

**Environment and Social Due Diligence Report as per  
IFC Sustainability Framework: Review of Corporate  
ESMS of Summit Corporation Limited, Bangladesh**

**MAY 2016**

**Prepared for**

**SUMMIT CORPORATION LIMITED**

**INTERNATIONAL FINANCE CORPORATION**

# Environment and Social Due Diligence Report

Prepared for

Summit Corporation Limited

Prepared by

AECOM India Private Limited

[www.aecom.com](http://www.aecom.com)

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## Quality Information

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			Name/Position	Signature
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## Abbreviations

AIE	Aspect Identification and Impact Evaluation
APON	Ashokti Punorbashon Nibash
BLL	Bangladesh Labour Law
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
COD	Commercial Operation Date
COO	Chief Operating Officer
CSR	Corporate Social Responsibility
CIP	Continuous Improvement Plan
DOE	Department of Environment
ECC	Environmental Clearance Certificate
EHS&S	Environment Health & Safety and Social
EIA	Environmental Impact Assessment
ESMS	Environmental and Social Management System
EMS	Environment Management System
EPRP	Emergency Preparedness and Response Plan
E&SDD	Environmental & Social Due Diligence
F&A	Finance and Accounts
FSEP	Friendship Summit Energy Project
GIIP	Good International Industry Practice
GM	General Manager
HFO	Heavy Fuel Oil
HIRA	Hazard Identification Risk Assessment
HR	Human Resources
IEE	Initial Environmental Examination
IFC	International Finance Corporation
ILO	International Labour Organization

IPP	Independent Power Producer
IMS	Integrated Management System
ISO	International Standards Organization
JHSEC	Joint Environment and Health & Safety Committee
KPCL	Khulna Power Company Ltd
MD	Managing Director
MW	Megawatt
MR	Management Representative
OH&S	Occupational Health and Safety
OHSAS	Occupational Health and Safety Advisory Services
O & M	Operation & Maintenance
PPE	Personal Protection Equipment
PS	Performance Standard
QHSE	Quality Health Safety and Environment
SBIIPCL	Summit Bibiyana II Power Company Ltd.
SBPL	Summit Barisal Power Ltd.
SCL	Summit Corporation Limited
SEID	Society for Education of the Intellectually Disabled
SIMCL	Summit Industrial and Mercantile Corporation (Pvt.) Ltd.
SMPCL	Summit Meghnaghat Power Company Ltd.
SNPUL	Summit Narayanganj Power Unit Ltd.
SPL	Summit Power Limited
SPPCL	Summit Purbanchal Power Company Ltd.
SUPCL	Summit Uttaranchal Power Company Ltd.
UECL	United Enterprises and Company Limited
UN	United Nations
WB	World Bank



## Executive Summary

Summit Group of Companies is one of the leading private sector conglomerates of Bangladesh comprising a chain of twenty business units including power, shipping and communications. Summit Group is one of the pioneers in power generation in Bangladesh with eleven power plants in operation. Summit Corporation Limited (hereinafter referred to as 'SCL'), is a holding company sponsoring its subsidiary companies to own, build and operate infrastructure projects in power sector. SCL has eight subsidiary companies including Summit Power Ltd. (SPL), Summit Bibiyana II Power Company Ltd. (SBIICL), Summit Meghnaghat Power Company Ltd. (SMPCL) and also holds shares in Khulna Power Company Ltd. (KPCL). The total net worth of SCL, including all its subsidiaries, is USD 600 million as on FY-15.

SCL currently produces around 1,260MW, which is around 13% of total capacity of Bangladesh. SCL intends to hold 20% of the country's generation capacity. As power generation is a capital-intensive sector, SCL has planned to go international market for expanding its equity base. As part of this endeavour, SCL has signed an Appraisal letter with the International Finance Corporation (hereinafter referred to as 'IFC') for investment in the company to be made by latter and its co-investors subject to satisfactory outcome of a due diligence process.

As per the requirements of IFC, due diligence on Environmental & Social aspects of the Company is required before making any decision on investment/financing in any company. SCL and IFC have therefore engaged AECOM India Private Limited (hereinafter referred to as 'AECOM') to assess the alignment of the Company's environment, health, safety and social management systems (ESMS) with respect to the stipulated reference framework through review and assessment of SCL and its subsidiaries.

Key observations and findings (PS wise) as part of the Environmental and Social Due Diligence conducted for the corporate level ESMS are presented below:

### PS-1: Assessment and Management of Social & Environmental Risks and Impacts

#### A. SCL

- **Environment and Social Management System (ESMS):** SCL does not have a formal/ documented environmental and social management system at corporate level that guides the development of project specific management systems and procedures at project level.
- **Policy:** SCL has not formulated an overarching EHS policy statement that demonstrates the management's commitment towards environment, health and safety. The social policies are drafted at project level, there is no overarching policy to capture the vision of SCL towards social development and for the community where the work.
- **Identification of Risks and Hazards:** SCL reportedly undertakes E&S screening prior to selection of sites for projects, however there is no documented checklist for environment and social screening of projects during planning stage. Corporate level procedures do not exist to identify EHS&S risks and hazards associated with construction phase of projects. Operational risks are identified at plant level, though guidelines for plant specific risk assessment have not been developed at corporate level.
- **Management Programs:** Management programs related to environment, health and safety and social management during all phases of projects have not been developed by SCL. There is no mechanism at corporate level to monitor the implementation of management measures outlined in the ESIA-ESMP either during construction or operation phases of projects. Contractor management procedures exist at project

level but there is no guiding document at corporate level that outlines the environmental and social aspects that need to be considered during preparation of such procedures.

- **Emergency Preparedness and Response:** SCL has not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergency situations.
- **Organization Capacity:** SCL does not have an EHS Department at corporate level to monitor and handle project specific EHS&S issues (if required), though project specific EHS teams are functional at plant level.
- **Monitoring and Review:** SCL does not have a corporate level mechanism for monitoring and review of the EHS performance of projects developed under various subsidiaries. Health and safety statistics are not consolidated at corporate level to monitor the H&S performance of the company. Similarly, at corporate level, SCL does not have a monitoring mechanism for environmental performance and compliances by the company on holistic basis.
- **Stakeholder Engagement:** Though CSR activities are undertaken at project level and also at corporate level, SCL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all its projects. Further, SCL has not developed policy at corporate level that showcases the company's commitment towards stakeholder engagement.
- **External Communication and Grievance Mechanism:** SCL has not outlined a formal structure / procedures at corporate level for information disclosure to the community on the company's performance on health and safety and conformance with environmental compliance requirements and consequently, has limited scope to receive related complaints. SCL does not publish reports on the environmental and social performance of the company for reference by external parties.

#### **B. Turbine Division**

- **Environment and Social Management System (ESMS):** The turbine division follows the corporate systems of SCL, hence has not developed a separate ESMS covering planning, construction, decommissioning and operation phases of projects. The subsidiaries formed under the Turbine Division have developed their project specific environment, health safety and social management procedures for operational phase.
- **Identification of Risks and Impacts:** For operational units, HIRA and AIIE is conducted at plant level, however construction phase procedures for environmental, health, safety and social risks and hazards identification has not been formulated. The operational risk assessment includes EH&S but social risks associated with operation of plants are not identified at the site level.
- **Management Programs:** EHS&S management programs associated with construction phase have not been developed. Mechanism to monitor implementation of construction phase management measures outlined in project specific ESIA-ESMP, does not exist. EHS performance targets and operational targets have not yet been drafted for the turbine projects.
- **Organization Capacity and Competency:** Though the turbine units have project specific EHS teams functional at plant level, however there is no mechanism for flow of information to corporate level on EHS&S issues.

- **Emergency Preparedness and Response:** Plant specific emergency response plans have been developed by each unit however flow of information to corporate in case of emergencies has not been included in the plans.
- **Monitoring and Review:** Project specific health and safety inspection schedules, EHS committees, environmental monitoring plans have been developed by each unit. However, there is no flow of information to corporate level on matters related to plant specific environment, health and safety performance.
- **External Communication and Grievance Mechanism:** Turbine Division does not have any formal information disclosure procedure at corporate level.

### C. SPL

- **Environment and Social Management System (ESMS):** The IMS formulated by SPL is applicable to project operations only and SPL has not developed environmental, health, safety and social management system (and related procedures and management programs) for planning, construction and decommissioning phase of projects.
  - **Policy:** SPL has neither established an overarching social policy at the corporate level nor plant specific social policies at the unit level.
  - **Identification of Risks and Impacts:** Plant specific operational risks related to EH&S are identified as part of IMS procedures; however, the IMS has not identified potential social risks that may be associated with operation of plants at the site level. SPL also does not have procedures to identify environmental, health, safety and social risks and hazards associated with construction phase of projects.
  - **Management Programs:** SPL has developed a Construction H&S Management Plan; however the plan is generic and provides only the outline of definitions and guidance for management. It does not lay down the clear procedures for construction phase and at places it refers to the IMS which may not be existent during construction phase. Also, there is no mechanism to monitor the implementation of management measures outlined in the ESIA - ESMP of respective projects during construction phase. Moreover, SPL has not developed social management programs for its operational units. Contractor management procedures do not include provisions for monitoring and verifying wages being paid to contract workers engaged by contractors.
  - **Organizational Capacity:** SPL has not engaged a dedicated Environment and Social Professional at the corporate level to supervise / manage / support site management team at the plant level in matters of environment and social performance. Further, the IMS manual establishes responsibility matrices for EH&S implementation, however responsibilities for social aspects of plant operations have not been established.
  - **Emergency Preparedness and Response:** SPL has not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergencies. The plant specific Emergency preparedness and response procedures do not include information disclosure and training requirements for community with respect to emergencies and risks.
  - **Stakeholder Engagement:** SPL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all projects.
  - **Monitoring and Review:** SPL's existing monitoring mechanism at corporate level is only limited to monitoring and review of EH&S performance of operational units that are covered under the IMS of SPL.
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Monitoring of EHS&S performance of project construction phase is not undertaken from corporate level. Moreover, the emissions monitoring requirements in the form of “Procedure for Monitoring and Measurement” specific to each operational asset does not include monitoring methods, equipment, timelines, record keeping and review. Further, plant specific legal compliances are not monitored from corporate level.

- **External Communication and Grievance Mechanism:** SPL has not outlined formal structure / procedures at corporate level for information disclosure to the community on the company’s performance on environment, health and safety. The annual reports of SPL on the company’s performance do not include quantitative data on environmental and health and safety performance of the corporate entity. Also, the “Procedures for Environmental Communications” under IMS limit the scope of external grievances to environmental non-conformances and do not address complaints that may be generic in nature.

## **PS-2: Labour and Working Conditions**

Both the HR Policy Manuals are compliant with PS-2 on aspects such as clearly outlined terms of employment, non-discrimination and equal opportunity and non-engagement of child labour. However, following non-compliances have been observed with respect to the requirements of PS-2:

### **A. SCL (including Turbine Division)**

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015 all existing Employment Policy/Service Rules of establishments are to be submitted to the Chief Inspector of Labour within November 15, 2015 for approval.<sup>[1]</sup> It was noted that the SCL Management has not attained approval from the Chief Inspector of Labour till date.
- **Provident Fund Benefits:** The period of time when a permanent employee is eligible for Provident Fund is inconsistent with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
- **Leave Entitlement:** The number of annual leaves that employees are eligible to as mentioned in the HR Procedure is inconsistent with Section 117 of Bangladesh Labour Act, 2006. The number of sick leaves that employees are eligible as mentioned in the HR Procedure is inconsistent with Section 116 of Bangladesh Labour Act, 2006.
- **Grievance Mechanism:** The Grievance Mechanism developed in the HR Procedure does not include within its purview aspects pertaining to employees being laid off, retrenched, discharged, dismissed, removed or otherwise removed from employment who seeks redressal of their grievances as defined in Section 33, Chapter II of Labour Act, 2006.
- **Worker’s organization:** No collective bargaining policy has been developed by SCL in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 and IFC PS 2 requirement as part of its overall HR Policy.
- **Retrenchment policy:** No retrenchment policy has been developed by SCL in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement as part of its overall HR Policy.

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<sup>[1]</sup> The English version of the Rule was not available in public domain for review, hence, a legal interpretation of the same has been referred to from <https://resource.ogrllegal.com/bangladesh-labour-rules-2015-published/>

- **Gaps in overall HR Policy:**
  - Forced labour policy not developed.
  - Overtime policy not developed
  - Not applicable to construction phase workers and contractual workers, contractors, vendors and operators engaged with the Company
  
- **Contractor Management:** Policy pertaining to child and forced labour, retrenchment and occupational health and safety compliances are not adequately addressed in the contract terms and conditions of contractors.
  
- **Occupational Health and Safety (OHS):**
  - Procedures relating to Occupational Health and Safety (OHS) has not been developed by SCL Management for the proposed project as of yet.
  - No overarching health and safety policy adopted by SCL at corporate level that expresses this vision and commitment of the management.
  - Procedures for management of construction phase health and safety not developed.
  - No incident reporting system being implemented at corporate level that covers corporate office of SCL.
  - Formal training calendar for imparting health and safety training to its corporate level employees not developed.
  - Policy does not indicate provisions for medical check-up of workers/ employees of SCL
  
- **Supplier verification procedures:** Supplier verification procedures with respect to labour aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. are not part of the existing supplier/ vendor selection system.

#### **B. SPL**

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015 all existing Employment Policy/Service Rules of establishments are to be submitted to the Chief Inspector of Labour within November 15, 2015 for approval<sup>[1]</sup> However SPL has not attained approval from the Chief Inspector of Labour till date.
  
- **Non-compliances with respect to Labour Act 2006:**
  - Criterion with respect to time period for eligibility of provident fund to permanent employee is inconsistent with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
  - Number of leaves allotted as part of annual leaves and sick leaves is inconsistent with Section 117 and 116 of Bangladesh Labour Act, 2006.
  - SPL has not established a collective bargaining policy and freedom of association for its employees as per review of the HR Procedure in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 and IFC PS 2 requirements.
  
- **Applicability of HR Policy:** Although it was observed that the contractors are managed through their respective formal contract and the terms and conditions placed therein and the contractor management

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<sup>[1]</sup> The English version of the Rule was not available in public domain for review, hence, a legal interpretation of the same has been referred to from [reviehttps://resource.ogrlaw.com/bangladesh-labour-rules-2015-published/](https://resource.ogrlaw.com/bangladesh-labour-rules-2015-published/)

procedures of SPL, however, SPL's HR policy and procedures does not accommodate contract workers engaged with the company through contractors, vendors and operators.

- **Procedure for Monitoring of Labour Compliances:** SPL has not developed procedure for monitoring and verifying wages being paid (including minimum wages and overtime wages) to contract workers engaged by contractors have not been developed.
- **Anti-harassment policy:** The anti-harassment policy established by SPL is limited to Mobile Phone usage and does not apply for onsite harassment/intimidation or other discriminatory activities.
- **Retrenchment:** SPL has not developed procedure to ensure transparency for any unforeseen situations involving collective dismissals, retrenchment procedures in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement.
- **Grievance Mechanism:** Procedures with priority based timelines for addressal of grievances that may be of significant importance and requiring immediate attention have not been covered. SPL has a strict policy requirement against acknowledging anonymous grievances and is noncompliant with PS2 in this regard.
- **Overtime Policy:** SPL's Overtime Policy was not made available for review as on date of issue of this report and therefore compliance against requirements mandated under Bangladesh Labour Rule, 2015 could not be assessed.
- **Forced labour policy:** Forced labour policy not been developed by SPL as part of its overall HR Policy.
- **Occupational H&S:**
  - Procedures relating to Occupational Health and Safety (OHS) has not been developed by SPL Management for the proposed project as of yet.
  - HR Policy Manual of SPL indicates that the management will undertake periodic medical checkup of all staff post-employment. However tests with respect to heat exposure are not undertaken as part of the medical examinations.
- **Supplier verification procedures:** Supplier verification procedures with respect to labour aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. are not part of the existing supplier/ vendor selection system.

