

Sinohydro Corporation's Environment and Sustainable Development Plan: International Rivers comments and recommendations

International Rivers commends Sinohydro for taking the initiative to develop an environmental policy for its international operations. We firmly believe that if Sinohydro is to become a leading global brand it must have an environmental policy that reflects the highest international standards.

Sinohydro's draft Environmental and Sustainable Development Plan is premised on a holistic approach, from addressing the environmental and social impacts of Sinohydro's project operations to minimizing its environmental footprint of its Beijing headquarters. The plan also recognizes that listening and dialogue with a diverse range of stakeholders (local communities, non-government organizations, governments) is critical to the long-term success of its business. The environmental and social policies are for the most part consistent with international standards. There are however some important policy gaps in the plan, particularly in the area of social policy. The document would also be greatly improved with a definitive statement of Sinohydro's environmental and social responsibility commitments.

Clarity, accountability and transparency will be key to the success of the Environmental and Sustainable Development Plan. We recommend that Sinohydro summarize the environmental policy commitments, which they are prepared to meet and identify key performance requirements to enable their implementation. In its current state, the draft plan's lack of clarity may hamper Sinohydro's ability to implement its environmental policy and undermine the usefulness of this document for Sinohydro's stakeholders.

The draft, as provided to International Rivers in October 2010, has some important gaps and in parts is repetitive. We have made extensive recommendations on how this might be addressed in the annex.

Recommendations relating to policy content

Environmental policy principles

Chapter three should contain a complete statement of environmental policy and social responsibility principles. As explained, the usefulness of this document for Sinohydro managers and key stakeholders will increase significantly if the commitments made throughout the document are summarized in one place.

Chapter four includes some environmental policy principles that we see as applicable to all Sinohydro operations and not just when it takes on the role of investor and developer.

The "no-go areas" and "preserving ecosystems and conserving biodiversity" policy commitments are applicable to all Sinohydro activities. Our view is that national parks, habitats of threatened species and Ramsar listed wetlands should not be areas where Sinohydro conducts any of its business as a contractor. The risks and cost to the environment are in our view too great for the environment. There will also be instances where Sinohydro's activities adjacent to these areas are not compatible with the environmental values of these areas, in such cases Sinohydro should take the option that has the most minimum impact and where it is clear that there will be measurable benefits to the environment that is commensurate with the level of impact.

A basic commitment to biodiversity protection should also be included in Chapter three such as “we commit to not harming the environment and protecting biodiversity whenever possible,” “we will enhance biodiversity protection by assessing, avoiding, mitigating and compensating for the impacts of our activities throughout the life cycle of our activities” and “we will rehabilitate disturbed areas consistent with the natural condition.” Such commitments would be consistent with other policy statements in the draft plan.

Chapter three could include a commitment to develop environmental management plans for all Sinohydro project sites. Those environmental management plans should address any impacts on biodiversity, water, waste and land. We recommend that as a minimum those environmental management plans include:

- a baseline assessment of the environmental values potentially impacted;
- an environmental impact assessment and associated implementation plan;
- controls to avoid or mitigate environmental impacts; and
- monitoring and reviewing programs to assess the environmental impacts and effectiveness of the environmental controls.

While these requirements are implicit in later chapters and in the commitment to develop an Integrated Management System, we recommend that this commitment be clearly set out because it is central to fostering a new culture in environmental management.

Sinohydro should also ensure that new operations and projects have broad-based community support before proceeding with development. The Chinese Government has agreed the United Nations Declaration on the Rights of Indigenous People, which sets as the international standard that no relocation of indigenous people shall occur without Free Prior and Informed Consent people. We encourage Sinohydro to adopt this as their standard.

Sinohydro’s commitment to establish a complaints and grievance mechanism made in Chapter eight of the draft plan should also be set out in Chapter three. As part of this commitment, Sinohydro could make clear that all complaints and grievances will be acknowledged, documented and investigated; appropriate remedial actions will be undertaken where a complaint is legitimate; complainants advised of the remedial action promptly; and outcomes documented.

