

Sinohydro's HSE Operations Manual - International Rivers' Submission

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International Rivers welcomes Sinohydro's efforts to translate its commitments contained in the Policy Framework for Sustainable Development into operational guidance and company practice. Consistency in managing environmental and social risks and responsibilities in Sinohydro's overseas hydropower development projects is critical if Sinohydro is to be a leading international company.

Sinohydro has recently released a very short statement on its Occupational Health, Safety and Environmental Policy, which fails to disclose many of its commitments, which are contained in its Policy Framework for Sustainable Development and on par with international standards. Many international leading companies disclose their environmental policies as best practice and in line with commitments to transparency and accountability. We continue to call on Sinohydro to publicly release their Policy Framework for Sustainable Development.

Our submission addresses the implementation of international environmental and social policy standards, which Sinohydro has committed to in its policies, statements to key stakeholders and direct communications with International Rivers. The key topics that this submission will address are:

- Avoiding impacts on biodiversity
- Environmental Assessments
- Environmental Management Plans
- Resettlement of affected communities
- Grievance and complaints mechanism
- Cultural Heritage
- Communication and Transparency

Our submission is confined to the operationalization of key Sinohydro policy commitments.

1. Environment Assessments

In some cases, Sinohydro Construction Bureaus may be responsible for conducting Environmental Assessments to obtain project approvals or as part of conducting project feasibility studies. The Operations Manual should also cover this area of policy to provide for uniform company practice. Environmental Assessments should function as a tool to avoiding and minimizing impacts to the environment first and foremost. Therefore, Sinohydro should require that Environmental Assessments include an examination of the project site and canvass alternatives to the primary site under consideration, ensure that minimal damage is done to the environment.

The Operations Manual should require public consultation as part of the process to finalize an Environmental Assessment, to be consistent with international best practice as contained in the World Bank Safeguard Policies and the acceptable practices under the Hydropower Sustainability Assessment Protocol (HSAP). As part of the Environmental Assessment, efforts should be made to consult with local stakeholders such as project affected groups and NGOs about the project's environmental aspects.

2. Environmental management plans

The Operations Manual should define what is expected as a minimum in the Environmental Management Plans (EMP) for Sinohydro projects. Drawing from the World Bank's Operation Policies on Environmental Assessments (4.01), International Rivers recommends that the Operations Manual specify that an EMP do the following:

- (a) identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement);
- (b) describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;
- (c) estimates any potential environmental impacts of these measures; and
- (d) provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

To ensure the quality of EMPs across Sinohydro's operations, the Operations Manual should require the third party review of all EMPs of major projects at a minimum.

3. Avoiding harm to biodiversity

The Operations Manual should translate Sinohydro's commitment to avoid harm to the environment and protecting biodiversity whenever possible. Specifically the Operations Manual should encourage Sinohydro Construction bureaus to prioritize avoidance and prevention measures. To achieve this, Sinohydro Construction Bureaus should be required to understand the environment in which they operate in, and establish controls to prevent or minimize the impact on biodiversity and supporting ecosystems.

To ensure that Sinohydro's commitment that protected areas such as World Heritage Sites and national parks are no-go zones for their projects, the Operations Manual should prohibit the use of these areas for core and ancillary project activities, such as workers housing or access roads.

4. Resettlement of affected communities

In hydropower BOT projects, Sinohydro has major if not sole responsibility for carrying out involuntary resettlement and mitigating project impacts on affected communities. The

Operations Manual should reflect the company's commitment to prepare and implement resettlement action plans (RAPs). While requirements and details of RAPs may vary from project to project we recommend that the Operations Manual specify the key elements expected of a resettlement action plan to be carried out by Sinohydro. These should include:

- a description of the project and components for which land acquisition and resettlement are required,
- principles and objectives governing resettlement preparation and implementation;
- a description of the process for preparing and approving resettlement plans;
- estimated population displacement and likely categories of displaced persons, to the extent feasible;
- eligibility criteria for defining various categories of displaced persons, which should those that only have customary land rights;
- a review of the legal framework examining any gaps in standards between the local laws and regulations, Sinohydro's policy commitment and Chinese resettlement standards and practices - measures should be identified to bridge any gaps between them;
- methods of valuing affected assets;
- organizational procedures for delivery of entitlements, including, for projects involving private sector intermediaries, the responsibilities of the financial intermediary, the government, and the private developer;
- a description of the implementation process, linking resettlement implementation to civil works;
- a description of grievance redress mechanisms;
- a description of the arrangements for funding resettlement, including the preparation and review of cost estimates, the flow of funds, and contingency arrangements;
- a description of mechanisms for consultations with, and participation of, displaced persons in planning, implementation, and monitoring; and
- arrangements for monitoring by the implementing agency and, if required, by independent monitors.