### **PS-3: Resource Efficiency and Pollution Prevention**

Though project level systems are overall compliant to the requirements of PS3, however SCL does not have any policy that clearly outlines the company's vision towards resource efficiency and pollution prevention. Further, there is no commitment at corporate level on development of sustainability targets that are applicable to all projects and formulation of programs to achieve such targets.

### **PS-4: Community Health Safety and Security**

Though operational level activities are overall compliant to the requirements of PS4, however corporate level systems were observed to be partially compliant. SCL does not have a policy statement that demonstrates the

company's commitment towards considerations regarding community health and safety aspects during design stage of projects and management of community health and safety during subsequent stages of project.

**PS-5: Land Acquisition and Involuntary Resettlement**

The existing land procurement practices of SCL are not compliant to the requirements of PS-5 in terms of process to be followed during land procurement and mechanism to handle issues pertaining to involuntary resettlement.

**PS-6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

SCL does not have a comprehensive screening process to avoid ecologically sensitive areas at early stage of project conception or commitment to avoid such areas during site selection stage in compliance to the requirement of PS 6. Since IEE/ ESIA is conducted at later stages of the project, it is understood that the corporate level systems are partially compliant to the requirements of PS6.

**PS-7: Indigenous People**

SCL does not have a comprehensive procedure to screen areas having presence of indigenous communities during early stage of project conception, neither commitment to avoid such areas during site selection stage in compliance to the requirement of PS 7.

**PS-8: Cultural Heritage**

SCL does not have a procedure to manage cultural heritage areas or commitment to avoid such areas during site selection stage in compliance to the requirement of PS 8.

No findings of material liability have been identified in the context of any of the performance standards that may trigger issues associated with environmental and social aspects.

## 1.0 Introduction

Summit Group of Companies is one of the leading private sector conglomerates of Bangladesh comprising a chain of twenty business units including power, shipping and communications. Summit Group is one of the pioneers in power generation in Bangladesh with eleven power plants in operation. Summit Corporation Limited (hereinafter referred to as 'SCL'), is a holding company sponsoring its subsidiary companies to own, build and operate infrastructure projects in power sector. SCL has eight subsidiary companies that are part of the Summit Group. Apart from these, SCL also holds stakes in Khulna Power Company Ltd. (KPCL), an independent entity with other shareholders. The total net worth of SCL, including all its subsidiaries, is USD 600 million as on FY-15.

### 1.1 Purpose

SCL currently produces around 1,260MW, which is around 13% of total capacity of Bangladesh. SCL intends to hold 20% of the country's generation capacity. As power generation is a capital-intensive sector, SCL has planned to go international market for expanding its equity base. As part of this endeavour, SCL has signed an Appraisal letter with the International Finance Corporation (hereinafter referred to as 'IFC') for investment in the company to be made by latter and its co-investors subject to satisfactory outcome of a due diligence process.

As per the requirements of IFC, due diligence on Environmental & Social aspects of the Company is required before making any decision on investment/financing in any company. SCL and IFC have therefore engaged AECOM India Private Limited (hereinafter referred to as 'AECOM') to review and assess the environmental, H&S and social performance of Holding company (SCL), subsidiaries, operating assets, assets under construction, and proposed assets under SCL against the following reference framework:

- Bangladesh Environmental, Health, Safety and Social regulations related to all aspects that are covered in the IFC Performance Standards, 2012;
- IFC Sustainability Framework , including IFC Performance Standards 1 through 8 dated January 2012;
- The IFC General Environmental, Health and Safety ("EHS") Guidelines, dated 2007;
- The IFC Sector EHS Guidelines for Thermal Power Plants dated 2008;
- Power Sector EHS Guidelines for Electric Power Transmission and Distribution dated 2007 (except Section 3.2 and 3.3);

This report presents details of observations made and gaps identified during the assessment of corporate policies and management systems of SCL and its subsidiaries. Recommendations associated with gaps determined over the period of assessment have also been furnished. The purpose of the due diligence is to assess the adequacy of the existing environmental and social management system (ESMS) of SCL and its subsidiaries against the requirements of the stipulated reference framework and identify gaps and non-compliances. AECOM has suggested corrective actions for rectification of identified gaps.

### 1.2 Scope of Work

The scope of work entails the independent review of environmental and social management system, relevant policies, procedures and practices of SCL and its subsidiaries at the corporate level as per the requirements of the stipulated reference framework. This includes the following:



- Review the status of the Corporate Environment and Social Management System as adopted by SCL and its subsidiaries as per requirements of PS-1;
  - Assess the effectiveness of communication
  - Organizational capacity and competency
  - Flow of information (on EHS&S) from individual assets to corporate
  - Documentation
  - Training
- Review of the HR Policy and procedures of SCL and its subsidiaries as per requirements of PS-2;
- Review the existing screening and monitoring systems with respect to environment, health, safety and social aspects during planning, construction and operation phases of projects;
- Identify non-compliance or deviations, if any, and suggest corrective measures

### 1.3 Methodology

A two-member team from AECOM visited the corporate office of SCL at Summit Centre, Dhaka on 19<sup>th</sup> March 2016. Discussions and interviews were carried out with the senior management to understand their vision and commitment towards environment and community. All documents pertaining to environment, health & safety and social management being undertaken from the corporate office were reviewed.

The team also reviewed the communications on EHS&S from the corporate office to different operational units as well as sharing of information from the different units to the corporate. Adequacy of mechanism for implementation of adopted policies and procedures were also verified.

Following methodology was adopted for the assessment:

- Review and assess the adequacy of the existing environmental and social management system (ESMS) of the Company (including each of its subsidiaries).
- Assess adequacy of the system to design, built, operate, manage and monitor assets in accordance with the Applicable Standards.
- Verify and assess effectiveness of implementation of this ESMS through review of documentation, discussions with corporate level staff, review of contract documents, review of monitoring and audit reports for various operations;
- Assess the existing flow of information on E&S aspects at corporate level and with each of its subsidiaries and assets. This includes information on H&S, Environmental Monitoring, Grievances, etc. received from various assets and corporate level response to them;
- Assess the adequacy of manpower and resources to implement and manage the commitments under ESMS;
- Identify gaps in the ESMS and recommend measures and resources required to upgrade the ESMS and strengthen its implementation to ensure ongoing compliance with the Applicable Standards;

### 1.4 Documents Reviewed

The list of documents reviewed as part of the assessment is provided below:

1. HR Policy of SCL
2. HR Policy of SPL

3. Annual Training Calendar of SPL
4. Organizational Chart of SPL
5. IMS Manual and Procedures of SPL
6. Construction Health and Safety Management Plan of SPL
7. Corporate Level Contractor management procedure of SPL
8. Induction training plan of SPL
9. Internal audit system plan developed by SPL
10. Main audit plan developed by SPL
11. QHSE objectives of SPL
12. SPL Annual training calendar 2016
13. SPL-Induction training form
14. Yearly plan for review meeting for SPL

## 1.5 Limitations and Data Gaps

This report presents the observations made by AECOM professionals based on the scope of work and agreed approach and methodology with Summit and lenders. The present report has been developed to identify the potential EHS and social issues and conditions associated with the activities of the project for which the assessment has been carried out. During the course of this assessment, AECOM has attempted to independently assess the potential presence of EHS and social issues or conditions within the limits of the established scope of work as described in the contract between IFC, Summit and AECOM.

As with any assessment exercise, there is a certain degree of dependence upon verbal information provided by the point of contact for assessment, limited number of documents available for review and information available in the public domain, which is not readily verifiable. CAP developed constitutes a summary of the recommended actions, whereas a full description is presented in the body of this report on the nature of the findings, distinguishing between:

- Those aspects that could not be verified based on the available information; and
- Those areas in which a non-compliance with IFC Performance International Standards or Bangladesh National Regulations was observed.

This report has been prepared by AECOM for the benefit of its client, Summit and IFC. AECOM's client may release the information to third parties, who may use and rely upon the information at their discretion. However, any use of or reliance upon the information by any party shall be solely at the risk of such party and without legal recourse against AECOM, its parent, its subsidiaries and affiliates; or their respective employees, officers, or directors; regardless of whether the action in which recovery of damages is sought is based upon contract, tort (including the sole, concurrent, or other negligence and strict liability of AECOM), statute, or otherwise. This information shall not be used or relied upon by a party that does not agree to be bound by the above statement.

The Corporate level EHS&S Due Diligence is largely based on the documents made available, and discussions with stake holder and observations from site walk through undertaken by AECOM professionals during the site visit. Wherever documentation, policies and procedures for evaluation were not available for review, it has been highlighted in the report at relevant sections. In addition, wherever AECOM has not been able to make a judgment or assess any process, it has been highlighted as an information gap and a way forward has been suggested.

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## 1.6 Layout of the Report

The remaining sections of the report include the following:

- **Section 2:** provides a description of operations and procedures of SCL and its subsidiaries;
- **Section 3:** reviews the status of compliance of SCL operations with respect to the IFC Performance Standards and applicable reference framework; and
- **Section 4:** provides a Corrective Action Plan (CAP) based on the gaps identified along with timeline for completion.

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## 2.0 Overview of Operations and Corporate Procedures

This section presents the details of the operations of SCL and its subsidiary companies, organizational structure, environment and social management systems and procedures.

### 2.1 Background

The Summit Corporation Limited (hereinafter referred to as 'SCL'), erstwhile Summit Industrial and Mercantile Corporation (Pvt.) Ltd. (SIMCL), was established in the year 1985. SCL, through its subsidiaries, provides power generation and supply services in Bangladesh. SCL is primarily the holding company that sponsors its subsidiary companies to own, build and operate power plants. SCL has eight subsidiary companies that are part of the Summit Group. Apart from these, SCL also holds stakes in Khulna Power Company Ltd. (KPCL) along with Summit Power Limited (SPL) and United Enterprises and Company Limited (UECL).

The details of the subsidiaries and the shareholding pattern of SCL are provided in table below.

**Table 2-1: Details of Subsidiaries and Shareholding Pattern**

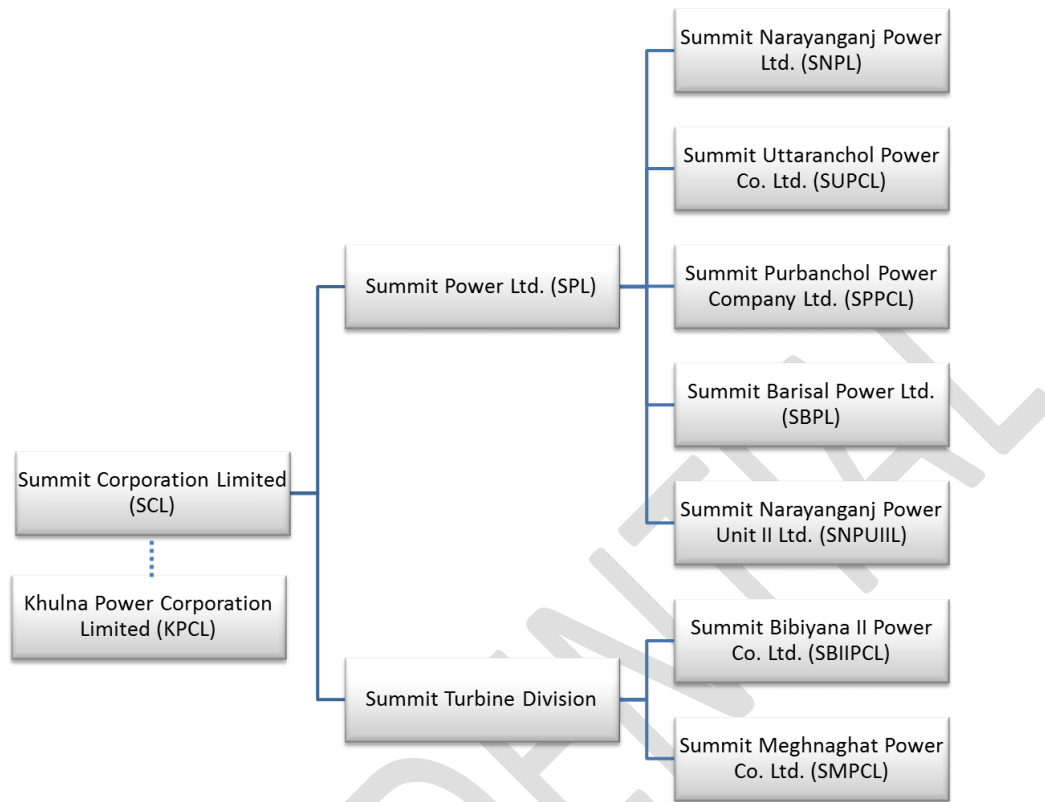
S. N.	Name of Subsidiary	Percentage of Holding by SCL
1.	Summit Bibiyana II Power Company Ltd. (SBIPCL)	80.000%
2.	Summit Meghnaghat Power Company Ltd. (SMPCL)	57.637%
3.	Summit Power Ltd. (SPL)	53.520%
4.	Summit Narayanganj Power Unit Ltd. (SNPUL)	25.000%
5.	Summit Purbanchal Power Company Ltd. (SPPCL)	0.718%
6.	Summit Uttaranchal Power Company Ltd. (SUPCL)	48.520%
7.	Summit Narayanganj Power Unit II Ltd. (SNPU IIL)	51.000%
8.	Summit Barisal Power Ltd. (SBPL)	51.000%
9.	Khulna Power Company Ltd. (KPCL)	17.6411%

SCL operates both gas based and Heavy Fuel Oil (HFO) based power plants through its subsidiaries - Turbine division and Summit Power Limited (SPL). The Turbine Division currently comprises two subsidiary companies, Summit Meghnaghat Power Company Ltd. (SMPCL) and Summit Bibiyana II Power Company Ltd. (SBIPCL). The subsidiaries formed under the Turbine Division follow the policies and procedures of the holding company, SCL.

SPL is the first private sector Independent Power Producer (IPP) in Bangladesh providing power to national grid, incorporated on 30<sup>th</sup> March 1997 as a Private Limited Company. It was later converted into Public Limited Company on 7<sup>th</sup> June 2004. SPL, being an independent registered entity, has developed its own policies and procedures on environment, health, safety and human resources. These procedures are adopted by the subsidiary companies that develop and operate reciprocating engine driven power plants.

**Figure 2-1** below denotes the relation between SCL and its subsidiary companies.

Figure 2-1: Relation between SCL and Subsidiary Companies



Through its subsidiaries, SCL currently operates twelve power plants in Bangladesh and produces around 1,260MW, which is around 13% of total power generation capacity of Bangladesh. One power plant is under construction and will be commissioned soon. The details of the operational and under construction assets have been provided in **Table 2-2** below.