Monitoring and evaluation framework

Sinohydro has proposed a system of monitoring, self-assessment, audit and certification as the basis of its monitoring and evaluation framework. Transparency and accountability are additional tools that could be used to ensure that the environmental policy is properly implemented across its global operations. To this end, we recommend that the project site monitoring reports be made publicly available or alternatively and as a minimum standard, reports be made available to the multi-stakeholder environmental management committee.

The draft plan states that implementation of the environmental policy is likely to take at least five years. We recommend that this be expressed as a clear commitment for Sinohydro and that interim implementation goals be set. For example, Sinohydro could set goals to implement test cases in each region by 2012, leading up to full implementation by 2014. To ensure that the environmental policy remain effective and consistent with international standards, Sinohydro should also indicate a time by which a complete policy and operational review will have been conducted.

Endorsement of World Bank Safeguard policies

Sinohydro has indicated that it will adopt the World Bank safeguard policies and that they will set a minimum standard for Sinohydro's operations. The draft plan needs to clarify that in the event of an inconsistency (e.g. if local laws set a higher standard than the World Bank safeguard policies) that the higher standard will apply.

Social policy

The Environment and Sustainable Development plan makes a number of social policy commitments but they are difficult to identify because they are not grouped or located together in the plan. To increase the clarity of the document, we recommend that the plan contain a conclusive social policy statement.

There are also some fundamental social policy gaps in the plan relating to avoiding resettlement and compensation. We have compared the current plan's commitments with the World Bank's resettlement policy (community participation in planning and implementing resettlement pg. 7, detailed resettlement plans pg. 17, establishing a complaints mechanism pg. 16 and 32, participation in local aid initiatives pg. 24), we recommend that Sinohydro commit to the following social policy positions to ensure that their plan is comparable with international standards:

- that involuntary resettlement should be avoided or minimized where possible; and
- that displaced persons should be compensated for their losses in full, assisted with the move and supported during the transition period in the resettlement site, and assisted in their efforts to improve their former living standards or at least restore them

Communication and Structure

The Environmental and Sustainable Development Plan needs to clearly set out what Sinohydro has committed to and what Sinohydro management will require from its bureaus.

- Sinohydro should ensure that every section clearly states Sinohydro's environmental policy commitments, position and performance requirements.
- The mining company *BHP Billiton's Sustainability Framework* (<http://www.bhpbilliton.com/bbContentRepository/docs/ourSustainabilityFramework2010.pdf>) could be one way of doing this in a clear and effective way where for each key focus area, relevant policy statements are explained and corresponding performance requirements are identified.

Achieving a more logical flow through the document

The document is currently disjointed and is not easy to read. Reordering the chapters would achieve a more logical flow and improve the clarity of the document. The table below suggests one way Sinohydro could order the document and improve the flow of the document.

Current order	Suggestions for ordering	Document flow
1. Vision	1. Vision	Introduction into Sinohydro, what does Sinohydro do and what does Sinohydro stand for?
2. Sinohydro's commitment to sustainable construction	2. Sinohydro's commitment to sustainable construction	
3. Environmental Policy Principles	3. Environmental Policy Principles	What are we committing to do? <ul style="list-style-type: none"> • Key principles and commitments • Performance requirements to measure Sinohydro's progress
4. Sinohydro as an investor and developer	4. Sinohydro as an investor and developer	
5. Role and Responsibilities	5. Methodology of Environmental and Social Impacts Assessments	
6. Methodology	6. Communication	
7. Environmental Management Plan	7. Roles and Responsibilities within Sinohydro	How are we going to implement and achieve our environmental policy
8. Communication	8. Environmental Management Plan	
9. Monitoring	9. Monitoring	
10. Training	10. Training	
11. Areas of progress	11. Areas of progress	

The document should also be revised to address repetition between Chapters. We have identified some examples of where this could be done in the more detailed comments attached in the annex.