in Sections 4 and 5. The proposed CAP is provided in the table below, along with proposed timelines and specific action items. Where “financial close” is indicated this is after signing of the legal agreement with the lenders and when all conditions precedent have been met.

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
Corporate Audit Findings							
1.	E&S Policy: At Parent Company level, a Health and Safety Policy is accessible online. It describes the Parent Company HSE management objectives, policy and principles and is endorsed by the group CEO. A site-specific policy of this nature was not provided however the group version is reportedly cascaded down to individual sites.	Low	ADB SPS IFC PS1	Hayat Kimya, Minor Costs	Prior to the first disbursement	E&S policy and objectives published via the Company internet.	
2.	ESMS to be updated in line with the comments made in Table 8-2 of the ESDD report “0290-2235 Hayat Kimya ESDD 21 APR 22_OUT”.	High	ADB SPS IFC PS1	Hayat Kimya, Minor Costs	Prior to disbursement	Revised ESMS document.	
3.	There is no written policy or procedure with respect to the approach to assessing E&S issues for developmental projects in Vietnam. It is not anticipated that Hayat Kimya Vietnam will expand, however should an additional facility be planned in future it is considered necessary to align it	Low	ADB SPS IFC PS1	Hayat Kimya, Minor Costs	Prior to the first disbursement	Hayat Kimya to add a policy document and/or procedure to its ESMS with respect to new developments or acquisitions committing	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIED WITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY & BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	<p>with the requirements of lenders including:</p> <ul style="list-style-type: none"> <li>• Evaluation against the prohibited investment activity list (PIAL) of ADB and exclusion of list of DEG;</li> <li>• Categorisation with respect to environmental, involuntary resettlement and indigenous peoples impacts in Vietnam; and</li> <li>• Environmental and Social Impact Assessment which follows host country regulations and the additionality of the IFC PS and WBG EHS guidelines.</li> </ul> <p>There is a reserved area within the current area of land leased of the Project which is reserved for expansion of the current production however this has already been assessed as part of the EIA.</p>					the company to evaluate the environmental and social impacts of the projects in line with the Applicable Standards of the lender group as part of the ESMS.	
4.	Training: HK to prepare and execute an annual training plan for all staff on the implementation of the ESMS and procedures for the duration of ADB and DEG's loan repayment period.	Low	ADB SPS Training Requirements	Hayat Kimya, Minor Costs	Annually	Annual Training Plan Annual training records/log of relevant ESMS training	
5.	Monitoring and Reporting: Hayat Kimya to agree a suitable format for the dissemination of information to the lenders for periodic monitoring of Project specific information. Annual reports will be disclosed on ADB's website.	Low	ADB SPS Training Requirements	Hayat Kimya, Minor Costs	Template agreed with lenders prior to commitment; Submit reports annually within	Agreed template; Disclosure of annual Environmental and Social Monitoring Reports	



NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIED WITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY & BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
					the timeframe set out in the agreement		
6.	Updated ESMS key performance indicators (KPIs) and monitoring approach for the key environmental impacts and risks: waste, wastewater, health and safety, emissions, and noise.	Low	ADB SPS	Hayat Kimya	Prior to the first disbursement	Updated KPIs Monitoring plan	
7.	Develop a plan to promote waste reduction in line with good practice waste management in the ESMS. The plan will include a longer-term approach for improved waste management and recycling of packaging and products across product lines, distribution, and consumer disposal.	Low	ADB SPS GIIP	Hayat Kimya	Initial concept and approach prior to commitment.  Full plan within 6 months of Financial Close	Concept and approach for the waste reduction plan  Full waste reduction plan	
<b>Environmental and Social Compliance Audit Findings</b>							
8.	Environmental and social management system: Address the minor non-conformities stated in the BSI Assessment Report relating to the following topics: <ul style="list-style-type: none"> <li>• Staff competencies</li> <li>• Compliance obligations</li> <li>• Planning</li> <li>• Legal Register</li> <li>• Leadership</li> </ul>	Low	ADB SPS Environmental Planning and Management; IFC PS 1	Hayat Kimya, Minor Costs	Within 6 months of Financial Close	Updated ESMS	Closed

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIED WITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY & BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
9.	Hayat Kimya to maintain ISO 14001 and ISO 45001 certifications	medium	DEG	Hayat Kimya Minor Costs	Annually	Copies of valid certificates for ISO 14001 and 45001, together with the annual E&S monitoring to ADB and DEG	Ongoing monitoring.
10.	Hayat Kimya shall implement a waste log to record the waste it produces and maintain hazardous waste manifest in line with Vietnam Law.	Low	Vietnam Law	Hayat Kimya, Minor Costs	In line with any waste transfers Prior to the first disbursement	Non-hazardous and Hazardous waste log	
11.	Hayat Kimya shall include as part of its ESMS a programme of third-party audit of the waste management facilities it uses for the disposal of hazardous and non-hazardous wastes commensurate with the tonnages it sends to the various disposal sites using a risk-based approach.	Low	IFC PS3 WBG EHS Guidelines GIIP	Hayat Kimya, Minor Costs	Annually	Third Party Waste Audit Report(s)	
12.	Hazardous materials storage: Install secondary containment at the location of the above-ground diesel storage tank at the firewater pump house at 125% of the capacity of the tank.	Low	WBG EHS General Guidelines for hazardous materials storage	Hayat Kimya, Minor Costs	As soon as practicable, no later than 12 months from financial close	Installation of secondary containment	
13.	GHG Emissions: Hayat Kimya to agree with the lenders if standalone GHG emissions for the Vietnam factory are necessary as part of periodic reporting. If so, establish a GHG inventory for the Project in line with the GHG Protocol and include this data where relevant in the	Low	ADB SPS SR1; IFC PS3	Hayat Kimya, Minor Costs	Annually	GHG Inventory	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	annual reporting.						
14.	Traffic Safety: Hayat Kimya shall undertake a travel risk assessment for workers travelling to and from the Project to determine if any unacceptable risks to safety exist and if any control measures can be added to prevent accidents or other incidents.	Medium	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety; IFC PS4 Community Health and Safety	Hayat Kimya, Minor Costs	3 months from financial close	Traffic and Travel Risk Assessment	
15.	Machine Safety: Hayat Kimya shall define the oversight of its HSE department in its ESMS. If matters relating to machine safety are to be delegated to other departments (for safety or technical reasons), the responsible persons should be shown in the organisation structure with a dotted line to the HSE function	Medium	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	3 months from financial close	Inclusion in ESMS / Organisation Chart	
16.	Working at Height: Hayat Kimya shall install guard rails at all locations where falls from height could occur.	High	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 1 month from financial close	Photographic evidence to be submitted to Lenders	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
17.	Working at Height: A risk assessment to this effect shall be undertaken for all routine areas of the factory.	Medium	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 3 months from financial close	Risk assessment to be prepared for all work at height activities	
18.	Working at Height: Work at height rules to be disseminated amongst staff and contractors (including as part of site induction)	Medium	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 3 months from financial close	Training Records	
19.	Confined space entry: While there are many potential confined spaces at the Project (manholes, water tanks), the Company has not established a confined space entry procedure. VN.PR.02.17_EN_0 CONFINE SPACE PROCEDURE.pdf was provided as part of the ESMS however this document refers to wastewater not confined space. This was not identified in the ISO 14001/45001 audit.	High	ADB SPS SR1 Health and Safety; IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 1 months from financial close	Documented procedure and training records	
20.	Speed limit and worker segregation: While it was reported that the speed limit in the production area is 10 km/hr, there is no signage to inform of such requirement, and	Medium	ADB SPS SR1 Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 3 months from	Photographic evidence of signage and demarcation of safe areas.	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	<p>forklifts were operated at speeds observed estimated to be exceeding the limit. Hayat Kimya Shall:</p> <ul style="list-style-type: none"> <li>• Provide signage notifying users of the area of the speed limit</li> <li>• Demarcate walkways within the production area to separate workers from FLT's</li> <li>• Include training on both for all staff.</li> </ul>		IFC PS2 Worker Health and Safety;		financial close	Documented procedure and training records.	
21.	Emergency preparedness and response: Emergency exit signs were not installed on some emergency escape routes in the production area. Hayat Kimya shall undertake an audit of the various emergency exits and install adequate signage where necessary	Medium	ADB SPS SR1 Health and Safety;  IFC PS2 Worker Health and Safety;	Hayat Kimya, Minor Costs	As soon as practicable, no later than 3 months from financial close	Photographic evidence of signage and demarcation of safe areas.	
22.	Safety certification: Safety certificates have not been obtained for the pressure vessels associated with the air compressors on-site (the certification process is planned to start in one to two months).	Medium	IFC PS3 Hazardous Material Storage;  WBG EHS General Guidelines	Hayat Kimya, Minor Costs	As soon as practicable, no later than 3 months from financial close	Certification	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIED WITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY & BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
23.	Contractor Management: Oversight of contractors was lacking. The contractors working at setting up the warehouse racks were observed to perform unsafe work practices (unsafe electrical wiring and working at height without proper use of harness). Enforce the contractor management procedure to ensure that contractors (and sub-contractors) meet the Company's health and safety expectations	High	ADB SPS SR1 Health and Safety;  IFC PS2 Worker Health and Safety;  IFC PS 2 Contractor Management	Hayat Kimya, Minor Costs	As soon as practicable, no later than 1 months from financial close	Induction records; Training records Audit Records	
24.	H&S Training: The following government-required occupational health and safety (OHS) training has not been delivered to workers. It is reportedly planned for December 2021 or when Covid-19 restriction eases up: <ul style="list-style-type: none"> <li>o First aid.</li> <li>o Firefighting.</li> <li>o General OHS.</li> <li>o Air compressor operators training.</li> </ul> <p>Additional training topics shall be included in the training matrix on gender-based violence, disease prevention, safety, and emergency.</p> <p>Hayat Kimya shall include these topics in the training matrix for 2022 and ensure staff are adequately trained on each topic</p>	Medium	Vietnamese Law	Hayat Kimya, Minor Costs	As soon as practicable, and prior to the first disbursement	Training records	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	as necessary.						
25.	<p>Emergency Preparedness and Response: The following fire safety management measures have not been completed, as required by regulations. These are reportedly planned for December 2021 or when COVID-19 restrictions ease:</p> <ul style="list-style-type: none"> <li>○ A firefighting plan has been developed internally but not yet approved by the local fire brigade.</li> <li>○ The firefighting team has not been formally established (with a written decision by company management).</li> <li>○ No evacuation map has been posted at workplaces.</li> <li>○ No lightning protection device testing has been performed.</li> </ul> <p>No plan has been considered for fire drills.</p> <p>Hayat Kimya shall:</p> <ul style="list-style-type: none"> <li>- Seek approval from the local fire</li> </ul>	Medium	Vietnam Law ADB SPS SR1 IFC PS1 Emergency Preparedness and Response	Hayat Kimya, Minor Costs	As soon as practicable, no later than Prior to the first disbursement	Documentation as specified Approval from local fire service.	



NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	<p>service for the draft firefighting plan</p> <ul style="list-style-type: none"> <li>- Develop and circulate an evacuation map to be displayed throughout the building(s)</li> <li>- Establish a team of fire wardens responsible for co-ordinating a response in the case of a fire</li> <li>- Test the lightning protection system</li> <li>- Include in the ESMS a fire drill plan including a log for drills undertaken by the company and a minimum frequency.</li> </ul>						
26.	<p>Hayat Kimya shall maintain a record of overtime worked such that it does not exceed the statutory limits under Vietnamese Law nor the guidance from ILO on number of working hours.</p> <p>Hayat Kimya to initiate hiring of additional manpower based on requirement of current operations.</p>	Low	Vietnamese Law ILO Guidelines on Workers Hours	Hayat Kimya, Minor Costs	<p>Prior to first disbursement</p> <p>Upon lifting of government restrictions related to COVID-19</p>	<p>Record of workers hours</p> <p>Number of manpower per operation requirement reached</p>	

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
27.	Reportedly a trade union has been established to manage and protect workers' rights. It is reported that however the collective labour agreement has not yet been developed (as required by law), due to the Covid-19 situation. Reportedly the collective labour agreement will be developed and signed in 2022. A draft of this document was shared with IBIS for review however it is yet to be endorsed by the trade union.  Hayat Kimya shall finalise its collective labour agreement .as soon as reasonably practicable	Low	Social Protection Strategy (2001)  Vietnamese Law  IFC PS2 Para 13-14	Hayat Kimya, Minor Costs	As soon as practicable, no later than 6 months from financial close	Signed agreement with the trade union.	
28.	Internal Grievance Mechanism Employees at all levels are encouraged to report problems related to the HSE and to offer suggestions on how to improve performance. Notably there was no documented grievance mechanism in place at the Project as is required by the Applicable Standards namely IFC PS2. The grievance mechanism should be made available to all staff in easily understandable language. It should set out the process that will be executed by the Project should a grievance arise including timings and actions to be taken by both	Medium	ADB SPS IFC PS2 Grievance Mechanism	Hayat Kimya, Minor Costs	As soon as practicable, and as a minimum prior to first disbursement.	Written grievance procedure	

## CONCLUSION AND CORRECTIVE ACTION PLAN

NO.	ACTION/MEASURE	PRIORITY* (HIGH, MEDIUM, LOW)	REQUIREMENT BEING COMPLIEDWITH  (NATIONAL LEGISLATION, ADBSPS, DEG E&S, GIIP*)	RESOURCES (RESPONSIBILITY &BUDGET)	TIMEFRAME/ TARGET DATE	PERFORMANCE INDICATOR  /MONITORING REQUIREMENT	STATUS/ REMARKS
	sides. Submissions of grievances shall be without retribution and options to submit should be in a variety of formats (e.g., calls, written, emails). There is no documented workers grievance mechanism in place for the Project as part of its ILR.						
*Minor costs indicate that the issue can be rectified for less that USD 100,000.							

## 7 DEVELOPMENT IMPACT

The following table describes the developmental impact of the Project based on indicators provided in the ToR.

INDICATOR	IMPACT
Identify the CO2-e offset which the Company may have (e.g., renewable energy offset thermal generation);	Not applicable, the Company does not have any located on-site and is reliant on the national grid for the main source of power. It will be a net contributor of GHGs
How many jobs can be created through current and proposed activities for men and women	Current employment levels are reportedly around 220. According to the EIA, at maximum production capacity it is anticipated that the number of employees will rise to 277. The Project site also has reserved land for further production expansion and when the full expansion of the Project site is undertaken the operations are expected to employ over 1,000 workers. According to the Project around 59% of the staff to-date have been recruited from local communities.
A brief discussion on the socio-economic benefits of the subprojects that contribute to poverty reduction	There are no subprojects. Not applicable.
Opportunities for enhanced economic development and environmental and social sustainability related to the Company's business.	The Project site has a reserved land of 216,445 m <sup>2</sup> for the future expansion phase which would bring further employment opportunities to the area. The Project currently employs a total of 220 employees. Phase 1 will employ a total of 277 employees and when the full expansion of the operations is undertaken it is expected to employ over 1,000 workers

The following are positive impacts from the Project to the local community:

- Hayat Kimya uses the local community for amenities and supplies including food, water, stationery, collection domestic waste, collection, and treatment non-hazardous and hazardous waste. The total spend is around VND400 million per month;
- It also uses local accommodation for some staff, around 85 rooms are currently rented in the local community; and
- In the process of hiring staff, it has recruited around 59% of its employees from the local community.