Consultation with affect communities on all aspects of the Resettlement Action Plan is widely recognized internationally as being a minimum standard in involuntary resettlement policy. In operationalizing this standard, Sinohydro should include specific that consultation particularly occur on the location of the resettlement sites and the types of compensation options to be made available. Under international best practice, land for land compensation should be offered if possible.

5. Grievance and complaints mechanism

The Operations Manual should specify a model grievance and complaints mechanism that should be implemented in all Sinohydro projects. While projects may vary on scale, impact and time length, in terms of the implementation of the policy commitment to adopt a grievance and complaints mechanism, a model process would go a long way to support Sinohydro

Construction Bureaus achieve this commitment at the project level. The following elements should be included in Sinohydro's model grievance and complaints mechanism:

- The mechanism is accessible at all stages of the project cycle e.g. the mechanism is made available at the beginning of planning phase and continues through to construction and operation
- There is a transparent grievance receipt and complaint registration system
- A process for tracking, monitoring and reporting to the community on how grievances are to be resolved.
- Timely resolution of grievances and complaints e.g. through the specification of mandatory time frame for processing and resolution
- Complaints should be handled by a work unit who is not involved in the day-to-day management of the project
- Every complainant should receive a formal reply and response detailing how their concerns and issues have been handled.
- Organizational learning

We recommend that Sinohydro also review the International Finance Corporation's Office of the Ombudsman's [Advisory Note](#) on grievance mechanisms and relevant sections on key principles of grievance mechanisms contained in John Ruggie's [Report on Business and Human Rights](#) prepared for the United Nations Commission on Human Rights when determining the model process to be specified in the Operations Manual.

6. Cultural heritage

International Rivers appreciates Sinohydro's commitment to recognize and respect culture and heritage of the communities that may be impacted by its operations. We recommend that Sinohydro's Operations Manual prioritize addressing cultural heritage issues from the beginning of the project cycle by:

- Developing a cultural heritage knowledge base
- Properly assessing and understanding cultural heritage risks associated with project activities
- Development and implementation of cultural heritage management plans
- Protection of intangible cultural heritage
- Reporting internally and externally about cultural heritage measures and performance on the project site.
- Consultation and participation by local communities whose cultural heritage may be impacted throughout the project cycle on protection and mitigation issues.

7. Communication and Transparency

Stakeholder communication and transparency is a cross cutting commitment contained in many areas of Sinohydro's policy framework. To implement Sinohydro's commitment to stakeholder communication, the Operations Manual should contain the following guidance:

- That Sinohydro Construction Bureaus hold regular consultations with communities to build effective working relationships
- That the Project Manager gain an understanding of the cultural and social structure and protocols of the community, so that the project leaders are culturally aware and sensitive to local concerns
- Involve community members in key project milestones and activities
- Use and promote communication in local languages e.g. multi language signage
- Share success stories and lessons learned with other Sinohydro Construction Units
- Provide community engagement and cultural awareness training based on the local context for all employees.

We acknowledge that the release of project documents such as EIAs is a new topic in China, however the release of key project documents is considered as international best practice, is a basic standard of international safeguards policies and more often than not required by law. If Sinohydro wants to be a leading global player and operate legally it must release key project documents such as project EIAs and resettlement plans. We strongly recommend that Sinohydro's Operation Manual require that Sinohydro Construction Bureaus make significant reports such as those to do with project approval, project performance, community/stakeholder consultation, sustainability and environmental impacts publicly available. To ensure consistent practice, the Operations Manual should include guidance on timing and form of various reports that require disclosure.