Table 2-2: Details of Operational and Under Construction Assets of SCL

Subsidiary	Capacity	Physical Location	COD
<b>Operational Assets</b>			
Summit Power Ltd. (SPL)	43 MW Gas Based Unit	Ashulia, Savar, Dhaka	2001
	35 MW Gas Based Unit	Madhabdi, Narshingdhi	2006
	25 MW Gas Based Unit	Chandina, Comilla	2007
Summit Purbanchol Power Company Ltd. (SPPCL)	66 MW Gas Based Unit	33 MW in Rupganj, Narayanganj & 33 MW in Jangalia, Comilla	2009
Summit Uttaranchol Power Co. Ltd. (SUPCL)	44 MW Gas Based Unit	33 MW in Maona, Gazipur & 11 MW in Ullapara, Sirajganj	2009
Summit Narayanganj Power Ltd. (SNPL)	102 MW HFO Based Unit	Madanganj, Narayanganj	2011
Summit Narayanganj Power Unit II Ltd. (SNUIPL)	55 MW HFO Based Unit	Madanganj, Narayanganj	2016
Summit Bibiyana II Power Co. Ltd. (SBIIPCL)	341 MW Gas Based CCGT Unit	Bibiyana, Hobiganj	2015

Subsidiary	Capacity	Physical Location	COD
Summit Meghnaghat Power Co. Ltd. (SMPCL)	337 MW Gas Based CCGT Unit	Meghnaghat, Narayanganj	2014
Khulna Power Company Ltd. (KPCL)	110 MW HFO Based Barge Mounted Unit	Goalpara, Daulatpur, Khulna, Bangladesh	1998
	115 MW HFO Based Unit	Goalpara, Daulatpur, Khulna, Bangladesh	2011
	40 MW HFO Based Unit	Noapara, Jessore	2011
<b>Under Construction Assets</b>			
Summit Barisal Power Ltd. (SBPL)	110 MW HFO Based Unit	Rupatali, Barisal	Expected to be commissioned in 2016

Apart from these, SCL proposes to develop the following four projects:

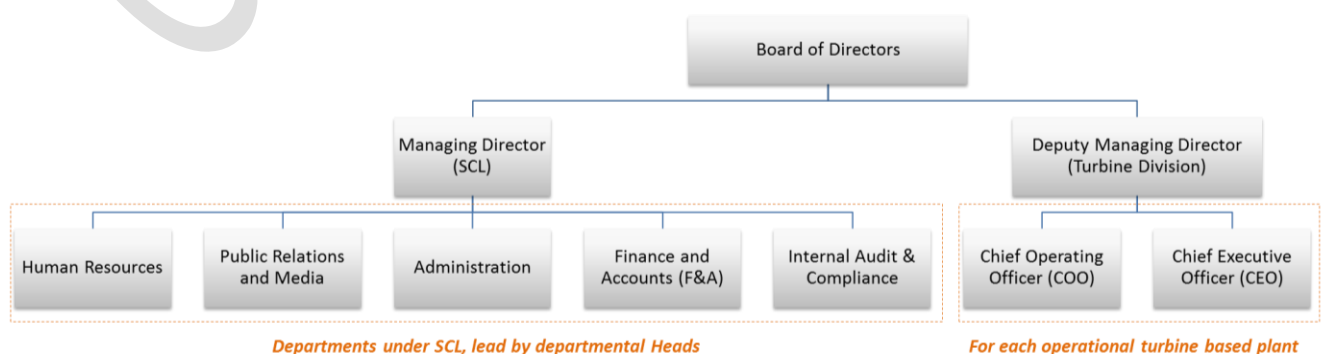
1. 200 MW HFO based unit at Anowara, Chittagong
2. 149 MW HFO based unit at Gazipur, Dhaka
3. 660 MW Gas based unit at Anowara, Chittagong
4. 350 MW dual fuel unit at Meghnaghat, Narayanganj, Dhaka

## 2.2 Organisation Structure

Summit Corporation Limited is headed by Mr. Muhammad Aziz Khan, Chairperson of the Summit Group. SCL Board consists of ten (10) Directors, including the Chairperson. All the key functions report directly to the Managing Director at the corporate level, who in turn has direct reporting to the Board of Directors. The different departments lead by the Managing Director, include Administration, Human Resources (HR), Finance & Accounts (F&A), Public Relations & Media. At the time of audit, it was reported by the senior management that SCL is under the process of recruiting Head of Internal Audit & Compliance (Contracts). The Turbine Division is also managed by the same departments of SCL. However, the operational aspects of the subsidiaries formed under the Turbine Division are managed by Chief Operating Officer (COO) and Chief Executive Officer (CEO) who report to the Deputy Managing Director (Turbine Division). **Figure 2-2** below represents the corporate organization structure of SCL, including the Turbine Division.

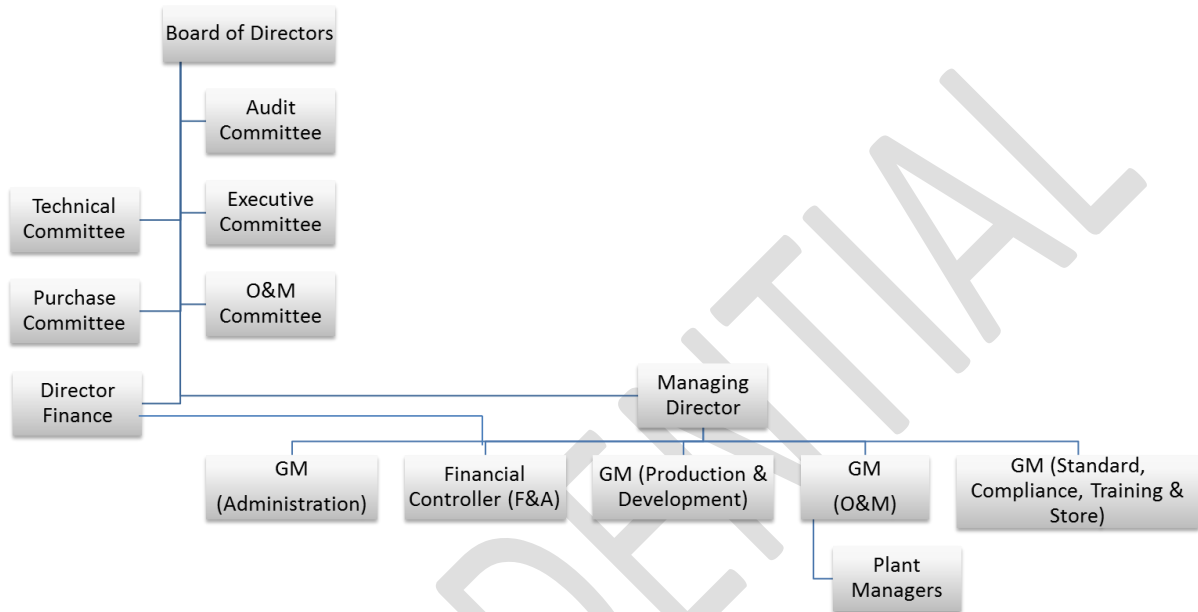
SCL does not have an EHS Department at corporate level, though it was understood that the Turbine Division has project specific EHS teams at project level.

**Figure 2-2: Corporate Organization Structure of Summit Corporation Limited (SCL)**



The corporate organization structure of SPL is presented in **Figure 2-3** below. The Board of Directors of SPL comprising thirteen (13) members governs the functions of the organization. The Managing Director (MD) of SPL leads the various departments viz. Administration, Finance and accounts (F&A), Production and Development, Human Resources (HR), Standard, Compliance, Training & Store and Operation and Maintenance (O&M). The departments are headed by respective General Managers (GM) who report to the MD.

**Figure 2-3: Corporate Organization Structure of Summit Power Limited (SPL)**



SPL has established a corporate level Integrated Management System (IMS) that is extended to all its operational assets. The IMS has been certified with ISO 9001: 2008 - Quality Management System, ISO 14001: 2004 - Environmental Management System and OHSAS18001: 2007 - Occupational Health and Safety Management System certificates. The certification is valid from 26<sup>th</sup> December 2015 through 25<sup>th</sup> December 2018. At corporate level, the Standard and Compliance Department manages the quality, environment and health and safety aspects through direct interaction with plant level.

## 3.0 Document Review and Assessment of Compliance

This section details the compliance of the project with respect to requirements under IFC Sustainability Framework and applicable national and local regulations. The observations made during the due diligence and gaps identified are discussed herewith.

### 3.1 Performance Standard (PS) 1: Assessment and Management of Social & Environmental Risks and Impacts

Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by management, and involves engagement between the client, its workers, local communities directly affected by the project (the Affected Communities) and, where appropriate, other stakeholders.

#### 3.1.1 Environment and Social Management System

**Requirement 1:** PS-1 requires that a good ESMS appropriate to the nature and scale of the project to promote sound and sustainable environmental and social performance shall be put in place by the management. The ESMS shall incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

**Observation 1:** The following observations are made with respect to environment and social management system:

##### A. SCL

- SCL does not have a formal/ documented environmental and social management system (ESMS) at corporate level for managing risks associated with planning, construction, operation and decommissioning phases of projects.

##### B. Turbine Division

- The Turbine Division follows the corporate policies and procedures of SCL, hence have not adopted a formal environmental and social management system (ESMS) for projects developed under it.
- The subsidiaries formed under the Turbine Division of SCL, i.e. SMPCL and SBIIPCL have developed their project specific environment, health safety and social management systems for plant operations, comprising of procedures on environment, health, safety and social aspects. However it was observed that the procedures are applicable to operational phase only. None of the turbine units have developed environmental, health, safety and social management system for planning, construction and decommissioning phase of projects.

##### C. SPL

- SPL has also established an Integrated Management System (IMS) which constitutes of Environment Management System (EMS) and Occupational Health and Safety Management System (OHSMS) at corporate level that is applicable to all its operational projects and implemented at project level. The IMS has been certified with ISO 9001: 2008 - Quality Management System, ISO 14001: 2004 - Environmental Management System and OHSAS18001: 2007 - Occupational Health and Safety Management System certificates. The certification is valid from 26<sup>th</sup> December 2015 through 25<sup>th</sup> December 2018.



- The IMS formulated by SPL is applicable to project operations only and SPL has not developed environmental, health, safety and social management system (and related procedures and management programs) for planning, construction and decommissioning phase of projects.

### 3.1.2 Policy

**Requirement 2:** The client is required to establish an overarching policy defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance. The client shall communicate the policy to all levels of its organization.

**Observation 2:** The following observations are made with respect to policy:

#### A. SCL

- Though the senior management of SCL has a vision and commitment of implementing environmental, health and safety and social mitigation and management measures at every stage of projects developed by the group, SCL has not formulated an overarching policy statement that demonstrates the management's commitment and is adopted by all the subsidiary companies of SCL.

#### B. Turbine Division

- The subsidiaries under Turbine Division of SCL have formulated separate policies on EHS and social as part of their EHS&S management systems.

#### C. SPL

- As part of its IMS, SPL has adopted policies for Environmental management and Occupational Health and Safety management to exhibit SPL's commitment both at the corporate level and plant levels towards effective management of environment, and health and safety aspects.
- SPL is also required to establish an overarching policy defining its social objectives and principles that guide projects to achieve sound social performance. However, SPL has neither established an overarching social policy at the corporate level nor plant specific social policies at the unit level.

### 3.1.3 Identification of Risks and Impacts

**Requirement 3:** The client is required to establish and maintain a process for identifying the environmental and social risks and impacts of the project. The type, scale, and location of the project guide the scope and level of effort devoted to the risks and impacts identification process. The process may comprise a full-scale environmental and social impact assessment, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.

**Observation 3:** The following observations have been recorded with respect to identification of risks and impacts:

#### A. SCL

- *During Site Selection Stage:* It was reported that SCL has a site selection team at corporate level that is responsible for reviewing the various aspects associated with selection of site for a project during planning stage. Site selection survey includes review of geotechnical conditions, availability of water, and proximity to

residential receptors. Based on the survey, a site selection report is prepared, however there is no documented checklist for environment and social screening of projects during planning stage.

- For obtaining environmental clearance certificate (ECC) from the Department of Environment (DoE), an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) study needs to be undertaken for each project developed by SCL. The IEE/EIA study identifies potential environmental impacts associated with the project, which include impacts on air quality, water quality, noise quality, impacts from liquid discharges, impacts from waste generation and socio-economic impacts. Based on the study, project specific management programs are formulated which delineate measures for mitigating impacts/ risks identified for construction and operation phase of projects.
- *During Construction and Operation Phases:* SCL has not formulated procedures at corporate level to identify environmental, health, safety and social risks and hazards associated with construction phase of projects. Operational risks are identified at project level by site management of each plant through hazard identification and risk assessment exercise. However there is no procedure at corporate level that mandates identification of hazards and risks or provides guidelines for plant specific risk assessment.

#### **B. Turbine Division**

- The subsidiaries formed under Turbine Division of SCL are responsible for construction, operation and maintenance of respective projects. It was understood that during construction phase, procedures for environmental, health, safety and social risks and hazards identification is not formulated by the turbine units.
- During project operations, both subsidiaries under Turbine Division (SMPCL and SBIIPCL) have established procedures to identify EHS risks, along with the respective O&M contractor. For e.g. SMPCL has undertaken Hazard Identification and Risk Assessment (HIRA) for health and safety risks due to system failure as well as Aspect Identification and Impact Evaluation (AIIE) for environment risks and developed a HIRA-AIIE register. It was nevertheless noted that PS1 also requires the project to identify social risks and impacts associated with project operations. However the project specific management systems have not identified potential social risks that may be associated with operation of plants at the site level.

#### **C. SPL**

- SPL, again, does not have procedures to identify environmental, health, safety and social risks and hazards associated with construction phase of projects.
- For operation phase of projects, SPL has determined Environmental and Occupational Health and Safety Risks associated with plant operations as part of its IMS. Procedure for Identification of Environmental Aspects and its Significant Impacts (SP-Env-1) has been developed in the IMS manual wherein the significance of environmental aspect is ranked through the identification and assessment of the impacts. Similarly, procedure for Hazard Identification, Risk Assessment (SP-OHS-1) has also been developed as part of IMS. Potential hazards are identified and maintained as facility and job risk assessment from internal and external sources, at project level.
- However the IMS of SPL has not identified potential social risks that may be associated with operation of plants at the site level.

### 3.1.4 Management Programs

**Requirement 4:** The client will establish management programs, that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project. Depending on the nature and scale of the project, these programs may consist of some documented combination of operational procedures, practices, plans, and related supporting documents (including legal agreements) that are managed in a systematic way. The management programs will establish environmental and social Action Plans, which will define desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation.

**Observation 4:** The following observations have been made with respect to management programs:

#### A. SCL

- SCL has not formulated procedure at corporate level for development of programs related to environment, health and safety management during construction and operation phase of each project developed under SCL. It was further observed that robust management programs on environment and health and safety do exist for operation phase of projects, however the programs are project specific.
- SCL has not developed contractor management procedures at corporate level that provides criteria for selection of contractors and suppliers with respect to health and safety aspects, management procedures for ensuring non-engagement of child labour by contractors and in the supply chain, performance evaluation of contractors on the basis of EHS compliance, etc.