The Project has yet to embark upon CSR activities, however, it is planning to start a CSR programme in due course.

## 8 TERMS OF REFERENCE FOR SUPPLEMENTARY STUDIES

### 8.1 ADDITIONAL STUDIES TO COMPLEMENT THE IMPACT ASSESSMENT PROCESS

#### 8.1.1 Environmental

With respect to the EIA that was prepared for the Project IBIS concludes that there are no significant assessment gaps that need to be filled. The Project was assessed under the Vietnamese EIA for impacts to or from air quality, noise, waste management and wastewater during operation. The EIA also sets out management plans for those topics.

Based on the description of the operation of the Project, its operation there are no significant direct environmental impacts at the Project site, and it is noted that key environmental impacts are wastewater production, hazardous and non-hazardous wastes.

The EIA for the wider industrial park has assessed environmental impacts from the maximum occupancy of the park and developed environmental protection measures (e.g., wastewater treatment facilities).

With respect to the impacts to biodiversity, the land prior to development was modified habitat consisting of rubber plantation. Based on this and the project setting the likelihood of the project having impinged on critical habitat is low. Any further studies to prove this (or otherwise) are unlikely to be conclusive.

The Environmental Monitoring and Management Programme (EMMP) is defined in Section 5 of the EIA. The programme is designed for both the construction and operational phases of the Project. As the construction phase is complete for the current development, IBIS has only provided commentary on the operational phase provisions. *Table 8-1* below is an extract of the operational phase EMMP from the EIA for the Project which describes the proposed mitigation measures, based on the assessed impacts from the EIA. The mitigation proposed is, in the main, general guidance that would be typical for any industrial setting. For example, dust from vehicles, hazardous wastes from maintenance, noise impacts, wastewater, accident and emergency are all typical issues faced in an industrial setting of this nature and the evaluation of the management systems that are being certified to ISO 14001 and 45001 show that Hayat Kimya has put in place adequate management provisions to address the impacts highlighted in the EIA.

**Table 8-1: Extract of the EMMP for the Operation Phase**

ACTIVITIES OF PROJECT	ENVIRONMENTAL IMPACTS	ENVIRONMENTAL PROTECTION WORKS AND MEASURES
Import of raw materials, materials, and	Dust, emission, noise from vehicles.	<ul style="list-style-type: none"> <li>- Periodically check and maintain vehicles, machines, and equipment.</li> <li>- Irrigate the internal road yard to reduce dust emission.</li> </ul>

ACTIVITIES OF PROJECT	ENVIRONMENTAL IMPACTS	ENVIRONMENTAL PROTECTION WORKS AND MEASURES
export of goods.		<ul style="list-style-type: none"> <li>- Use specialised vehicles, do not transport overload.</li> <li>- Limit the concentration of vehicles at the same time. Do not start the engine during loading and unloading. Vehicles must move slowly within the plant premises.</li> </ul>
	Grease-stained rags. Oil residues. Waste oil containers.	Classify, collect, store and contract with the unit with the function of treatment in accordance with regulations.
	Noise	<ul style="list-style-type: none"> <li>- Periodically check and maintain vehicles, machines, and equipment.</li> <li>- Vehicles entering and leaving the project area must comply with regulations.</li> <li>- Equipped with noise cancelling plug for workers working in the plant</li> <li>- Arrange machinery and equipment in a reasonable manner.</li> </ul>
Product manufacturing process	Dust, emissions from the operation of the backup generator	Install a backup generator with capacity of 1,000 kVA, with an exhaust pipe with height H=4.6m, pipe diameter D=250mm
	Dust arising from the process of grinding the pulp core	Install 03 drum mounted dust collectors, respectively, at the production line of ordinary diapers, nappy pants, and sanitary napkins. Filter core diameter D. 2,438mm, filter layer thickness 20-30mm.
	Floor cleaner	According to the internal collection pipe of the plant, connected to the local wastewater treatment system 80 m <sup>3</sup> /day and night
	Ordinary industrial solid waste	<ul style="list-style-type: none"> <li>- Classify and store in scrap storage areas of 141 m<sup>2</sup>.</li> <li>- Use the waste packing machine to pack the scrap paper block and sell it to the purchasing unit.</li> <li>- Components that cannot be reused shall be contracted with a unit having collection and treatment function.</li> </ul>
	Hazardous waste: waste oil, ink-stained rags, leaking lotion, etc.	<ul style="list-style-type: none"> <li>- Collect, classify, and store in hazardous waste storage with an area of 234 m<sup>2</sup>.</li> <li>- Contracts with unit with collection and treatment functions, the frequency of treatment is about every 3 months.</li> <li>- Register the hazardous waste source owner number.</li> </ul>
	Noise	<ul style="list-style-type: none"> <li>- Arrange reasonable production area.</li> <li>- Equip workers with necessary labour protection equipment.</li> <li>- Periodically maintain machinery and equipment, replace damaged parts causing noise.</li> </ul>
	Labour accidents	<ul style="list-style-type: none"> <li>- Comply with occupational safety.</li> <li>- Equip labour protection equipment.</li> <li>- Develop labour safety regulations for each production stage.</li> <li>- Train workers on occupational hygiene and safety and guide labour protection before going to work.</li> <li>- Organize periodic occupational medical examination for workers (respiratory diseases; hearing and vision impairment; etc.)</li> </ul>
	Fuel and chemical leaks	<ul style="list-style-type: none"> <li>- Chemicals are clearly labelled.</li> <li>- Check the tightness of liquid containers and tanks to detect leaks in a timely manner.</li> </ul>

ACTIVITIES OF PROJECT	ENVIRONMENTAL IMPACTS	ENVIRONMENTAL PROTECTION WORKS AND MEASURES
		<ul style="list-style-type: none"> <li>- Avoid strong impacts during loading and unloading of materials.</li> <li>- Equip workers with personal protective equipment.</li> <li>- Items with a high risk of chemical leakage must have a spill-proof design, recovery grooves as well as comply with other regulations.</li> <li>- Develop procedures to prevent and respond to incidents for each phase.</li> </ul>
	Fire incidents	<ul style="list-style-type: none"> <li>- Comply with regulations on fire prevention and fighting.</li> <li>- Construct items with high risk of fire and explosion in accordance with regulations, the correct distance according to regulations.</li> <li>- Build fire alarm and fire prevention and fighting systems.</li> <li>- Coordinate with fire prevention and fighting authority to train workers.</li> </ul>
Staff's domestic activities	Wastewater from the toilet.	Treated through a three-compartment septic tank, leading to the local wastewater treatment system of the project, and then connected to the central wastewater treatment plant of Becamex-Binh Phuoc Industrial Park.
	Ordinary industrial solid waste from domestic processes.	<p>Equipped with 100-120 litre garbage containers suitable for each location.</p> <p>Contract with the garbage collection unit of the transportation area for daily treatment.</p>
Rainwater runoff	-	<p>Construct D800mm reinforced concrete rainwater harvesting ditch, total length about 1,200m</p> <p>300x300 mm-sized gutter harvesting rainwater from plant roof leading to the ground by PVC pipe with Ø114mm.</p> <p>On the rainwater harvesting system, there is a manhole for sedimentation, rainwater is connected to the common rainwater harvesting system of Becamex-Binh Phuoc Industrial Park.</p>

### 8.1.2 Social

With respect to social impacts from the Project it is considered that there are no significant residual issues. In particular, with respect to land acquisition, this was undertaken as part of the wider industrial park development and therefore outside of the control of the Company. Reportedly the process and disbursement of compensation has been completed however, anecdotal information from the surrounding community suggests that there may some dispute in this regard (e.g., that some affected persons may be awaiting payment).

Discussions with Hayat Kimya revealed that they would be able to make a request to Becamex to review documentation with respect to the land acquisition and compensation process, however, IBIS is of the opinion that this falls outside the scope of Hayat Kimya's control, therefore, were they to find any discrepancies, it is unlikely that they would be able to influence the process in a meaningful way.

As such, it is considered that the level of impact assessment undertaken with respect to social impacts is satisfactory and does not require further enhancement under the scope of this engagement.

## 8.2 UPGRADES TO HAYAT KIMYA VIETNAM ESMS

Based on the review of the documentation there is limited need to extend the scope of this engagement to include further updates to the Company ESMS. The management systems on-site have recently been certified to ISO 14001 (an environmental management system certification) and ISO 45001 (an occupational health & safety management system certification) which suggests that it is now in line with international standards, and implementation and monitoring of this will be key going forward.

The following table provides an overview of the requirements of an ESMS that aligns with the ADB SPS 2009 / IFC PS and highlights the corresponding documentation with regards to Hayat Kimya.



**Table 8-2: ADB SPS ESMS Table of Concordance**

TYPICAL ESMS REQUIREMENT	HAYAT KIMYA MANAGEMENT SYSTEM COMMENTRY	ALIGNED / NOT ALIGNED
<p><b>Chapter 1:</b> Introduction including scope and applicability of the ESMS and the obligations of the company on E&amp;S matters</p>	<p>There is no overarching document which describes the underlying E&amp;S management plans. The benefit of such a document is that it allows the users of the system to get a broad understanding of the key topics covered by the system without having to delve into the granular details of each management plan, policy, procedure or set of guidelines. A tabular summary of each element of the system would be beneficial.</p>	<p>Not aligned – Hayat Kimya should prepare an overarching document to describe the various elements of its management system</p>
<p><b>Chapter 2:</b> Overview of the ESMS including the overarching structure of the documents and its underlying processes. This section will also set out the review and update cycle of the ESMS</p>	<p>The overarching document / manual is also the correct place to track the review process of the entire system.</p>	
<p><b>Chapter 3:</b> E&amp;S Policy</p>	<p>E&amp;S Policy: At Parent Company level, a Health and Safety Policy is accessible online. It describes the Parent Company HSE management objectives, policy and principles and is endorsed by the group CEO. A site-specific policy of this nature was not provided however the group version is reportedly cascaded down to individual sites.</p>	<p>Partially aligned – Hayat Kimya Vietnam should include an E&amp;S policy to its ESMS which reflects the group level policy but also include any local specific environmental, social, or cultural issues (as a one-page policy document dated and signed by senior management).</p>
<p><b>Chapter 4:</b> Legal Register including National Laws pertaining to E&amp;S matters as</p>	<p><b>Document VN.PR.02.03_EN_1 Legal and Other Requirements</b> sets out the approach to be taken by the Hayat Kimya HSE team to establish a Legal Register for the Vietnamese business.</p>	<p>Aligned</p>

TYPICAL ESMS REQUIREMENT	HAYAT KIMYA MANAGEMENT SYSTEM COMMENTRY	ALIGNED / NOT ALIGNED
well as other referenced standards (e.g., ADB SPS, IFC PS, WBG EHS Guidelines, etc)		
<b>Chapter 5:</b> Organisational Capacity	<p>There is no written summary of the organisational capacity of the company, with respect to E&amp;S, included in the current suite of E&amp;S documents. It is considered good practice to include in the ESMS the following:</p> <ul style="list-style-type: none"> <li>- Organisation structure of the E&amp;S / EHS function in relation to the wider company structure;</li> <li>- Description of roles and responsibilities of the named persons for the EHS function;</li> <li>- Job descriptions / minimum qualifications of the key positions (filled or vacant)</li> </ul>	Partially aligned - the organisational capacity and competency is adequate, but the responsibilities should be described in the ESMS documents such that it is easier to evaluate and maintain. This information already exists in the job descriptions for the various roles however needs to be stated in the ESMS and the various responsibilities for the management system to be stated such that there is no ambiguity on responsibilities.
<b>Chapter 6:</b> New Developments or Acquisitions - guidelines for developing new projects (greenfield or brownfield) with respect to screening, due diligence, impact assessment, land acquisition and involuntary resettlement	<p>There is no written policy or procedure with respect to the approach to assessing E&amp;S issues for developmental projects in Vietnam. It is not anticipated that Hayat Kimya Vietnam will expand, however should an additional facility be planned in future it is considered necessary to align it with the requirements of lenders including:</p> <ul style="list-style-type: none"> <li>• Evaluation against the prohibited investment activity list (PIAL) of ADB or exclusion of list of DEG;</li> <li>• Categorisation with respect to environmental, involuntary resettlement and indigenous peoples impacts in Vietnam; and</li> <li>• Environmental and Social Impact Assessment which follows host country regulations and the additionality of the IFC PS and WBG EHS guidelines.</li> </ul>	Not aligned. Hayat Kimya to add a policy document and/or procedure to its ESMS with respect to new developments or acquisitions committing the company to evaluate the environmental and social impacts of the projects in line with the Applicable Standards of the lender group.
<b>Chapter 7:</b> Environmental and Social management	Procedures exist for the following material topics:	Aligned. It is considered that the material risks are identified and managed via the management plans

TYPICAL ESMS REQUIREMENT	HAYAT KIMYA MANAGEMENT SYSTEM COMMENTRY	ALIGNED / NOT ALIGNED
Plan(s)	<ul style="list-style-type: none"> <li>• Construction Waste Management VN.PR.02.01_EN_1 Vietnam</li> <li>• Waste Management Procedure VN.PR.02.02_EN_1</li> <li>• HSE Objectives and Planning VN.PR.02.04_EN_1</li> <li>• Permit to Work Procedure VN.PR.02.05_EN_1</li> <li>• Risk Assessment Procedure for Environmental Impacts VN.PR.02.06_EN_1</li> <li>• Risk Assessment Procedure VN.PR.02.07_EN_1</li> <li>• Emergency Response Procedure VN.PR.02.08_EN_1</li> <li>• Visitors Procedure VN.PR.02.11_EN_1</li> <li>• Working At Height VN.PR.02.13_EN_1</li> <li>• Radiation Control - VN.PR.02.14</li> <li>• Lock Out Tag Out - VN.PR.02.15_EN_1 QUY TR NH</li> <li>• Wastewater Management Procedure VN.PR.02.16_EN_1</li> <li>• Confined Space Procedure VN.PR.02.17_EN_0</li> <li>• Chemical Handling and Management VN.PR.02.18_EN_1</li> </ul> <p>In addition, Hayat Kimya has developed “Noi quy lao dong”, its internal labour regulation in accordance with the 2019 Labour Code of Vietnam which includes:</p> <ul style="list-style-type: none"> <li>• Recruitment and employment contracts;</li> <li>• Transfer of workers</li> <li>• Working hours &amp; rest time;</li> <li>• Conduct;</li> <li>• Occupational safety and hygiene;</li> <li>• Confidentiality;</li> <li>• Disciplinary handling of labour incidents / grievance;</li> <li>• Prevention and control of sexual harassment.</li> </ul>	and that there is adequate coverage in the labour regulations with respect to the company's obligation under the Labour Code 2019 and the additionality required by lenders with respect to gender issues.
<b>Chapter 8:</b> Stakeholder	As part of its ESMS, the Project has a communication procedure (with both internal and external stakeholders). Employees at all levels are encouraged to report problems	Aligned.