#### B. Turbine Division

- The Turbine units have not developed programs related to environment, health and safety management during construction phase of projects. Moreover there is no mechanism to monitor the implementation of management measures outlined in the ESIA-ESMP during construction phase.
- It was observed that robust management programs on environment and health and safety do exist, specific to operation phase of projects. Social management programs also exist at project level that includes community development program and grievance redressal mechanism for community. Contractor management procedures also exist at project level for each of the subsidiaries under the Turbine Division.
- EHS performance targets and operational targets have not yet been drafted for the turbine projects under SCL.

#### C. SPL

- SPL has developed a Construction Health and Safety Management Plan; however the plan is generic and provides only the outline of definitions and guidance for management. It does not lay down the clear procedures for construction phase and at places it refers to the IMS which may not be existent during construction phase. Also, there is no mechanism to monitor the implementation of management measures outlined in the ESIA - ESMP of respective project during construction phase.

- SPL, as part its IMS, has developed project specific procedures for managing Environmental, Occupational Health and Safety, Emergency preparedness and response, Human resource development, and contractor management. However, SPL has not developed social management programs for its operational units.
- Procedures for procuring contractor services have been formulated by SPL and comprises of requirements for approval of contractors where in qualifying conditions include assessment of environmental risk, OHS aspects of the service provider in form of contractor performance records. Procedures require compliance with labour regulation and consideration to identifying environmentally sensitive services such as hazardous waste disposal are to be assessed before approval and extension of contract agreement. However there is no procedure developed for monitoring and verifying wages being paid to contract workers engaged by contractors.
- SPL, being ISO certified, has formulated performance objectives for health, safety and environment at corporate level that are applicable to all the operational assets under SPL. The objectives include zero incidents at plant level, lube oil handling and avoidance of spills and leakages, reduced consumption of rags, etc. These objectives are formulated at corporate level and passed on to certified plants as part of the continual improvement process. Quarterly internal audits at corporate level are conducted to monitor whether these objectives are being achieved at plant level.

### 3.1.5 Organizational Capacity

**Requirement 5:** The client, in collaboration with appropriate and relevant third parties, will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the ESMS. Personnel within the client's organization with direct responsibility for the project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work.

**Observation 5:** The following observations have been recorded with respect to organizational capacity:

#### A. SCL

- SCL does not have an EHS Department at corporate level to monitor and handle project specific EHS&S issues (if required).

#### B. Turbine Division

- The turbine units have project specific EHS teams functional at plant level and all issues at plant level are managed by the EHS Committees formed at plant level. However, there is no mechanism for reporting to corporate on EHS issues.

#### C. SPL

- At corporate level, SPL has a Standard and Compliance Department which manages the quality, environment and health and safety aspects through direct interaction with plant level. However, SPL has not engaged a dedicated Environment and Social Professional at the corporate level to supervise / manage / support site management team at the plant level in matters of environment and social performance. It is understood that respective operational projects of SPL establish and maintain organization structure that defines roles and responsibilities and authority for implementation of the IMS. IMS manual establishes responsibility matrices for EH&S implementation however responsibilities for social aspects of plant operations have not been established.

### 3.1.6 Emergency Preparedness and Response

**Requirement 6:** The ESMS will establish and maintain an emergency preparedness and response system so that the company, in collaboration with appropriate and relevant third parties, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment.

**Observation 6:**

**A. SCL**

- SCL has not documented corporate level procedures for emergency response, and not identified the flow of communication in emergency situations at any of the plants of the Summit group.

**B. Turbine Division**

- It was observed that both turbine units have developed emergency response plans at respective plant level. These plans identify potential for emergency situations, establish response mechanism to such emergency situations and prevent / mitigate associated adverse environmental, H&S and social consequences. However flow of information to corporate in case of emergencies has not been included in the plans.

**C. SPL**

- SPL has also not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergencies. Though SPL has established procedures for “Emergency preparedness and response” under IMS manual which is adopted by respective plants. The emergency procedures cover external and internal notifications, actions for evacuation (both at the plant level and at the community level), for emergency instances including fire, hazardous material and / or gas release, earthquake response, bomb threats, medical emergencies, severe weather conditions. However the procedures do not include information disclosure and training requirements for community with respect to emergencies and risks identified as part of the Emergency Preparedness and Response Plan.

### 3.1.7 Stakeholder Engagement

**Requirement 7:** Client should identify the range of stakeholders that may be interested in their actions and consider how external communications might facilitate a dialog with all stakeholders. The client will develop and implement a Stakeholder Engagement Plan that is scaled to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the Affected Communities.

**Observation 7:**

**A. SCL**

- At group level, SCL is involved in following CSR activities that are managed at corporate level:
  - Providing support and financial assistance to SEID Trust, a non-governmental voluntary development organization working for social inclusion and promoting rights of underprivileged children with disabilities including intellectual and multiple disabilities.

- Providing support to Ashokti Punorbashon Nibash (APON), which is a rehabilitation centre for drug abusers.
- Development of 200-bed civil hospital through Siraj-Khaleda Trust, an organizational foundation of Summit Group
- Provision of solar based electricity to people of Gaibandha through The Friendship Summit Energy Project (FSEP), which was established with financial support from Summit Power Limited.
- However, at corporate level, SCL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all projects. Further, SCL has not developed policy at corporate level that showcases the company's commitment towards stakeholder engagement. This should be part of the ESMS developed by SCL.

**B. Turbine Division**

- The turbine units (SMPCL and SBIIPCL) have policies expressing their commitment towards community development. The turbine units have developed project specific Community Development and Procedures which outline the various engagement and development activities that are undertaken/ planned to be undertaken for the affected communities near the projects.

**C. SPL**

- SPL has developed and implemented systems to facilitate effective customer communications in regards to product information, inquiries, contracts, complaint handling, and customer feedback (customers being Bangladesh Power Development Board, and Rural Electrification Board), as part of its IMS. However SPL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all projects.

**3.1.8 Monitoring and Review**

**Requirement 8:** The client will establish procedures to monitor and measure the effectiveness of the management program, as well as compliance with any related legal and/or contractual obligations and regulatory requirements. Where appropriate, the client will consider involving representatives from Affected Communities to participate in monitoring activities. The client should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Senior management in the client organization will receive periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis.

**Observation 8:** The following observations have been recorded with respect to monitoring and review:

**A. SCL**

- SCL does not have a corporate level mechanism for monitoring and review of the environment, health and safety performance of projects developed under it, therefore does not monitor the overall EH&S performance of the company. There is no document at SCL corporate level to monitor the regulatory compliances of all projects.

**B. Turbine Division**

- The turbine units of SCL have project specific health and safety inspection schedules, EHS committees, environmental monitoring plans, etc. However, there is no flow of information to corporate level on plant specific environment, health and safety performance. The turbine units do not directly report to SCL at corporate level on matters related to environment, health and safety.

### **C. SPL**

- SPL, being ISO certified, has formulated performance objectives for health, safety and environment that are applicable to all the operational assets under SPL. The objectives include zero incidents at plant level, lube oil handling and avoidance of spills and leakages, reduced consumption of rags, etc. These objectives are formulated at corporate level and passed on to certified plants as part of the continual improvement process. Procedures for performance measurements and monitoring have been identified for both Environment and Health and safety aspects. All projects have established site level Joint Environment and Health & Safety Committee (JHSEC) which meet on a monthly basis to assess plant level Environment and H&S issues and report to the corporate Management Representative.
- SPL at the corporate level has established procedures for internal system audit. Quarterly management review meetings are conducted by SPL at corporate level to track progress of the plants and monitor whether the QHSE targets/ objectives are being met or not. SPL has identified internal auditors who are certified to undertake quarterly internal audits of plants to assess the QHSE performance prior to management review meetings. Internal audit reports are generated on quarterly basis and corrective action for non-conformances are implemented through plant specific Management Representative (MR). SPL has also developed an internal audit calendar which is circulated at all the operational units. External audits are conducted by Bureau Veritas once every three years to verify conformance and renew certification of the Integrated Management System. It was also observed that apart from plant specific MR, SPL also has Management Representative (MR) at corporate level who is responsible for monitoring and reviewing the QHSE performance at plant level in accordance with IMS.
- SPL has also established emissions monitoring requirements in the form of “Procedure for Monitoring and Measurement” specific to each operational asset. However specific procedural guidelines for emissions monitoring including monitoring methods, equipment, timelines, record keeping and review have not been established as part of this procedure.
- Legal compliances are monitored at individual project level in the form of legal compliance registers, however no such document was maintained at corporate level in order to monitor the regulatory compliances of all projects.

### **3.1.9 External Communication and Grievance Mechanism**

**Requirement 9:** The client will implement and maintain a procedure for external communications. In addition, the management is encouraged to make publicly available periodic reports on their environmental and social sustainability.

**Observation 9:** The following observations have been recorded with respect to External Communication and Grievance Mechanism:

#### **A. SCL**

- SCL has not outlined formal structure / procedures at corporate level for information disclosure to the community on the company's performance on health and safety and conformance with environmental compliance requirements and consequently, has limited scope to receive related complaints. SCL does not publish reports on the environmental and social performance of the company for reference by external parties.

#### **B. Turbine Division**

- Turbine Division does not have any formal information disclosure procedure at corporate level. Grievance redressal mechanisms for local community exist at individual project level in the form of suggestion boxes and complaint registers. Every operational plant has grievance redressal committee with representation from site management and local community members. The committee meets on quarterly basis and it was reported that senior management from corporate level (Managing Director) also attends the committee meetings once in two years.

#### **C. SPL**

- SPL has also not outlined formal structure / procedures at corporate level for information disclosure to the community on the company's performance on environment, health and safety. SPL issues annual report on the company's performance, which also includes reporting on sustainable measures incorporated in projects. However quantitative data on environmental and health and safety performance of the corporate entity is not part of the annual reports.
- As part of SPL's IMS procedures on Environmental Communications, for external parties including community residing around plants, SPL, at the corporate level, has established procedures for grievance addressal under "Procedures for Environmental Communications" to ensure external communications relating to the environmental performance of the organization are received and adequately handled at the site level. Records pertaining to same are also maintained. However, these procedures limit the scope of external grievances to environmental non-conformances and do not address complaints that may be generic in nature.

### **3.1.10 Status of Compliance to PS-1**

Based on observations on the environment and social management systems of SCL, Turbine Division and SPL as presented above, the following non-conformances to the requirements of PS-1 were observed:

#### **D. SCL**

- **Environment and Social Management System (ESMS):** SCL does not have a formal/ documented environmental and social management system at corporate level that guides the development of project specific management systems and procedures at project level.
- **Policy:** SCL has not formulated an overarching EHS policy statement that demonstrates the management's commitment towards environment, health and safety. The social policies are drafted at project level, there is no overarching policy to capture the vision of SCL towards social development and for the community where the work.
- **Identification of Risks and Hazards:** SCL reportedly undertakes E&S screening prior to selection of sites for projects, however there is no documented checklist for environment and social screening of projects



during planning stage. Corporate level procedures do not exist to identify EHS&S risks and hazards associated with construction phase of projects. Operational risks are identified at plant level, though guidelines for plant specific risk assessment have not been developed at corporate level.

- **Management Programs:** Management programs related to environment, health and safety and social management during all phases of projects have not been developed by SCL. There is no mechanism at corporate level to monitor the implementation of management measures outlined in the ESIA-ESMP either during construction or operation phases of projects. Contractor management procedures exist at project level but there is no guiding document at corporate level that outlines the environmental and social aspects that need to be considered during preparation of such procedures.
- **Emergency Preparedness and Response:** SCL has not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergency situations.
- **Organization Capacity:** SCL does not have an EHS Department at corporate level to monitor and handle project specific EHS&S issues (if required), though project specific EHS teams are functional at plant level.
- **Monitoring and Review:** SCL does not have a corporate level mechanism for monitoring and review of the EHS performance of projects developed under various subsidiaries. Health and safety statistics are not consolidated at corporate level to monitor the H&S performance of the company. Similarly, at corporate level, SCL does not have a monitoring mechanism for environmental performance and compliances by the company on holistic basis.
- **Stakeholder Engagement:** Though CSR activities are undertaken at project level and also at corporate level, SCL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all its projects. Further, SCL has not developed policy at corporate level that showcases the company's commitment towards stakeholder engagement.
- **External Communication and Grievance Mechanism:** SCL has not outlined a formal structure / procedures at corporate level for information disclosure to the community on the company's performance on health and safety and conformance with environmental compliance requirements and consequently, has limited scope to receive related complaints. SCL does not publish reports on the environmental and social performance of the company for reference by external parties.

#### **E. Turbine Division**

- **Environment and Social Management System (ESMS):** The turbine division follows the corporate systems of SCL, hence has not developed a separate ESMS covering planning, construction, decommissioning and operation phases of projects. The subsidiaries formed under the Turbine Division have developed their project specific environment, health safety and social management procedures for operational phase.
- **Identification of Risks and Impacts:** For operational units, HIRA and AIIE is conducted at plant level, however construction phase procedures for environmental, health, safety and social risks and hazards identification has not been formulated. The operational risk assessment includes EH&S but social risks associated with operation of plants are not identified at the site level.
- **Management Programs:** EHS&S management programs associated with construction phase have not been developed. Mechanism to monitor implementation of construction phase management measures

outlined in project specific ESIA-ESMP, does not exist. EHS performance targets and operational targets have not yet been drafted for the turbine projects.

- **Organization Capacity and Competency:** Though the turbine units have project specific EHS teams functional at plant level, however there is no mechanism for flow of information to corporate level on EHS&S issues.
- **Emergency Preparedness and Response:** Plant specific emergency response plans have been developed by each unit however flow of information to corporate in case of emergencies has not been included in the plans.
- **Monitoring and Review:** Project specific health and safety inspection schedules, EHS committees, environmental monitoring plans have been developed by each unit. However, there is no flow of information to corporate level on matters related to plant specific environment, health and safety performance.
- **External Communication and Grievance Mechanism:** Turbine Division does not have any formal information disclosure procedure at corporate level.

#### **F. SPL**

- **Environment and Social Management System (ESMS):** The IMS formulated by SPL is applicable to project operations only and SPL has not developed environmental, health, safety and social management system (and related procedures and management programs) for planning, construction and decommissioning phase of projects.
- **Policy:** SPL has neither established an overarching social policy at the corporate level nor plant specific social policies at the unit level.
- **Identification of Risks and Impacts:** Plant specific operational risks related to EH&S are identified as part of IMS procedures; however, the IMS has not identified potential social risks that may be associated with operation of plants at the site level. SPL also does not have procedures to identify environmental, health, safety and social risks and hazards associated with construction phase of projects.
- **Management Programs:** SPL has developed a Construction H&S Management Plan; however the plan is generic and provides only the outline of definitions and guidance for management. It does not lay down the clear procedures for construction phase and at places it refers to the IMS which may not be existent during construction phase. Also, there is no mechanism to monitor the implementation of management measures outlined in the ESIA - ESMP of respective projects during construction phase. Moreover, SPL has not developed social management programs for its operational units. Contractor management procedures do not include provisions for monitoring and verifying wages being paid to contract workers engaged by contractors.
- **Organizational Capacity:** SPL has not engaged a dedicated Environment and Social Professional at the corporate level to supervise / manage / support site management team at the plant level in matters of environment and social performance. Further, the IMS manual establishes responsibility matrices for EH&S implementation, however responsibilities for social aspects of plant operations have not been established.
- **Emergency Preparedness and Response:** SPL has not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergencies. The plant specific

Emergency preparedness and response procedures do not include information disclosure and training requirements for community with respect to emergencies and risks.