TYPICAL ESMS REQUIREMENT	HAYAT KIMYA MANAGEMENT SYSTEM COMMENTRY	ALIGNED / NOT ALIGNED
Engagement Plan	related to the HSE and to offer suggestions on how to improve performance. The communication procedure includes a communication table which summarises the aspects to be communicated, responsibilities and methods for communications with internal and external stakeholders.	
<b>Chapter 9:</b> Grievance Redress Mechanism	<b>VN.PR.02.10_EN_1 QUY TR NH THAM GIA THAM V N NG I LAO NG</b> describes the “Participation Labour Process” which describes the avenues for workers to raise issues to the company executives via various channel including, public forum, suggestion boxes and direct engagement with employees.  Hayat Kimya has provided a Grievance Redress Mechanism document that aligns with the Applicable Standards.	
<b>Chapter 10:</b> Contractor Management System	<b>VN.PR.02.12_EN_1 OCCUPATIONAL HEALTH SAFETY AND ENVIRONMENT PROCUREMENT PROCEDURE FOR CONTRACT</b> – This procedure outlines the Hayat Kimya Vietnam (HKV) Occupational Safety, Health and Environment (OHSE) processes for the selection and management of contractors. The purpose of this procedure is to establish the minimum set of requirements for safe management of contractors at HKV.  There is an accompanying contractor inspection procedure <b>VN.PR.02.09_EN_1</b> which cross references to the various ESMPs relevant to contractor work (e.g., confined space entry, work permit issuance, etc.)	Aligned
<b>Chapter 11:</b> Supply Chain Management	There is no specific supply chain management system or procedure in place. However, based on the information contained in the EIA it appears that the supply of raw materials is centrally controlled by the parent company.	Not aligned – Hayat Kimya Vietnam to develop a supplier code of conduct and supply chain policy.
<b>Chapter 12:</b> Audit and Reporting including internal	The company shared templates for its internal audit programme which are cascaded	Partially aligned – the internal audit process and corrective action log needs to be established stating

TYPICAL ESMS REQUIREMENT	HAYAT KIMYA MANAGEMENT SYSTEM COMMENTRY	ALIGNED / NOT ALIGNED
and external monitoring and reporting as well as corrective action planning and execution.	<p>down from its parent company.</p> <p>External audits have been caried out by BSI for the ISO 14001 and 45001 certification, and annual surveillance audits are expected to maintain the certification.</p> <p>There is no clear, documented procedure for internal audits and corrective actions.</p>	the frequency of audits to be undertaken and to devise a mechanism for assigning corrective actions and following up on issues.
<b>Chapter 13:</b> External Reporting to Lenders	Not present. It has been discussed with Hayat Kimya and the lenders that the financing documents will be prescriptive in the format and content of the reporting that is required, after which, a management plan shall be added to the management system entitled “ <b>Reporting to External Parties</b> ”	Not aligned.

## ANNEX A: DOCUMENT REVIEW LIST

NO.	NAME OF REVIEWED DOCUMENTS	DATE OF DOCUMENT
1.	Baby Diaper Machine HSE Risk Assessment.xlsx	Undated
2.	EIA HAYAT KIMYA_VIETNAM.docx	2020
3.	LAND SUB-LEASE CONTRACT.pdf	17 January 2020
4.	VN.ORG.02.01_UR_1 Organization chart.pptx	Undated
5.	VN.PR.03-001_UR_1 RECRUITMENT SELECTION PROCEDURE Internal Use Only.docx	Undated
6.	VN.PR.03-002_RU_1 Expatriate Expense Procedure.doc	3 July 2021
7.	VN.PR.03-004_UR_0 Training and Development procedure.doc	22 July 2021
8.	Communication Procedure.doc	Undated
9.	Corrective And Improving Actions Procedure.docx	Undated
10.	Emergency Response Plan.docx	Undated
11.	EMS Internal Audit Question List.xlsx	1 November 2019
12.	EMS Internal Audit Report Form.docx	Undated
13.	Environmental Aspect and Impact Assessment.doc	Undated
14.	Global Lift Truck Operation Requirements.docx	Undated
15.	GLOBAL WASTE MANAGEMENT PROCEDURE.doc	20 April 2017
16.	HSE Objectives and Planning.doc	Undated
17.	Internal Audit.doc	Undated
18.	Legal and Other Requirements.doc	Undated
19.	Monitoring, measurement, analysis and evaluation.doc	Undated
20.	OHS Internal Audit Question List.xlsx	1 November 2019
21.	OHS Internal Audit Report Form.docx	Undated
22.	OHS & EMS Internal Audit Plan.xls	1 November 2019

NO.	NAME OF REVIEWED DOCUMENTS	DATE OF DOCUMENT
23.	Procedure of Control of Documented Information.doc	Undated
24.	Risk Assessment Matrix.docx	Undated
25.	BATTERY CHARGING PROCEDURE.docx	Undated
26.	Corrective And Improving Actions Procedure.docx	Undated (Similar to #10)
27.	EMERGENCY PREPAREDNESS AND RESPONSE.doc	Undated
28.	ENVIRONMENT MANAGEMENT SYSTEM.docx	Undated
29.	ENVIRONMENTAL MANAGEMENT SYSTEM PROGRAM.doc	Undated
30.	Fire Protection Procedure.doc	Undated
31.	HAZARDOUS MATERIALS, CHEMICALS MANAGEMENT.docx	Undated
32.	HSE CRITERIA FOR THE COLLECTION OF NEW CONTRACTOR.docx	Undated
33.	IDENTIFICATION OF RISK AND OPPORTUNITIES.doc	25 May 2018
34.	Management Review Procedure.doc	Undated
35.	PROCEDURE FOR HANDLING OPERATIONAL ACCIDENTS.docx	Undated
36.	Procedure of Control of Documented Information.doc	Undated
37.	PROGRAM HSE.doc	15 August 2017
38.	WASTE HANDLING, STORAGE AND DISPOSAL.docx	Undated
39.	WORK AT HEIGHT.doc	Undated
40.	Land use right certificate	1 June 2021
41.	Internal Labour Regulations	2019
42.	Registration letter for the Internal Labour Regulations	19 July 2021
43.	Investment Certificate No. 1017671581	4 November 2019

## ANNEX B: LIST OF INTERVIEWEES

NAME	DESIGNATION
Mr Hoang Chu	HSE Lead
Ms Thao Pham	HR Manager
Ms Sibel Demil Guler	HSE Director (based in Turkey)



## ANNEX C: REPUTATIONAL RISK REVIEW

The objective of a Reputational Risk Review (RRR) is to assess a company's E&S Reputational Issues using free public sources of information (internet) in a methodological way. The methodology includes:

- Google search using key words (such as “company name” + “land grabbing”, “company name” + “pollution”, etc – only the first 10 sites from each search result are reviewed, using 5 to 10 key words combination);
- The screening of a set of strategic web sites (Land Matrix, Environmental Justice Atlas, Global Forest Watch, WWF, Greenpeace & Human Rights Watch)

The RRR can extend to a particular sector and geography that are relevant for the target company. It can also extend to other specific matters that are relevant for the assessment (such as Corruption Perception Index, Human Development Index, etc.). It generally requires two to four hours. The RRR results, based on a review conducted in both English and Vietnamese language, are presented in the table below.

WEB SITES	CONSULTED (Y/N)	FINDINGS
<b>Result of Google search using the below key words (first 10 results):</b>		
Hayat Kimya + Viet Nam + Conflict Hayat Kimya + Việt Nam + mâu thuẫn	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Human rights Hayat Kimya + Việt Nam + Quyền con người	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Land grab Hayat Kimya + Việt Nam + Chiếm đất	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Pollution Hayat Kimya + Việt Nam + Sự ô nhiễm	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Accident Hayat Kimya + Việt Nam + Tai nạn	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Corruption Hayat Kimya + Việt Nam + Tham nhũng	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Labour and Working conditions Hayat Kimya + Việt Nam + Điều kiện làm việc và lao động	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Grievance Hayat Kimya + Việt Nam + Khiếu nại	Y	No E&S issues identified.
Hayat Kimya + Viet Nam + Obstacles on land	Y	No E&S issues identified.

WEB SITES	CONSULTED (Y/N)	FINDINGS
acquisition Hayat Kimya + Việt Nam + vướng mắc thu hồi đất		
Becamex–Binh Phuoc Industrial Park + Viet Nam + Obstacles on land acquisition Khu công nghiệp Becamex – Bình Phước + Việt Nam + vướng mắc thu hồi đất	Y	No E&S issues identified.  There are news on the obstacles to the land acquisition of Becamex Industrial and Residential Complex, however no news directly linked to Hayat Kimya or its site.  <a href="https://binhphuoc.gov.vn/vi/news/tin-noi-bat/trong-nam-2021-phai-giai-phong-xong-mat-bang-du-an-khu-cong-nghiep-va-dan-cu-becamex-binh-phuoc-24825.html">https://binhphuoc.gov.vn/vi/news/tin-noi-bat/trong-nam-2021-phai-giai-phong-xong-mat-bang-du-an-khu-cong-nghiep-va-dan-cu-becamex-binh-phuoc-24825.html</a>
Hayat Kimya + Viet Nam + Sexual Harassment Hayat Kimya + Việt Nam + quấy rối tình dục	Y	None identified
<b>Screening of large organisation web sites:</b>		
<b>Environment Justice Atlas:</b> The environmental justice atlas documents and catalogues social conflict around environmental issues. It allows to assess potential conflict with communities surrounding the project <a href="https://ejatlas.org">https://ejatlas.org</a>	Y	No E&S issues identified.
<b>Land Matrix:</b> The Land Matrix is a global and independent land monitoring initiative that promotes transparency and accountability in decisions over land and investment. <a href="http://www.landmatrix.org/">http://www.landmatrix.org/</a>	Y	An entry about the BPIP land deal was found on the Land Matrix database. No E&S issues available/identified.
<b>GreenPeace</b> is an independent campaigning organisation, which uses non-violent, creative confrontation to expose global environmental problems, and to force the solutions which are essential to a green and peaceful future. – <a href="http://www.greenpeace.org">www.greenpeace.org</a>	Y	No E&S issues identified.
<b>Human rights watch</b> is a human rights non-governmental organisation headquartered in the USA – <a href="http://www.hrw.org">www.hrw.org</a>	Y	No E&S issues identified.
<b>Centre for Research on Multinationals (SOMO)</b> is a critical, independent not-for-profit knowledge centre on multinationals <a href="http://www.somo.nl">www.somo.nl</a>	Y	No E&S issues identified.
<b>Business &amp; Human Rights Resource Center:</b> The Resource Centre is an independent non-profit organisation. It tracks the human rights policy and performance of over 7500 companies in over 180 countries, making information publicly available. <a href="https://www.business-humanrights.org/en/find-companies?letter=o">https://www.business-humanrights.org/en/find-companies?letter=o</a>	Y	No E&S issues identified.

WEB SITES	CONSULTED (Y/N)	FINDINGS
<b>Wikileaks</b> is an international non-profit organisation that publishes secret information, news leaks, and classified media provided by anonymous sources <a href="http://www.wikileaks.org">www.wikileaks.org</a>	N	No E&S issues identified.

## ANNEX D: PHOTOLOG

Hayat Kimya (Binh Phuoc, Vietnam) Site Visit on 15 – 16 November 2021

### SITE SURROUNDINGS



Photo 1: Access road to the Project



Photo 2: Road running along the southern boundary fence of the Project



Photo 3: The Project viewed from outside the boundary, with the supply water tank and fire water tanks



Photo 4: Site entrance



Photo 5: Current surface condition of the undeveloped area on-site



Photo 6: Aerial view of the Project (photo provided by Hayat Kimya)



Photo 7: View of the Project from the southwestern corner



Photo 8: View of the southern side of the production building



Photo 9: View of the northern side of the production building



Photo 10: Two fire water tanks (red) and a fresh water tank (blue)



Photo 11: Fire water pump house



Photo 12: Hazardous waste storage area



## PROJECT SITE



Photo 13: Chiller system



Photo 14: Ground floor of the office building



Photo 15: First floor of the office building



Photo 16: View of the production area



Photo 17: Diaper production line



Photo 18: Material input into diaper production line



Photo 19: Finished products coming out of diaper production line (packed diapers)



Photo 20: Dust collection system at each diaper production line



Photo 21: Wet tissue production line



Photo 22: Emergency stop button on each production line



Photo 23: Quality control laboratory



Photo 24: Dust bins in production areas (green for non-hazardous waste, orange for hazardous waste, yellow for medical waste)



Photo 25: Combustible dust detector for fire safety



Photo 26: Emergency exit leading to the outside, with emergency exit illuminated sign





Photo 27: Emergency exit inside the production building (next to the orange curtain), without illuminated exit sign



Photo 28: Ventilation pipelines inside production building



Photo 29: Outlet of the ventilation system of the production building



Photo 30: Compressed air vessel, without safety certificate (pending)



Photo 31: Forklift charging station



Photo 32: Material storage area





Photo 33: Finished goods storage area

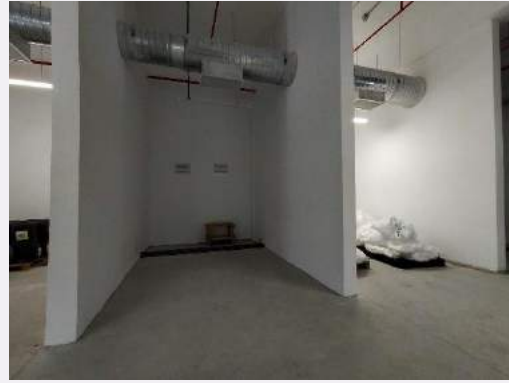


Photo 34: Indoor hazardous waste storage area



Photo 35: Domestic waste storage area



Photo 36: Fire water pumps



Photo 37: Pressure monitor screen inside the firewater pump house



Photo 38: Diesel tank without secondary containment at the fire water pump house



Photo 39: Lotion preparation room



Photo 40: Air compressor room



Photo 41: Fire suppression system (using inert gas) in the electrical room



Photo 42: A fire water tank (800m<sup>3</sup>). Potential working at height location.



Photo 43: Cold water tank part of the chiller system



Photo 44: The undeveloped area on-site, with a temporary office of a construction contractor (building the Project) who is demobilising from the Project





Photo 45: Contractor working at height (installing the racks) without safety measure



Photo 46: Gap in the guard rail on the upper floor of the diaper production line, where falls may occur



Photo 47: Site fence at the southeastern site corner



Photo 48: Local road and rubber plantation east of the Project (the Project fence is on the right of the photo)