- **Stakeholder Engagement:** SPL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all projects.
- **Monitoring and Review:** SPL's existing monitoring mechanism at corporate level is only limited to monitoring and review of EH&S performance of operational units that are covered under the IMS of SPL. Monitoring of EHS&S performance of project construction phase is not undertaken from corporate level. Moreover, the emissions monitoring requirements in the form of "Procedure for Monitoring and Measurement" specific to each operational asset does not include monitoring methods, equipment, timelines, record keeping and review. Further, plant specific legal compliances are not monitored from corporate level.
- **External Communication and Grievance Mechanism:** SPL has not outlined formal structure / procedures at corporate level for information disclosure to the community on the company's performance on environment, health and safety. The annual reports of SPL on the company's performance do not include quantitative data on environmental and health and safety performance of the corporate entity. Also, the "Procedures for Environmental Communications" under IMS limit the scope of external grievances to environmental non-conformances and do not address complaints that may be generic in nature.

### 3.1.11 Recommendations

Following recommendations have been proposed for the gaps identified during the assessment.

#### A. SCL

- **Policy:** SCL is required to establish an overarching environment, H&S and social policy at the corporate level that would express the company's vision towards environmental management and social commitment. The policy shall be an overarching declaration of the E&S objectives and principles guiding SCL's business activities. The policy shall be endorsed by the management team at the corporate level.
- **Environment and Social Management System (ESMS):** Based on the policy statement, SCL is required to formulate a comprehensive Environmental and Social Management System (ESMS) at corporate level that will act as a guiding document towards preparation of project specific management systems and procedures at unit level. The ESMS should be applicable to planning, construction, decommissioning and operation phase of projects. The ESMS should cover following aspects:
  - Policies on environmental, safety and social aspects
  - Identification of risks and impacts associated with various activities of the proposed plant and the development of corresponding management programs.
  - Organization structure with responsibility matrix;
  - Emergency Preparedness and Response plan to help the workers at site and the community members to respond efficiently in case of an emergency.
  - Stakeholder Engagement Plan; and
  - Monitoring and Review.
- **Identification of Risks and Hazards:** SCL is required to develop a comprehensive E&S screening process, as part of the ESMS, to assess site selection at early stage of conception. The process should consider criteria such as presence of ecologically sensitive areas, indigenous people, cultural heritage,

minimum loss of agricultural land, level of economic and physical displacement, proximity to residential areas, etc. Site selection reports should be prepared based on these criteria and the senior management should be responsible for evaluating the E&S risks associated with proposed project development.

Corporate level procedures to identify EHS&S risks and hazards associated with construction phase of projects should also be developed by SCL, as part of ESMS. With regards to operational risks, SCL should develop guidelines at corporate level for plant specific risk assessment.

- **Management Programs:** As part of the ESMS, SCL should develop procedures towards management of environment, H&S and social risks associated with construction phase of all projects such as waste management plan, health and safety plan, traffic management plan, environmental monitoring plan, construction labor management plan, emergency response plan, etc. SCL to develop a procedural guideline for contractor management at corporate level that outlines the environmental and social aspects that need to be considered during preparation of project specific Contractor Management Plans.
- **Emergency Response:** SCL should document corporate level procedures for emergency response and identify the flow of communication from plant to corporate office in case of emergency situations.
- **Monitoring and Review:** SCL should develop a corporate level mechanism for monitoring and review of the EH&S performance of all the projects developed thereunder. Plant specific health and safety statistics should be consolidated to monitor the H&S performance of the company. Mechanism to monitor the implementation of management measures outlined in the ESIA-ESMP for both construction and operation phases of projects should also be formulated.
- **Organizational Capacity:** SCL is required to establish an EHS Department at corporate level and depute qualified personnel for managing EHS aspects and monitoring and reviewing plant level EHS performance.
- **Stakeholder Engagement, External Communication and Grievance Mechanism:** SCL is required to establish a Stakeholder Engagement Plan (including social management plan and information disclosure plan) aimed at community development. The plan should identify and include procedures for dissemination of information in accordance with environmental and H&S compliance requirements that may be of concern to the local communities, for all projects under SCL.

#### **B. Turbine Division**

- **Environment and Social Management System (ESMS):** Turbine division should adopt the ESMS developed by SCL, for all phases of turbine driven projects developed thereunder.
- **Identification of Risks and Impacts:** Construction phase procedures for environmental, health, safety and social risks and hazards identification should be formulated. Operational risk identification procedures should also include social risk identification.
- **Management Programs:** The Turbine Division to develop EHS&S management programs associated with construction phase of turbine projects. A mechanism should be formulated to monitor site level implementation of construction phase management measures outlined in project specific ESIA-ESMP. Further, the Turbine Division is required to formulate performance targets on environment and H&S at corporate level that are adopted by turbine units in order to monitor the EHS performance and identify areas of improvement.

- **Monitoring and Review:** Mechanism to be formulated for flow of information from turbine units to corporate level on EHS&S issues and performance.
- **Emergency Preparedness and Response:** Plant specific emergency response plans to be updated to include flow of information to corporate in case of emergencies.

### C. SPL

- **Environment and Social Management System (ESMS):** SPL should adopt the ESMS developed by SCL, for all phases of engine driven projects developed thereunder.
- **Policy:** SPL to establish overarching social policy at the corporate level and plant specific social policies at the unit level, declaring the company's vision towards social commitment.
- **Identification of Risks and Impacts:** SPL is required to assess social risks and impacts associated with all its plant operations. These procedures shall identify significance of social impacts / risks, and include management review / improvement plan to effectively address any additional risks. Subsequently, procedures for managing such risks shall be established and included as part of IMS manual. Construction phase procedures for environmental, health, safety and social risks and hazards identification should also be formulated.
- **Management Programs:** For construction phase, detailed procedures covering various environmental, health & safety and social requirements to be developed as part of ESMS. The procedure should cover details with respect to hazardous operations such as height work, hot work, rigging works, confined space entry, amongst others. The procedures should also comprise mechanism to monitor the implementation of management measures outlined in the ESIA - ESMP of respective projects during construction phase. The procedures should also address aspects pertaining to construction contractor's environment and social performance review, reporting requirements. Contractor management procedures to include provisions for monitoring and verifying wages being paid to contract workers engaged by contractors.

For operations stage the existing IMS should adequately address risks and impacts pertaining to the following:

- community grievances management
  - stakeholder engagement
  - Management of Change,
  - Confined Space Entry,
  - Pre-Start-up Safety Review (for any major shut down, improvement plan or breakdown),
  - Management of waste water
  - Air emissions management (including monitoring methods, equipment, timelines, record keeping and review).
  - Corporate social responsibility and information disclosure.
- **Organizational Capacity:** SPL to engage an E&S officer at the corporate level to oversee and support associated activities at the plant level.

- **Emergency Preparedness and Response:** SPL should document corporate level procedures for emergency response and identify the flow of communication from plant to corporate office in case of emergency situations.
- **Stakeholder Engagement:** SPL is required to establish Stakeholder Engagement Plan (including social management procedures and information disclosure procedures) aimed at the local community around projects. The plan should identify and include procedures for dissemination of information in accordance with environmental compliance requirements that may be of concern to the local community.
- **External Communication and Grievance Mechanism:** The annual reports of SPL on the company's performance should include quantitative data on environmental and health and safety performance of the corporate entity. The "Procedures for Environmental Communications" under IMS shall be updated to include provisions on receiving generic complaints from external parties.

### 3.1.12 Material Liability

No findings of material liability have been identified (in PS1's context) that may trigger issues associated with Environmental and Social aspects.

## 3.2 Performance Standard (PS) 2: Labour and Working Conditions

*NOTE: It is to be noted that SCL's policies and procedures related to management of human resources (HR) is also adopted by the Turbine Division of Summit. SPL has developed a separate HR Policy and related procedures that is independent of SCL's HR Policy and procedures. Therefore, the observations, gaps and recommendations have been presented separately for SCL (also applicable to Turbine Division) and SPL. However, similar observations have been merged, wherever applicable.*

### 3.2.1 Human Resources Policies and Procedures

**Requirement 10:** As per PS 2, the client is required to adopt and implement human resources policies and procedures appropriate to its size and workforce that set out its approach to managing workers consistent with the requirements of this Performance Standard and national law. The client is required to provide workers with documented information that is clear and understandable, regarding their rights under national labour and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.

**Observation 10:** The following observations have been noted with respect to HR policies and procedures:

#### A. SCL (including Turbine Division)

- SCL has developed an "Employment Policy" dated September 2011 which is applicable to all its probationary and full time employees, except contract labour and security guards. As per Bangladesh Labour Rules, 2015 all existing Employment Policy/Service Rules of establishments are to be submitted to

the Chief Inspector of Labour within November 15, 2015 for approval.<sup>1</sup> On review of the documents provided by SCL Management, it was noted that the Management had not attained approval from the Chief Inspector of Labour till date.

- The Policy covers general terms and conditions of services including appointment procedure, probation period, confirmation of service, promotion, retirement, employee's code of conduct, pay scale, other financial benefits, transfer and change of designation. SCL has also developed documents pertaining to job categorization, leave policy, bonus policy, office timings, policy on non-employment of adolescent & child at work, anti-discrimination policy, anti-harassment and abuse at work policy, performance appraisal policy, anti-bribery & corruption policy, whistle blower policy. This HR Policy is adopted by SCL corporate and the subsidiaries formulated under Turbine Division of SCL, i.e. SMPCL and SBIIPCL.

#### **B. SPL**

- SPL has established separate HR policies and procedures to ensure fair and efficient management of workers. These procedures have been integrated as part of IMS and cover Human Resource Planning and Management measures for recruitment, induction, HR management, and retrenchment of permanent, temporary and contractual staff engaged by SPL. HR procedures established by SPL also include employee training requirements, performance evaluation, and grievance management amongst other HR requirements. The HR division of SPL deals with planning and development of human resources and their discipline, other services such as security and safety, welfare, transport, accommodation, and industrial relations.
- As per Bangladesh Labour Rules, 2015 an approval for all existing Employment Policy / Service Rules is to be received from the Chief Inspector of Labour. SPL has not obtained any such approval from the Chief Inspector of Labour as on date of issue of this report
- Section 2.16.12 of the HR Procedures (doc. No. SP-HRM-1) on 'Overtime Allowance' refers to Appendix C of the procedures for details regarding Overtime Policy. However, SPL's Overtime Policy was not made available for review as on date of issue of this report and therefore compliance against requirements mandated under Bangladesh Labour Rule, 2015 could not be assessed.

### **3.2.2 Working conditions and terms of employment**

**Requirement 11:** As per PS2, the client is required to provide reasonable working conditions and terms of employment to its staff and where accommodation services are provided to the workers, client is required to put in place and implement policies on the quality and management of the accommodation and provision of basic services.

**Observation 11:** The following observations have been noted with respect to working conditions and terms of employment:

#### **A. SCL (including Turbine Division)**

- As per the "Employment Policy", SCL is committed to recruit suitably qualified and experienced Bangladesh citizens for all vacant positions conforming to the hiring procedures, local law and the Group or Company's requirements. The Policy covers procedures such as the manpower planning, raising recruitment

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<sup>1</sup> The English version of the Rule was not available in public domain for review, hence, a legal interpretation of the same has been referred to from [reviehttps://resource.ogrlegal.com/bangladesh-labour-rules-2015-published/](https://resource.ogrlegal.com/bangladesh-labour-rules-2015-published/)

requisition, deciding on job roles, recruitment sources, application receiving, screening of process, short listing, test and interview, reference check and finally issuing of the appointment letter.

- As per the policy, the appointment letter includes the following information:
  - Job title, grade, and salary;
  - Nature of appointment (applicable for contract employee)
  - Place of posting and designation
  - Reporting to whom
  - Name of section of department
  - Effective date of appointment
  - Probationary period, conditions of confirmation and notice period
  - Benefits entitled for the position

However, from the reviewed policy, it is observed that the policy does not cover the workers involved at the construction phase as well as contractual workers.

- All employees are provided with appointment letters prior to their joining the Company wherein terms of employment are provided. This letter is to be signed by the employee before he takes up his position within the organisation. This complies with Section 5, Chapter II of Bangladesh Labour Act, 2006. An Identity Card is also issued to all employees on site in compliance with Section 5, Chapter II of Bangladesh Labour Act, 2006.
- In reference to leaves entitled by workers, all employees are eligible for fifteen days of annual leave, which does not comply with the Section 117 on Annual Leaves of Bangladesh Labour Act, 2006 wherein it has been stated that employees should be entitled to eighteen days of annual leaves. All employees under SCL are entitled to seven days of sick leaves which is not in compliance with Section 116 of Bangladesh Labour Act. The Act mentions that all employees are entitled to sick leave with full wages for fourteen days in a calendar year. Casual leaves as stated in HRD Procedure of SCL comply with Section 115 of Chapter II of Bangladesh Labour Law, 2006.
- In the HR Procedure, reference to a salary matrix based on the grade of the employee has been mentioned. Break up of salary structure into basic salary, house rent, conveyance, medical allowance, benefits of a two time festival bonus in a year, performance bonus, earned leave encashment, provident fund, gratuity, mobile phone policy, transportation, personal income tax, vehicle loan facilities and holiday allowance has also been detailed out. On review of the individual elements within this section as against the regulatory compliance, it was noted that all employees are eligible to receive part of the company's contribution (from the company) in the provident fund after completion of 2 years of continued services with the company. This aspect is not in compliance with Section 9, Chapter XVII on Provident Funds of Bangladesh Labour Act, 2006 wherein it has been stated that every permanent worker shall, after the completion of one year of service in the establishment constituting the Provident Fund, subscribe to the Fund, every month, a sum, unless otherwise mutually agreed, not less than seven per cent and not more than eight per cent of his monthly basic wages and the employer shall contribute to it an equal amount.

#### **B. SPL**

- The HR procedures established by SPL outline requirements for house rent, conveyance, and medical allowance. The HR department reviews these allowances once a year to check adequacy and suitability and adjusts / implements review updates accordingly. The SPL staff members were observed to be



provided insurance coverage as part of their employment agreement. All direct employees are provided with appointment letters describing the terms of employment.

- It was reported by the management that the staff work eight hour shifts (three shifts in a day) and are not generally required to do overtime and that they are paid as per Labour Rules for additional number of hours worked.
- Additionally, the following non-compliances with respect to Labour Act 2006 were noted as part of the due-diligence exercise:
  - Criterion with respect to time period for eligibility of provident fund to permanent employee is inconsistent with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
  - Number of leaves allotted as part of annual leaves and sick leaves is inconsistent with Section 117 and 116 of Bangladesh Labour Act, 2006.

#### **Common observation**

- The general shift of employees at corporate office (Summit Centre) is eight hours, five and half days a week. The project level staff at all sites work eight hour shifts (three shifts in a day) and are not generally required to do overtime however they are eligible for overtime compensation as per Bangladesh Labour Rules for additional number of hours worked. The technical staff engaged at some of the sites is provided accommodation inside the plant premises with adequate provisions for stay and supply of water.

### **3.2.3 Workers' organizations**

**Requirement 12:** In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. In either case described above, and where national law is silent, the client will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining.

**Observation 12:** The following observations have been noted with respect to workers' organizations:

#### **Common observation**

- Neither SCL nor SPL has established a collective bargaining policy and freedom of association for its employees as per review of the HR Procedure in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 and IFC PS 2 requirements. Though it was confirmed by the management that worker's organizations / unions have not been established at any of the plant and that the management has not explicitly restricted / discouraged formation of the same.