## ANNEX E: LOCAL VIETNAMESE REGULATIONS

### Environment

1. **National Level:** Legal framework of the Government of Viet Nam: Law, decrees, and circular of the Government of Viet Nam on environment include:
  - i) *Law on Environmental Protection No. 55/2014/QH13 passed by the 13<sup>th</sup> National Assembly of the Socialist Republic of Viet Nam on 23<sup>rd</sup> June 2014 and effective from 1<sup>st</sup> January 2015;*
  - ii) *Law on Environmental Protection No. 72/2020/QH14 passed by the 14<sup>th</sup> National Assembly of the Socialist Republic of Viet Nam on 17<sup>th</sup> November 2020, to be effective from 1<sup>st</sup> January 2022, and to replace the Law on Environmental Protection No. 55/2014/QH13;*
  - iii) *Law on Water Resources No. 17/2012/QH13 passed by the 13<sup>th</sup> National Assembly of Viet Nam, 3<sup>rd</sup> session dated 21<sup>st</sup> June 2012;*
  - iv) *Law on Biodiversity No. 20/2008/QH12 passed by the 12<sup>th</sup> National Assembly of the Socialist Republic of Viet Nam dated 13<sup>th</sup> November 2008;*
  - v) *Decree No. 18/2015/ND-CP dated 14<sup>th</sup> February, 2015 of the Government on environmental protection planning, strategic environmental assessment, environmental impact assessment and environmental management plan;*
  - vi) *Decree No. 40/2019/ND-CP dated 13<sup>th</sup> May 2019 of the Government on amendments to decrees on guidelines for the law on environment protection;*
  - vii) *Decree No. 19/2015/ND-CP dated 14<sup>th</sup> February 2015 of the Prime Minister detailing the implementation of a number of articles of the Law on Environmental Protection;*
  - viii) *Decree No. 201/2013/ND-CP dated 27<sup>th</sup> November 2013 of the Government detailing implementation of a number of articles of the Law on Water Resources;*
  - ix) *Decree No. 38/2015/ND-CP dated 24<sup>th</sup> April 2015 of the Government on management of waste and discarded materials.*
  - x) *Decree No. 80/2014/ND-CP dated 6<sup>th</sup> August 2014 of the Government on wastewater drainage and treatment;*
  - xi) *Circular No. 25/2019/TT-BTNMT dated 31<sup>st</sup> December 2019 of MONRE on elaborating some articles of the Government's Decree No. 40/2019/ND-CP dated 13<sup>th</sup> May 2019 on amendments to decrees on guidelines for the Law on Environmental protection and providing for management of environmental monitoring services*
  - xii) *Circular No. 36/2015/TT-BTNMT dated 30<sup>th</sup> June 2015 of MONRE on management of hazardous wastes; and*
  - xiii) *Circular No. 32/2013/TT-BTNMT dated 25<sup>th</sup> October 2013 of MONRE on promulgation of national technical regulations on environment.*

### Labour, Health and Safety

**National Level:** Legal framework of the Government of Viet Nam: Law, decrees, and circular of the Government of Viet Nam on Health and Safety include:

- i) *Law on Fire Prevention and Fighting No. 27/2001/QH10 passed by the 10<sup>th</sup> National Assembly of the Socialist Republic of Viet Nam dated 29<sup>th</sup> June 2001;*
- ii) *Law on amendment and supplement of a number of articles of Law on Fire Prevention and Fighting No.40/2013/QH13 passed by the 13<sup>th</sup> National Assembly of the Socialist Republic of Viet Nam dated 22<sup>nd</sup> November 2013;*
- iii) *Law on Occupational Safety and Health No. 84/2015/QH13 issued on 25<sup>th</sup> June 2015;*
- iv) *Circular No. 19/2016/TT – BYT dated 30<sup>th</sup> June 2016 of MOH on guidelines for occupational health and safety management;*
- v) *Circular No. 10/2021/TT-BXD dated 25<sup>th</sup> August 2021 of MOC on implementation of several articles and measures for implementation of the decree no. 06/2021/nd-cp dated January 26, 2021, and the decree no. 44/2016/nd-cp dated May 15, 2016, of the government;*
- vi) *Labour Code (10/2012/QH13);*
- vii) *Decree No. 145/2020/NĐ-CP of the Prime Minister of Viet Nam dated on 14<sup>th</sup> December 2020 regarding detailed regulations of articles of Labour law on labour conditions and labour relations.*
- viii) *Decree No. 90/2019/ ND-CP prescribing the regional minimum wage rates for employees working under employment contracts.*
- ix) *Decree No. 53/2016/ND-CP regulations on management of employees, salaries, remuneration and bonuses of joint-stock Companies with majority of share held by the State.*
- x) *Decree No. 39/2016/ND-CP detailing the implementation of some articles of the Law on Occupational Safety and Health.*
- xi) *Circular No. 04/2014/TTBLDTBXH containing Guidelines to implement measures for the wearing of personal protective equipment.*
- xii) *Circular No. 06/2020/TT-BLĐTBXH regulating types of jobs with strict occupational health and safety requirements.*
- xiii) *Circular No. 25/2013/TT-BLĐTBXH Guiding the implementation of the regime of allowances in kind to employees working in dangerous and hazardous conditions.*
- xiv) *Circular No. 10/2020/TT-BLĐTBXH elaborating and guiding certain articles of the labor code concerning employment contracts, collective bargaining council and jobs with hazards to reproductive function and children raising.*
- xv) *Circular No. 09/2020/TT-BLĐTBXH elaborating some articles of the labor code on minor workers.*
- xvi) *Circular No. 08/2013/TT-BLĐTBXH of 10 June 2013, guiding the Government's Decree No. 46/2013/ND-CP of May 10, 2013, detailing a number of articles of the Labour Code regarding labour disputes.*
- xvii) *Circular No. 14/2013/TT-BYT guiding medical examinations.*

Key national technical regulations (QCVN) relevant and applicable to Site operations are listed in the following table:

**Table E-1 Key National Technical Regulations relevant to Site operations**

NO.	QCVN	DETAILS
<i>I. QCVN with Respect to Air</i>		
1.	QCVN 05:2013/BTNMT	National technical regulations on ambient air quality
2.	QCVN 06:2009/BTNMT	National technical regulations on some hazardous substance in ambient air
3.	QCVN 19:2009/BTNMT	National Technical Regulation on industrial emissions of dust and other inorganic pollutants
<i>II. QCVN with Respect to Water</i>		
4.	QCVN 01-1:2018/BYT	National technical regulation on Domestic water quality
5.	QCVN 08 MT:2015/BTNMT	National technical regulations on surface water quality
6.	QCVN 09:2015/BTNMT	National technical regulations on ground water quality
7.	QCVN 14:2008/BTNMT	National technical regulations on domestic water
8.	QCVN 40:2011/BTNMT	National technical regulations on industrial wastewater
<i>III. QCVN with Respect to Noise and Vibration</i>		
9.	QCVN 26:2010/BTNMT	National technical regulations on noise in public and residential areas
10.	QCVN 27:2010/BTNMT	National technical regulations on vibration in public and residential areas
<i>IV. QCVN with Respect to Solid Waste</i>		
11.	QCVN 07:2009/BTNMT	National technical regulations on thresholds for hazardous waste
12.	TCVN 6707:2009/BTNMT	Hazardous waste: Signs of warning and prevention
13.	TCVN 6705:2009/BTNMT	Ordinary solid waste
14.	TCVN 6706:2009/BTNMT	Classification of hazardous waste
<i>V. QCVN with Respect to Sludge</i>		
15.	QCVN 50:2013/BTNMT	National technical regulations on hazardous thresholds for sludge produced during water treatment process
16.	QCVN 43:2012/BTNMT	National technical regulations on sediment quality

NO.	QCVN	DETAILS
<i>VI. National Technical Regulations on Heavy Metals in Soil</i>		
17.	QCVN 03:2015/BTNMT	National technical regulations on allowable limits for some heavy metals in soil
<i>VIII. Regulations issued by Ministry of Health on Labour Hygiene</i>		
18.	Decision no. 3733/2002/QĐ-BYT	On the issuance of 21 labour hygiene standards, 5 principles and 7 labour hygiene measurements
<i>VIII. Other Applicable Technical Regulations/Standards</i>		
19.	QCVN 34:2018/BLDTBXH	National technical regulation on safe work in confined spaces
20.	QCVN 25:2015/BLDTBXH	National technical regulation on safe work for Forklift truck use the engine, with load from 1,000kg or more
21.	QCVN 01:2008/BLDTBXH	National technical regulation on safe work of steam boiler and pressure vessel
22.	Decree no. 113/2017/NĐ-CP	Detailing and guiding the implementation of some articles in the Law on Chemicals

### Land Acquisition, Compensation and Resettlement

The Vietnamese government has enacted a number of laws and regulations that constitute a national legal framework for land acquisition, compensation and resettlement. The legal framework of the Government of Viet Nam: Law, decrees, and regulations of the Government of Viet Nam on land acquisition, compensation, resettlement, and ethnic minority include:

- i) *The Constitution of the Socialist Republic of Viet Nam, 2013 (Confirms the right of citizens to own and protects the ownership of house and production materials of citizens; compensation by market rate is made for impacts by the projects implemented for the purposes of national defence, security, or public benefits (Article 32). Similarly, organizations and individuals have land use rights certificates and law protects these rights. In the case of land recovery for the purposes of national defence, security and socioeconomic development, compensation shall follow the provisions of law (Article 54);*
- ii) *Land Law 2013 (No. 45/2013/QH13) dated 29<sup>th</sup> November 2013;*
- iii) *Decree No. 56/2020/NĐ-CP dated 25<sup>th</sup> May 2020 on management and utilisation of Official Development Assistance (ODA) and concessional loans from donors;*
- iv) *Decree No. 43/2014/NĐ-CP dated 15<sup>th</sup> May 2014 on detailing a number of articles of the Land Law 2013;*
- v) *Decree No. 44/2014/NĐ-CP dated 15<sup>th</sup> May 2014 on regulations on land prices;*
- vi) *Decree No.47/2014/NĐ-CP dated 15<sup>th</sup> May 2014 on compensation, assistance, and resettlement upon land recovery by the State;*



- vii) *Decree No.06/2020/ND-CP* dated on 3<sup>rd</sup> January 2020 on amendments to Article 17 of *Decree No. 47/2014/ND-CP* providing for compensation, support, and resettlement when the State recovers land;
- viii) *Decree No. 01/2017/ND-CP* dated on 6<sup>th</sup> January 2017 adjusting some articles of the *Decree No. 43/2014/ND-CP* on the implementation of certain articles of *the Land Law*, *Decree No. 44/2014/ND-CP* on land price, and *Decree No. 47/2014/ND-CP* on compensation, support, and resettlement for the government's expropriation of land;
- ix) *Circular No. 36/2014/TT-BTNMT* on land pricing method;
- x) *Circular No.37/2014/TT-BTNMT* on guidelines in implementation of *Decree No.47/2014/ND-CP*; and
- i) *Decree No. 75/2015/ND-CP* dated 9<sup>th</sup> September 2015 on mechanism and policies on forest protection and development in combination with sustainable and fast poverty alleviation and support for ethnic groups during 2015 – 2010.

### Ethnic Minority Affairs

With regard to *Ethnic Minorities (EMs)* Viet Nam's *Constitution (2013)* mandates the State to “implement a policy on equality, unity and support for all ethnic groups in the development of a civilized society, and respect benefits, traditional cultures, languages and religions of ethnic minority groups” (Article 5). A ministerial-level government body, Committee for Ethnic Minority Affairs is tasked for developing and overseeing policies and programs to promote the welfare of EMs. Programs that target EMs are numerous and diverse and cover a wide range of issues, including poverty reduction, resettlement and settled agriculture, productive and residential land allocation, education, health and communication, cash subsidies on land reclamation, improvement of commune and village infrastructure, etc. Key regulations involving EMs in Viet Nam are presented below in a chronological order.

- i) *Decision No. 1898 / QD-TTg* dated 28<sup>th</sup> November 2017 of the Prime Minister approving project of “Supporting Gender Equality in Ethnic Minorities in the Period 2018-2025”;
- ii) *Decision No. 1163 / QD-TTg* dated 8<sup>th</sup> August 2017 of the Prime Minister approving the project “Promote law dissemination and education and propagandise in ethnic minority and regional areas mountain period 2017-2020”;
- iii) *Decision No. 414 / QD-UBND* dated 11<sup>th</sup> July 2017 of the National Committee for Ethnic Minority Affairs approving the list of extremely difficult villages to be invested in Program 135 period 2017-2020;
- iv) *Decision No. 2085 / QD-TTg* dated 31<sup>st</sup> October 2016 of the Prime Minister approving the specific policy on support for socio-economic development of ethnic minority and mountainous areas in the period of 2017-2020;
- v) *Decision No. 1008 / QD-TTg* dated 2<sup>nd</sup> June 2016 of the Prime Minister approving the Scheme on Strengthening Vietnamese Language Preparation for Preschool Children and Elementary School Children in ethnic minority area in period 2016-2020, orientation to 2025;
- vi) *Decision No. 1747 / QD-TTg* dated 13<sup>th</sup> October 2015 of the Prime Minister approving the program of supporting the transfer of scientific and technological advances to promote the socio-economic development of rural mountainous areas of ethnic minority Period 2016-2025;



- vii) *Decision No. 2356 / QĐ-TTg, dated 4th December 2013 of the Prime Minister promulgating the Action Program for implementation of the ethnic minority strategy up to 2020;*
- viii) *Decision No. 449 / QĐ-TTg dated 12th March 2013 of the Prime Minister approving the strategy for ethnic minority to 2020;*
- ix) *Decree No. 80/2011/NQ-CP on sustainable poverty reduction, period of 2011-2020;*
- x) *Decree No. 05/2011/NĐ-CP on the work of ethnic minority;*
- xi) *Decree No. 82/2010/ND-CP, dated 20th July 2010 on teaching and learning of ethnic minority languages in schools;*
- xii) *Resolution No. 30a/2008/NQ-CP, dated 27th December 2008 on support program for rapid and sustainable poverty reduction for 61 poorest districts;*
- xiii) *Decree No. 13/2017/NĐ-CP dated 10th February 2017 of the government on the functions, tasks, authorities, and structure of the Committee for Ethnic Minorities Affairs;*
- xiv) *Decision no. 01/2007/QĐ-UBND dated 31st May 2007 of the Ethnic Minorities Committee on the recognition of communes, districts in the mountainous areas; and*
- xv) *Decision no. 06/2007/QĐ-UBND dated 12th October 2007 of the Ethnic Minorities Committee on the strategy of media for the program 135-phase 2.*

With regards to the regulatory process of developing and implementing an EIA in Viet Nam, below briefly describes the key steps involved:

- Step 1: Construction projects are screened to identify which requirement of environmental assessment is applied based on Annex II of Decree 40/2019/ND-CP on amendments to decrees on guidelines for the law on environment protection.
- Step 2: Depending on the nature and scale of the project, the project owner may be required to prepare an EIA to submit to MoNRE/PPC or an Environment Protection Plan to District People Committee for review and approval/clearance.
- Step 3: Organisation of an appraisal board to review the EIA within a maximum of 45 days from the day of receipt of the EIA in the case of EIA submission to MoNRE and 30 days in case of EIA submission to PPC.
- Step 4: In case of the EIA being cleared by the appraisal board without any requirement of further adjustments, the appraisal agencies have the responsibility to inform the project owner on the EIA approval within 5 days from the appraisal day. In the case where the EIA report is required to be amended and supplemented, within 12 months from the date of receipt of the notice of the appraisal result, the project owner must amend and complete the EIA report according to the comments from the appraisal result and submit it to the appraisal agency for further review and approval of the EIA report.
- Step 5: After receiving the revised EIA report sent by the project owner, the appraisal agency shall:
  - a) Within 20 working days after receiving the revised EIA report, the appraisal agency shall issue a decision approving the EIA report.

- b) In case of ineligibility for approval or non-approval, within 10 working days after receiving the revised report, the appraisal agency must send a written letter clearly stating the reasons of the non-approval to the project owner.