### **3.2.4 Non-discrimination and equal opportunity**

**Requirement 13:** The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The principles of non-discrimination apply to migrant workers. The client is to take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women.

**Observation 13:** The following observations have been noted with respect to non-discrimination and equal opportunity:

**A. SCL (including Turbine Division)**

- SCL has developed Anti-Discrimination Policy as the part of their HR policy which clearly states the company's commitment against discrimination based on sex, gender, parental status, age, race, religion etc. An Anti-Harassment and Abuse at Work Policy (HR 2016.02) has been formulated by SCL. The policy statement states that SCL is committed to providing a work environment, which promotes equal opportunities and prohibits discriminatory practices. The types of harassment are well described and the procedure of complaint is established.

**B. SPL**

- The HR policy of SPL clearly outlines management's commitment on behalf of the Group and the Company towards non-discrimination. SPL, at the corporate level, has also established anti-harassment policy as part of its Mobile Phone Policy in the same document which outlines the disciplinary actions to be taken in case such incidents are brought to the notice of the management. However, the anti-harassment policy is limited to Mobile Phone usage and does not apply for onsite harassment/intimidation or other discriminatory activities.

### 3.2.5 Retrenchment

**Requirement 14:** 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.

**Observation 14:** The following observations have been noted with respect to retrenchment:

**A. SCL (including Turbine Division)**

- As per HR Policy of SCL, the Company can terminate a permanent employee without assigning any reason whatsoever. In case of termination after probation period, the employees will be given a minimum of 30 days' notice period or pay in lieu of such notice. The 'Separation of Services' section of HR Policy mentions about break of services due to resignation (60 years), retirement, unsatisfactory performance or unsuitability, dismissal, reduction in notice period, commencement of notice period and final settlement of accounts.

**B. SPL**

- HR policy of SPL outlines procedures relating termination under "Separation from service" for resignation, retirement, discharge for medical reasons, and termination, whilst outlining payment tenure for closure of exit formalities with payment obligations from either parties (both SPL and the employee as the case may be). Requirements for exit interview, notice period, and final settlement of accounts have also been outlined as part of exit procedures.

#### **Common observation**

- None of the policies includes procedures to reduce adverse impacts of retrenchment of workers in unforeseen circumstances in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement. Though reportedly, there have not been any occurrence of collective dismissals in the past and no such dismissals are intended in near future. However to ensure transparency

for any unforeseen situations involving collective dismissals, retrenchment procedures should be formulated.

### 3.2.6 Grievance Mechanism

**Requirement 15:** The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The client will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed.

**Observation 15:** The following observations have been noted with respect to grievance mechanism:

#### A. SCL (including Turbine Division)

- SCL has developed a Grievance Redress Mechanism Procedure, which details out a three tier grievance redress procedure to address the grievance/issues raised by the employees. Employees are required to inform their grievances verbally or in writing to their immediate managers, which is the first level where action is required to be taken within five working days of receiving the complaint. In case of unresolved grievances, the employee can escalate the issue to the next two levels i.e. Departmental Head and Managing Director/ Executive Director. This complies partially with Bangladesh Labour Act, 2006 and IFC PS 2 requirement.
- A whistle blower policy has been formulated by SCL. The policy consists of principles and a series of practical procedures to give effect to those principles. The objective of the policy is to provide a framework to promote responsible and secure whistle-blowing. This is partially in compliance with the requirements of grievance mechanism under IFC PS 2. On review, it was noted that this policy extends to third parties as well.

#### B. SPL

- SPL has established an employee grievance mechanism in their HR Manual. As per these procedures, complaints / grievances of employees are required to be addressed to the management in writing, to be officially considered for addressal. Workers / employees are required to follow hierarchy structure for submission of their grievances. Although current procedures require all grievances to be attended within thirty days of their receipt, measures with priority based timelines for addressal of grievances that may be of significant importance and requiring immediate attention have not been covered.
- Furthermore it was noted that the grievance procedures of SPL requires employees to register their complaints in writing and disclose personal information to be considered for addressal. SPL has a strict policy requirement against acknowledging anonymous grievances.

#### Common Observation

- It was also reported that suggestion boxes are provided inside individual plant premises for registering complaints and staff have been intimated to utilize the same. Suggestion/ complaints register books are also available at plant level.

### 3.2.7 Child and Forced Labour

**Requirement 16:** As per PS2, the client shall not employ children in any manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The client also shall not employ forced labour, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty.

**Observation 16:** The following observations have been noted with respect to employment of personnel for plant associated operations:

**A. SCL (including Turbine Division)**

- SCL has developed a policy on Non-Employment of Adolescent & Children at Work (HR 2015.03) wherein it is stated that SCL and its subsidiaries are committed to protecting children aged under 14 years and adolescents i.e. those who have attained 14 years of age but are yet to reach 18 years, as defined under Bangladesh Labor Law 2006. The minimum age of employment followed at SCL and its subsidiaries is 18 years of age. If anyone under the age of 18 is found inside the premises, relevant actions will be taken by the management. This complies with Section 34, Chapter III of Bangladesh Labour Act, 2006. Based on review, it was noted that the policy statement does not restricts forced labour and also does not extend to indirect workforce.

**B. SPL**

- The clause 0.2 of HR Policy of SPL also clearly states that no person below 18 years of age can be hired as an employee of SPL on regular, contract or temporary status.

**Common Observation**

- Both SCL and SPL have established Appointment/Recruitment Procedures that outlines screening process for permanent, temporary, contractual and apprenticeship staff. All permanent staff and casual staff engaged onsite at the plant are required to go through formal recruitment procedures before being engaged for work. It was reported that reference / overall check is conducted to verify personal / professional information before issuing the appointment / engagement letter and therefore, avoiding child and forced labour issues.
- Neither SCL nor SPL have developed forced labour policy highlighting its commitment in prohibition of engaging workers such as indentured labour, bonded labour, or similar labour contracting arrangements as part of its HR Policy.

### 3.2.8 Occupational Health and Safety

**Requirement 17:** As per PS2, the client is required to provide a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in its work areas, including physical, chemical, biological, and radiological hazards, and specific threats to women. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice, as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines.

**Observation 17:** The following observations have been noted with respect to occupational health and safety aspects:

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### **Common Observations**

- **OHS Policy:** SCL as a corporate entity has a strong vision towards managing health and safety of its employees and adoption of safe work practices at its projects. All operational plants under SCL and its subsidiaries have 'zero incident targets' as part of their health and safety management system. However there is no overarching health and safety policy adopted by SCL at corporate level that expresses this vision and commitment of the management.
- **OHS Management during Construction Phase:** It was noted that SCL/ subsidiaries have not developed any procedures for management of construction phase health and safety that would be applicable to all projects during construction phase. It was reported that contractors engaged during construction phase are required to follow health and safety norms, though on informal basis.
- **OHS Management during Operation Phase:** Occupational health and safety during operation phase is managed by each subsidiary at project level. SPL manages occupational health and safety through its OHSAS 18001 certified management system, while the turbine units have developed health and safety management procedures at respective project level. The system is robust and well documented and includes OHS Policy; OHS objectives; safety committee composition and procedures; safety induction, training, accident investigation, reporting and corrective action procedures; work permit system and safe work procedures for various activities that expose workers and employees to hazardous conditions. It also includes procedures for periodic review and monitoring.
- **Incident Reporting and Statistical Evaluation:** It was observed that incident reporting and recording systems exist at plants under operation. Based on reportable incidents, safety statistics are recorded at plant level in order to monitor the individual plant's health and safety performance. However, it was understood that there is no incident reporting system at corporate level. Moreover, the health and safety statistics of individual assets are not evaluated to monitor the overall H&S performance of SCL as a holding company.
- **Occupational Health Monitoring:** It was reported that SCL undertakes medical check-up of workers employed at operational plants, on annual basis. However the HR Policy of SCL does not have provisions for the same. The HR Policy Manual of SPL indicates that the management will undertake periodic medical checkup of all staff post-employment. This is in addition to initial health check-up conducted during induction for new joiners. It was also observed that annual medical checks are conducted for all staff engaged for plant operations. These health checks are conducted by a certified doctor and details of approved individual medical records of staff are maintained at plant level. Adding to general health check-up, SPL also undertakes qualitative hearing test in order to assess occupational ills associated with working in a noisy environment. However tests with respect to heat exposure are not undertaken as part of the medical examinations.
- **Training:** It was reported that as part of training requirements under SPL's IMS manual, occupational health and safety training is provided to all staff regularly, including general OHS, emergency planning, response training and training on reducing injuries / accidents in the workplace. The training is presently being provided to all permanent staff once before induction and annually once after induction and relevant training details on type of training provided and attendance records are maintained. SPL has developed an annual training calendar (for year 2016) that includes corporate level and plant level training programs such as training on safety and environment, social responsibilities and compliances. The calendar has also identified training programs on fire-fighting, first aid, etc. to be conducted by external agencies. The Turbine Division subsidiaries of SCL have also formulated respective training calendars on health and safety for plant level

employees. However it was noted that SCL has not developed any formal training calendar for imparting health and safety training to its corporate level employees.

### 3.2.9 Supply Chain

#### **Requirement 18**

Where there is a high risk of child labor or forced labor in the primary supply chain, the client will identify those risks. If child labor or forced labor cases are identified, the client will take appropriate steps to remedy them.

#### **Observation 18**

##### ***Common Observation***

- SCL does not have corporate level procedure for supplier selection and verification. SPL and subsidiaries under Turbine Division have developed supplier/ vendor selection procedure specific to projects. However requirements on labour aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. are not verified during selection of suppliers.

### 3.2.10 Status of Compliance to PS-2

Both the HR Policy Manuals are compliant with PS-2 on aspects such as clearly outlined terms of employment, non-discrimination and equal opportunity and non-engagement of child labour. However, following non-compliances have been observed with respect to the requirements of PS-2:

#### ***C. SCL (including Turbine Division)***

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015 all existing Employment Policy/Service Rules of establishments are to be submitted to the Chief Inspector of Labour within November 15, 2015 for approval<sup>[1]</sup> It was noted that the SCL Management has not attained approval from the Chief Inspector of Labour till date.
- **Provident Fund Benefits:** The period of time when a permanent employee is eligible for Provident Fund is inconsistent with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
- **Leave Entitlement:** The number of annual leaves that employees are eligible to as mentioned in the HR Procedure is inconsistent with Section 117 of Bangladesh Labour Act, 2006. The number of sick leaves that employees are eligible as mentioned in the HR Procedure is inconsistent with Section 116 of Bangladesh Labour Act, 2006.
- **Grievance Mechanism:** The Grievance Mechanism developed in the HR Procedure does not include within its purview aspects pertaining to employees being laid off, retrenched, discharged, dismissed, removed or otherwise removed from employment who seeks redressal of their grievances as defined in Section 33, Chapter II of Labour Act, 2006.

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<sup>[1]</sup> The English version of the Rule was not available in public domain for review, hence, a legal interpretation of the same has been referred to from [reviehttps://resource.ogrlgal.com/bangladesh-labour-rules-2015-published/](https://resource.ogrlgal.com/bangladesh-labour-rules-2015-published/)

- **Worker's organization:** No collective bargaining policy has been developed by SCL in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 and IFC PS 2 requirement as part of its overall HR Policy.
- **Retrenchment policy:** No retrenchment policy has been developed by SCL in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement as part of its overall HR Policy.
- **Gaps in overall HR Policy:**
  - Forced labour policy not developed.
  - Overtime policy not developed
  - Not applicable to construction phase workers and contractual workers, contractors, vendors and operators engaged with the Company
- **Contractor Management:** Policy pertaining to child and forced labour, retrenchment and occupational health and safety compliances are not adequately addressed in the contract terms and conditions of contractors.
- **Occupational Health and Safety (OHS):**
  - Procedures relating to Occupational Health and Safety (OHS) has not been developed by SCL Management for the proposed project as of yet.
  - No overarching health and safety policy adopted by SCL at corporate level that expresses this vision and commitment of the management.
  - Procedures for management of construction phase health and safety not developed.
  - No incident reporting system being implemented at corporate level that covers corporate office of SCL.
  - Formal training calendar for imparting health and safety training to its corporate level employees not developed.
  - Policy does not indicate provisions for medical check-up of workers/ employees of SCL
- **Supplier verification procedures:** Supplier verification procedures with respect to labour aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. are not part of the existing supplier/ vendor selection system.

#### **D. SPL**

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015 all existing Employment Policy/Service Rules of establishments are to be submitted to the Chief Inspector of Labour within November 15, 2015 for approval<sup>[1]</sup> However SPL has not attained approval from the Chief Inspector of Labour till date.
- **Non-compliances with respect to Labour Act 2006:**
  - Criterion with respect to time period for eligibility of provident fund to permanent employee is inconsistent with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
  - Number of leaves allotted as part of annual leaves and sick leaves is inconsistent with Section 117 and 116 of Bangladesh Labour Act, 2006.

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<sup>[1]</sup> The English version of the Rule was not available in public domain for review, hence, a legal interpretation of the same has been referred to from <https://resource.ogrllegal.com/bangladesh-labour-rules-2015-published/>

- SPL has not established a collective bargaining policy and freedom of association for its employees as per review of the HR Procedure in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 and IFC PS 2 requirements.
- **Applicability of HR Policy:** Although it was observed that the contractors are managed through their respective formal contract and the terms and conditions placed therein and the contractor management procedures of SPL, however, SPL's HR policy and procedures does not accommodate contract workers engaged with the company through contractors, vendors and operators.
- **Procedure for Monitoring of Labour Compliances:** SPL has not developed procedure for monitoring and verifying wages being paid (including minimum wages and overtime wages) to contract workers engaged by contractors have not been developed.
- **Anti-harassment policy:** The anti-harassment policy established by SPL is limited to Mobile Phone usage and does not apply for onsite harassment/intimidation or other discriminatory activities.
- **Retrenchment:** SPL has not developed procedure to ensure transparency for any unforeseen situations involving collective dismissals, retrenchment procedures in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement.
- **Grievance Mechanism:** Procedures with priority based timelines for addressal of grievances that may be of significant importance and requiring immediate attention have not been covered. SPL has a strict policy requirement against acknowledging anonymous grievances and is noncompliant with PS2 in this regard.
- **Overtime Policy:** SPL's Overtime Policy was not made available for review as on date of issue of this report and therefore compliance against requirements mandated under Bangladesh Labour Rule, 2015 could not be assessed.
- **Forced labour policy:** Forced labour policy not been developed by SPL as part of its overall HR Policy.
- **Occupational H&S:**
  - Procedures relating to Occupational Health and Safety (OHS) has not been developed by SPL Management for the proposed project as of yet.
  - HR Policy Manual of SPL indicates that the management will undertake periodic medical checkup of all staff post-employment. However tests with respect to heat exposure are not undertaken as part of the medical examinations.
- **Supplier verification procedures:** Supplier verification procedures with respect to labour aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. are not part of the existing supplier/ vendor selection system.

### 3.2.11 Recommendations

#### A. SCL (including Turbine Division)

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015, SCL Management is to submit the existing Employment Policy/Service Rules of establishments to the Chief Inspector of Labour for approval.



- **Revisions to HR Policy:** Following updations to be made in the HR Policy
  - Relevant elements of the HR policy to be extended to contractors, vendors and operators engaged with the Company and contractual workers.
  - The period of time when a permanent employee is eligible for Provident Fund is to be in compliance with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
  - The number of annual leaves that employees are eligible to is to be consistent with Section 117 of Bangladesh Labour Act, 2006.
  - The number of sick leaves that employees are eligible for is to be consistent with Section 116 of Bangladesh Labour Act, 2006.
  - The Whistle Blower (Grievance Mechanism) Policy developed in the HR Procedure should include within its purview aspects pertaining to employees being laid off, retrenched, discharged, dismissed, removed or otherwise removed from employment who seeks redressal of their grievances as defined in Section 33, Chapter II of Labour Act, 2006.
  - Collective bargaining policy (workers organization) should be developed in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 as part of its overall HR Policy.
  - Retrenchment policy should be developed in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.
  - Overtime Policy should be developed in compliance with Section 108, Chapter IX of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.
  - SCL should develop a forced labour policy as part of its overall HR Policy.
- **Occupational Health and Safety:**
  - The HR Policy Manuals should list down the requisite tests to be undertaken for plant level employees and corporate employees, based on the nature of work undertaken by each staff. Since primary occupational health and safety risk to workers in thermal power plants arise from heat exposure and occupational noise exposure, SCL should mandate monitoring the exposure levels due to these aspects as part of corporate policy requirement.
  - SCL should develop procedures towards management of occupational health and safety risks associated with construction phase of projects. The procedures should include elements such as safe work practices, labour accommodation guidelines, work permit systems, emergency response procedures, trainings and mock drills. The construction contractors should be contractually bound to comply with these requirements and SCL should develop a monitoring and review mechanism to ensure adherence of the contract conditions by the contractors.
  - SCL is required to formulate an incident reporting and recording system for its corporate level employees in order to capture incidents encountered in corporate office. Further, SCL should develop mechanism to monitor the overall health and safety performance of the company through receipt and evaluation of H&S statistics of individual assets.

- SCL should formulate an annual training calendar for imparting health and safety training to its corporate level employees.
- **Supplier verification procedures:** Existing supplier/ vendor selection procedures should be amended to include aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. for verification prior to selection of suppliers/vendors.

## **B. SPL**

- **Approval from the Chief Inspector of Labour:** As per Bangladesh Labour Rules, 2015, SPL Management is to submit the existing Employment Policy/Service Rules of establishments to the Chief Inspector of Labour for approval.
- **Revisions to HR Policy:** Following updates to be made in the HR Policy
  - Relevant elements of the HR policy should be extended to contractors, vendors and operators engaged with the Company as well as the contract workers that would be engaged during the construction phase through contractors.
  - The period of time when a permanent employee is eligible for Provident Fund is to be in compliance with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.
  - The number of annual leaves that employees are eligible to is to be consistent with Section 117 of Bangladesh Labour Act, 2006. The number of sick leaves that employees are eligible for is to be consistent with Section 116 of Bangladesh Labour Act, 2006.
  - SPL should develop a collective bargaining policy in compliance with Section 176, 177 and 178 & 195 of Bangladesh Labour Act, 2006 as part of its overall HR Policy.
  - To ensure transparency for any unforeseen situations involving collective dismissals, retrenchment procedures in compliance with Section 12, 16, 17 & 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement should be formulated by SPL and included in the HR Policy.
  - Overtime Policy should be developed in compliance with Section 108, Chapter IX of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.
  - SPL should develop a forced labour policy as part of its overall HR Policy.
- **Procedure for Monitoring of Labour Compliances:** SPL to develop procedure to monitor and verify whether the contractors adhere to the national labour regulations stipulated under Bangladesh Labour Act 2006, in terms of paying minimum stipulated wages and overtime wages to contract workers, in addition to complying with the required national standards pertaining to working hours, overtime hours, weekly leave and other benefits.
- **Anti-Harassment Policy:** SPL at corporate level is required to establish policy requirement for Anti-Harassment in addition to its existing anti-harassment policy under Mobile Phone usage.
- **Grievance Mechanism:** SPL is required to include procedures for addressing grievances of employees, and assign timelines for addressal, depending on the severity of the complaint / grievance. The grievance

mechanism shall be reviewed and designed to direct complaints through an appropriate process and protect the confidentiality of the worker. Furthermore, the mechanism should, to the extent possible, accommodate submission of anonymous complaints in case the staff does not intend to disclose personal information.

- **Occupational Health and Safety:**

- SPL, at the corporate level is required to establish a project specific occupational health and safety management Programme that addresses occupational health and safety risks associated with project activities during construction, operation and decommissioning phases. Construction phase procedures should include elements such as safe work practices, labour accommodation guidelines, work permit systems, emergency response procedures, trainings and mock drills. The construction contractors should be contractually bound to comply with these requirements SPL to develop a monitoring and review mechanism to ensure adherence of the contract conditions by the contractors.
- The HR Policy Manual should list down the requisite tests to be undertaken for plant level employees and corporate employees, based on the nature of work undertaken by each staff. Since primary occupational health and safety risk to workers in thermal power plants arise from heat exposure and occupational noise exposure, SPL's HR Policy should mandate monitoring the exposure levels due to these aspects as part of corporate policy requirement.

- **Supplier verification procedures:** Existing supplier/ vendor selection procedures should be amended to include aspects such as working conditions, payment of minimum wages, working hours, engagement of child/ forced labour, etc. for verification prior to selection of suppliers/vendors.

### 3.2.12 Material Liability

No findings of material liability have been identified in PS2's context that may trigger issues associated with aspects related to human resources.

## 3.3 Performance Standard (PS) 3: Resource Efficiency and Pollution Prevention

### 3.3.1 General

**Requirement 19:** As per PS3, client is required to implement technically and financially feasible and cost effective measures for improving efficiency in its consumption of energy, water, as well as other resources and material inputs, with focus on areas that are considered core business activities. Such measures shall integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy, and water. The client is required to avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release. Where historical pollution such as land or ground water contamination exists, the client will seek to determine whether it is responsible for mitigation measures.

**Observation 19:**

- It was reported that all projects of Summit and subsidiaries are equipped with pollution control devices such as low NOx burners, combustion control techniques, etc. to ensure minimum impact on environment. All the operational and under construction assets of SCL use natural gas and liquid fuel instead of coal. The projects also manage wastewater through primary treatment (ETP, STP) prior to discharge. However all the above aspects are not driven by any policy commitment of SCL.
- It was observed that project specific measures and targets for improving efficiency in terms of water consumption, energy consumption and other resources and material inputs are implemented at project level. Environmental management and monitoring programs exist at project level and are implemented by the site management. However SCL, being the holding company, does not have a procedure for monitoring the environmental performance of plants in terms of emissions, discharges, etc. at corporate level.

### **3.3.2 Status of Compliance to PS 3**

Though project level systems are overall compliant to the requirements of PS3, however SCL does not have any policy that clearly outlines the company's vision towards resource efficiency and pollution prevention. Further, there is no commitment at corporate level on development of sustainability targets that are applicable to all projects and formulation of programs to achieve such targets.

### **3.3.3 Recommendations**

- The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 3 with regards to resource efficiency and pollution prevention applicable to all stages of projects.
- SCL is required to formulate a policy indicating the company's commitment towards resource efficiency and pollution prevention.
- SCL should develop guidelines for ensuring that elements of PS3 on pollution prevention and resource efficiency are incorporated in the design phase of projects.
- A formal mechanism on flow of information (in the form of summarized reports) from project level to corporate level on environmental performance of plants should be developed.

### **3.3.4 Material Liability**

No findings of material liability have been identified in PS3's context that may trigger issues associated with aspects related to pollution prevention and resource efficiency.

## **3.4 Performance Standard (PS) 4: Community Health Safety and Security**

### **3.4.1 General**

#### **Requirement 20:**

As per PS4, the client is required to evaluate the risks and impacts to the health and safety of the Affected Communities during the project life-cycle and will establish preventive and control measures consistent with good

international industry practice (GIIP). The client shall identify risks and impacts and propose mitigation measures that are commensurate with their nature and magnitude.

**Observations 20:**

- It was understood that the design phase of projects developed by SCL and subsidiaries considers various aspects of environment and social, however there is no comprehensive commitment on procedures to be followed for considerations regarding Community Health and Safety. For e.g. though it was reported that fuel storage tanks are constructed as per API or NFPA, there is no commitment that all plants will follow the same design guidelines.
- Site specific emergency response plans are formulated at project level during operation phase, however there is no policy statement that guides the projects to incorporate community safety as part of these plans.

**3.4.2 Status of Compliance to PS 4**

Though operational level activities are overall compliant to the requirements of PS4, however corporate level systems were observed to be partially compliant. SCL does not have a policy statement that demonstrates the company's commitment towards considerations regarding community health and safety aspects during design stage of projects and management of community health and safety during subsequent stages of project.

**3.4.3 Recommendations**

- The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 4 with regards to community, health, safety and security, applicable to all stages of projects.
- SCL is required to formulate a policy indicating the company's commitment towards community health and safety.
- Aspects of community health and safety shall be included into site selection and project design besides operational aspects.

**3.4.4 Material Liability**

No findings of material liability have been identified in PS4's context that may trigger issues associated with aspects related to community health and safety.

**3.5 Performance Standard (PS) 5: Land Acquisition and Involuntary Resettlement**

**3.5.1 Land Acquisition**

**Requirement 21:** Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to

assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use.

#### **Observation 21**

- At present, the land for projects are selected based on factors such as availability of land and cost suitability. For most of the projects, land is purchased directly from buyer and involuntary resettlement issues are resolved on site-to-site basis. However, there is no mechanism at corporate level to handle potential involuntary resettlement issues in a uniform manner.
- There is no formal documented procedure or guideline developed by SCL at corporate level that outlines the process to be followed during land procurement, type of land to be procured and management of resettlement/ rehabilitation issues (if any).

#### **3.5.2 Status of Compliance to PS 5**

The existing land procurement practices of SCL are not compliant to the requirements of PS-5 in terms of process to be followed during land procurement and mechanism to handle issues pertaining to involuntary resettlement.

#### **3.5.3 Recommendations**

- SCL needs to develop corporate level procedural guidelines that outline the process to be followed in case of land procurement and mechanism to handle issues pertaining to involuntary resettlement. The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 5 with regards to land acquisition and involuntary resettlement applicable to all stages of projects.

#### **3.5.4 Material Liability**

No findings of material liability have been identified in PS5's context that may trigger issues associated with aspects related to land procurement and involuntary resettlement.

### **3.6 Performance Standard (PS) 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

#### **3.6.1 General**

**Requirement 22:** The risks and impacts identification process should consider direct and indirect project related impacts on biodiversity and ecosystem services and identify any significant residual impacts. As a matter of priority, the client should seek to avoid impacts on biodiversity and ecosystem services.

#### **Observation 22:**

- The site selection process of SCL reportedly considers proximity to ecologically sensitive locations as one of the primary criteria and it is ensured that sites are located away from such areas. However, there is no formal documented checklist or procedure that outlines this process.

- Further, there is no commitment at corporate level towards avoidance of sites with ecological sensitivity or proximity to such areas.
- The IEE/ ESIA studies undertaken at subsequent stages of project do include assessment of ecological status of project area and impacts and includes plans for management of adverse impacts.

### **3.6.2 Status of Compliance to PS 6**

SCL does not have a comprehensive screening process to avoid ecologically sensitive areas at early stage of project conception or commitment to avoid such areas during site selection stage in compliance to the requirement of PS 6. Since IEE/ ESIA is conducted at later stages of the project, it is understood that the corporate level systems are partially compliant to the requirements of PS6.

### **3.6.3 Recommendations**

- SCL should adopt a policy that expresses the company's commitment to avoid areas that are rich in biodiversity or ecologically sensitive.
- SCL, including its subsidiaries, should develop a comprehensive screening mechanism at project conception stage that takes into consideration proximity to biodiverse and ecologically sensitive areas. The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 6 with regards to biodiversity conservation and sustainable management of living natural resources applicable to all stages of projects.

### **3.6.4 Material Liability**

None of the findings of material liability have been identified (in PS 6's context) that may trigger issues associated with biodiversity conservation.

## **3.7 Performance Standard (PS) -7: Indigenous People**

### **3.7.1 Avoidance of Adverse Impacts on IP**

#### **Requirement 23:**

The client will identify, through an environmental and social risks and impacts assessment process, all communities of Indigenous Peoples within the project area of influence who may be affected by the project, as well as the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage), and environmental impacts on them.

#### **Observation 23:**

- It was reported that during selection of site for a proposed project, presence of indigenous communities is assessed by SCL. However, it was observed that no documented procedure or checklist exists for same.

- It was also reported that as part of the IEE/ ESIA study conducted for projects, socio-economic baseline is assessed to understand the demographic profile of the area and identify presence of indigenous communities, however this comes at subsequent stages of the project.

### 3.7.2 Status of Compliance to PS 7

SCL does not have a comprehensive procedure to screen areas having presence of indigenous communities during early stage of project conception, neither commitment to avoid such areas during site selection stage in compliance to the requirement of PS 7.

### 3.7.3 Recommendations

- SCL should adopt a policy that expresses the company's commitment to avoid areas having presence of indigenous communities for setting up projects, to the extent possible.
- SCL, including its subsidiaries, should develop a comprehensive screening mechanism at project conception stage that takes into consideration proximity to such areas and procedures for managing indigenous communities. The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 7 with regards to indigenous peoples applicable to all stages of projects.

### 3.7.4 Material Liability

None of the findings of material liability have been identified (in PS 7's context) that may trigger issues associated with indigenous peoples.

## 3.8 Performance Standard (PS) - 8: Cultural Heritage

### 3.8.1 Cultural Heritage

**Requirement 24:** In addition to complying with applicable law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage, the client will identify and protect cultural heritage by ensuring that internationally recognized practices for the protection, field-based study, and documentation of cultural heritage are implemented.

**Observation 24:**

- It was reported that during selection of site for a proposed project, proximity to areas or sites of cultural heritage is considered as one of the criteria by the site selection team of SCL/ subsidiaries. The site selection team reportedly ensures that the proposed site is not in close proximity to any historical monument, site of archaeological importance or religious structure. However, no documented procedure or checklist exists for the same.
- Neither SCL nor any of its subsidiaries have formulated chance find procedures for under construction and proposed projects.



### **3.8.2 Status of Compliance to PS 8**

SCL does not have a procedure to manage cultural heritage areas or commitment to avoid such areas during site selection stage in compliance to the requirement of PS 8.

### **3.8.3 Recommendations**

- SCL should adopt a policy that expresses the company's commitment to avoid areas of cultural heritage.
- SCL, including its subsidiaries should develop an environmental and social screening checklist that includes proximity to any historical monument, site of archaeological importance or religious structure as one of the screening criteria. As part of their planning process, SCL should ensure that appropriate measures are taken for avoiding or mitigating any adverse impacts on physical cultural resources near proposed projects.
- SCL should develop chance find procedures which will include actions to be taken by site staff and management in case of chance find during excavation and construction activities of the project.
- The ESMS to be developed by SCL, and adopted by its subsidiaries, should cover all requirements under IFC's Performance Standard 8 with regards to cultural heritage applicable to all stages of projects.

### **3.8.4 Material Liability**

None of the findings of material liability have been identified (in PS 8's context) that may trigger issues associated with cultural heritage.

## 4.0 Corrective Action Plan

The present section delineates the list of actions required to be undertaken by the management to ensure closure of the gaps as identified in Section 3.0 of the report. The Corrective Action Plan is provided below with timelines, responsibilities and specific action items.

The gaps are categorised as red, orange and yellow flag issues based on the severity of impact on the EHS and Social aspect:

Flags	Remarks
Red Flag Issues	These are observations which pose high impact on the environment, health, safety and social aspects and may have legal implications.
Orange Flag Issues	These are observations which pose moderate impact on the environment, health, safety and social aspects.
Yellow Flag Issues	These are observations which pose low or least impact on the environment, health, safety and social aspects.

Table 4-1: Summary of Findings and Recommendations

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
1.	PS 1	ESMS	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL does not have a formal/ documented environmental and social management system at corporate level that guides the development of project specific management systems and procedures at project level.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>The turbine division follows the corporate systems of SCL, hence has not developed a separate ESMS covering planning, construction, decommissioning and operation phases of projects.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>The IMS formulated by SPL is applicable to project operations only and SPL has not developed environmental, health, safety and social management system (and related procedures and management programs) for planning, construction and decommissioning phase of projects.</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL is required to formulate a comprehensive Environmental and Social Management System (ESMS) at corporate level that will act as a guiding document towards preparation of project specific management systems and procedures at unit level. The ESMS should be applicable to planning, construction, decommissioning and operation phase of projects.</li> <li>The ESMS should cover following aspects: <ul style="list-style-type: none"> <li>Policies on environmental, safety and social aspects</li> <li>Identification of risks and impacts associated with various activities of the proposed plant and the development of corresponding management programs.</li> <li>Organization structure with responsibility matrix;</li> <li>Emergency Preparedness and Response plan to help the workers at site and the community members to respond efficiently in case of an emergency.</li> <li>Stakeholder Engagement Plan; and</li> <li>Monitoring and Review.</li> </ul> </li> </ul> <p><b>Turbine Division and SPL</b></p> <ul style="list-style-type: none"> <li>Adopt the ESMS developed by SCL, for all phases of projects developed under these subsidiaries</li> </ul>	Three months
2.	PS 1 - 8	Policy	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL has not formulated an overarching EHS policy statement that demonstrates the management's commitment towards</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL to Establish an overarching environment, H&amp;S and social policy at the</li> </ul>	One month

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<p>environment, health and safety. The social policies are drafted at project level, there is no overarching policy to capture the vision of SCL towards social development and for the community where the work.</p> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL has neither established an overarching social policy at the corporate level nor plant specific social policies at the unit level.</li> </ul>		<p>corporate level compliant to the requirements of IFC PS.</p> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL to adopt elements on social aspects of the policy and integrate into the existing IMS policy.</li> </ul>	
3.	PS 1 - 8	Identification of risks and impacts	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL reportedly undertakes E&amp;S screening prior to selection of sites for projects, however there is no documented checklist for environment and social screening of projects during planning stage.</li> <li>Corporate level procedures do not exist to identify EHS&amp;S risks and hazards associated with construction phase of projects.</li> <li>Operational risks are identified at plant level, though guidelines for plant specific risk assessment have not been developed at corporate level.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Construction phase procedures for environmental, health, safety and social risks and hazards identification has not been formulated. The operational risk assessment includes EH&amp;S but social risks associated with operation of plants are not identified at the site level.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>Plant specific operational risks related to EH&amp;S are identified as part of IMS procedures; however, the IMS has not identified potential social risks that may be associated with operation of plants at the site level. SPL also does not have procedures to identify environmental, health, safety and social risks and hazards associated with construction phase of projects.</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Develop a comprehensive E&amp;S screening mechanism to assess site selection at early stage of conception, including criteria such as presence of ecologically sensitive areas, indigenous people, cultural heritage, minimum loss of agricultural land, level of economic and physical displacement, proximity to residential areas, etc.</li> <li>Corporate level procedures to identify EHS&amp;S risks and hazards associated with construction phase of projects should also be developed by SCL, as part of ESMS. With regards to operational risks, SCL should develop guidelines at corporate level for plant specific risk assessment.</li> <li>Assess social risks and impacts associated with all SPL plant operations and establish and include it as part of IMS manual.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Construction phase procedures for environmental, health, safety and social risks and hazards identification should be formulated. Operational risk identification procedures should also include social risk identification.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL is required to assess social risks and impacts associated with all its plant operations. These procedures shall identify significance of social impacts / risks, and include management review / improvement plan to effectively address any additional risks. Subsequently, procedures for managing such risks shall be established and included as part of IMS manual.</li> <li>Construction phase procedures for environmental, health, safety and social risks and hazards identification should also be formulated.</li> </ul>	Three months, as part of the ESMS
4.	PS 1	Management Programs	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Management programs related to environment, health and</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Develop procedures towards construction phase management of</li> </ul>	Three months, as part of the ESMS

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<p>safety and social management during all phases of projects have not been developed by SCL.</p> <ul style="list-style-type: none"> <li>There is no mechanism at corporate level to monitor the implementation of management measures outlined in the ESIA-ESMP either during construction or operation phases of projects.</li> <li>Contractor management procedures exist at project level but there is no guiding document at corporate level that outlines the environmental and social aspects that need to be considered during preparation of such procedures.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>EHS&amp;S management programs associated with construction phase have not been developed. Mechanism to monitor implementation of construction phase management measures outlined in project specific ESIA-ESMP, does not exist. EHS performance targets and operational targets have not yet been drafted for the turbine projects.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL has developed a Construction H&amp;S Management Plan; however the plan is generic and provides only the outline of definitions and guidance for management. It does not lay down the clear procedures for construction phase and at places it refers to the IMS which may not be existent during construction phase.</li> <li>There is no mechanism to monitor the implementation of management measures outlined in the ESIA - ESMP of respective projects during construction phase. Moreover, SPL has not developed social management programs for its operational units.</li> <li>Contractor management procedures do not include provisions for monitoring and verifying wages being paid to contract workers engaged by contractors.</li> </ul>		<p>environment, H&amp;S and social risks, such as waste management plan, health and safety plan, traffic management plan, environmental monitoring plan, construction labor management plan, emergency response plan, etc</p> <ul style="list-style-type: none"> <li>Develop contractor management procedural guideline at corporate level to guide preparation of project specific Contractor Management Plans.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>The Turbine Division to develop EHS&amp;S management programs associated with construction phase of turbine projects.</li> <li>A mechanism should be formulated to monitor site level implementation of construction phase management measures outlined in project specific ESIA-ESMP.</li> <li>Formulate performance targets on environment and H&amp;S at corporate level that are adopted by turbine units in order to monitor the EHS performance and identify areas of improvement.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>For construction phase, detailed procedures covering various environmental, health &amp; safety and social requirements to be developed as part of ESMS (as provided in section 3.1.11).</li> <li>Contractor management procedures to include provisions for monitoring and verifying wages being paid to contract workers engaged by contractors.</li> <li></li> </ul>	
5.	PS 1, 4	Emergency response	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL has not documented the corporate level procedures for emergency response, and not identified the flow of</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL to document corporate level procedures for emergency response and identify the flow of communication from plant to corporate office in case of emergency situations.</li> </ul>	Three months, as part of the ESMS

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<p>communication in emergency situations.</p> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Plant specific emergency response plans have been developed by each unit however flow of information to corporate in case of emergencies has not been included in the plans.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL has not documented the corporate level procedures for emergency response, and not identified the flow of communication in emergencies. The plant specific Emergency preparedness and response procedures do not include information disclosure and training requirements for community with respect to emergencies and risks.</li> </ul>		<p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Plant specific emergency response plans to be updated to include flow of information to corporate in case of emergencies.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL should document corporate level procedures for emergency response and identify the flow of communication from plant to corporate office in case of emergency situations.</li> </ul>	
6.	PS 1	Organization Capacity	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL does not have an EHS Department at corporate level to monitor and handle project specific EHS&amp;S issues (if required), though project specific EHS teams are functional at plant level.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Though the turbine units have project specific EHS teams functional at plant level, however there is no mechanism for flow of information to corporate level on EHS&amp;S issues.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL has not engaged a dedicated Environment and Social Professional at the corporate level to supervise / manage / support site management team at the plant level in matters of environment and social performance.</li> <li>Further, the IMS manual establishes responsibility matrices for EH&amp;S implementation, however responsibilities for social aspects of plant operations have not been established.</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL is required to establish an EHS Department at corporate level and depute qualified personnel for managing EHS aspects and monitoring and reviewing plant level EHS performance.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL to engage an E&amp;S officer at the corporate level to oversee and support associated activities at the plant level.</li> </ul>	Two months
7.	PS 1	Monitoring and Review	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Corporate level mechanism for monitoring and review of the EHS performance of projects under SCL not developed</li> <li>There is no mechanism to monitor the implementation of</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Formulate performance targets on environment and H&amp;S at corporate level that are adopted by turbine units in order to monitor the EHS performance and identify areas of improvement.</li> </ul>	Three months, as part of the ESMS

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<p>management measures outlined in the ESIA-ESMP.</p> <ul style="list-style-type: none"> <li>Health and safety statistics are not consolidated at corporate level to monitor the H&amp;S performance of the company.</li> <li>Legal compliances are not monitored at corporate level.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Project specific health and safety inspection schedules, EHS committees, environmental monitoring plans have been developed by each unit. However, there is no flow of information to corporate level on matters related to plant specific environment, health and safety performance.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL's existing monitoring mechanism at corporate level is only limited to monitoring and review of EH&amp;S performance of operational units that are covered under the IMS of SPL.</li> <li>Monitoring of EHS&amp;S performance of project construction phase is not undertaken from corporate level. Moreover, the emissions monitoring requirements in the form of "Procedure for Monitoring and Measurement" specific to each operational asset does not include monitoring methods, equipment, timelines, record keeping and review.</li> <li>Plant specific legal compliances are not monitored from corporate level.</li> </ul>		<ul style="list-style-type: none"> <li>Develop corporate level mechanism for monitoring and review of the EHS performance of the turbine units (in the form of summarized reports).</li> <li>Develop mechanism at corporate level to monitor the implementation of management measures outlined in the ESIA-ESMP for both construction and operation phases of projects.</li> <li>Legal register to be maintained at corporate level to ensure compliance to regulatory requirements by all projects.</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Mechanism to be formulated for flow of information from turbine units to corporate level on EHS&amp;S issues and performance.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL to develop mechanism for monitoring &amp;S performance of project construction phase at corporate level.</li> <li>Legal register to be maintained at corporate level to ensure compliance to regulatory requirements by all projects.</li> </ul>	
8.	PS 1	Stakeholder Engagement and Information Disclosure	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Stakeholder Engagement Procedure applicable to all projects not developed at corporate level</li> <li>Formal structure/ procedures at corporate level for information disclosure to the community on the company's EHS performance does not exist.</li> <li>SCL does not publish reports on the environmental and social performance of the company for reference by external parties</li> </ul> <p><b>Turbine Division</b></p> <ul style="list-style-type: none"> <li>Turbine Division does not have any formal information</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Establish a Stakeholder Engagement Plan (including social management plan and information disclosure plan) aimed at community development that is adopted by all projects.</li> <li>The plan should identify and include procedures for dissemination of information in accordance with environmental compliance requirements that may be of concern to the local community.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>The annual reports of SPL on the company's performance should include quantitative data on environmental and health and safety performance of the corporate entity.</li> </ul>	Three months, as part of the ESMS

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<p>disclosure procedure at corporate level.</p> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL has not formally identified stakeholders and developed a Stakeholder Engagement Procedure that is applicable to all projects.</li> <li>SPL has not outlined formal structure / procedures at corporate level for information disclosure to the community on the company's performance on environment, health and safety.</li> <li>The annual reports of SPL on the company's performance do not include quantitative data on environmental and health and safety performance of the corporate entity.</li> <li>"Procedures for Environmental Communications" under IMS limit the scope of external grievances to environmental non-conformances and do not address complaints that may be generic in nature.</li> </ul>		<ul style="list-style-type: none"> <li>The "Procedures for Environmental Communications" under IMS shall be updated to include provisions on receiving generic complaints from external parties.</li> </ul>	
9.	PS 2	Approval from the Chief Inspector of Labour	SCL and SPL Management has not attained approval from the Chief Inspector of Labour till date.		As per Bangladesh Labour Rules, 2015, SCL and SPL Management is to submit the existing Employment Policy/Service Rules of establishments to the Chief Inspector of Labour for approval.	Two months
10.	PS 2	HR Policy and related elements of SCL	<ul style="list-style-type: none"> <li>HR policies and procedures do not accommodate the contractors, vendors and operators engaged with the Company.</li> <li>HR Policies do not have provisions for procedures to be followed in case of collective dismissals and procedures for recognition and management of workers' unions.</li> <li>HR policy does not comply with BLL 2006 requirements</li> <li>HR Policy Manuals do not list down the requisite tests to be undertaken for plant level employees and corporate employees, based on the nature of work undertaken by each staff.</li> </ul>		<ul style="list-style-type: none"> <li>The HR Policies of SCL to be updated to include the following: <ul style="list-style-type: none"> <li>Relevant elements of the HR policy to be extended to contractors, vendors and operators engaged with the Company and contractual workers.</li> <li>The period of time when a permanent employee is eligible for Provident Fund is to be in compliance with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.</li> <li>The number of annual leaves that employees are eligible to is to be consistent with Section 117 of Bangladesh Labour Act, 2006.</li> <li>The number of sick leaves that employees are eligible for is to be consistent with Section 116 of Bangladesh Labour Act, 2006.</li> <li>The Whistle Blower (Grievance Mechanism) Policy developed in the HR Procedure should include within its purview aspects pertaining to employees being laid off, retrenched, discharged, dismissed, removed or otherwise removed from employment who seeks redressal of their grievances as defined in Section 33,</li> </ul> </li> </ul>	Three months

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
					<p>Chapter II of Labour Act, 2006.</p> <ul style="list-style-type: none"> <li>○ Collective bargaining policy (workers organization) should be developed in compliance with Section 176, 177 and 178 &amp; 195 of Bangladesh Labour Act, 2006 as part of its overall HR Policy.</li> <li>○ Retrenchment policy should be developed in compliance with Section 12, 16, 17 &amp; 18, Chapter II of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.</li> <li>○ Overtime Policy should be developed in compliance with Section 108, Chapter IX of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.</li> <li>○ SCL should develop a forced labour policy as part of its overall HR Policy.</li> </ul>	
11.	PS 2	HR Policy and related elements of SPL	<ul style="list-style-type: none"> <li>• HR policy does not comply with BLL 2006 requirements</li> <li>• HR policies and procedures do not accommodate the contractors, vendors and operators engaged with the Company.</li> <li>• SPL has not developed procedure or guideline to ensure that labour accommodation and related facilities provided by contractors are as per the IFC PS-2 requirements.</li> <li>• The anti-harassment policy established by SPL is limited to Mobile Phone usage and does not apply for onsite harassment/intimidation or other discriminatory activities</li> <li>• HR Policies do not have provisions for procedures to be followed in case of collective dismissals and procedures for recognition and management of workers' unions.</li> <li>• SPL has a strict policy requirement against acknowledging anonymous grievances.</li> <li>• Forced labour policy not been developed by SPL as part of its overall HR Policy.</li> </ul>		<ul style="list-style-type: none"> <li>• Following updations to be made in the HR Policy of SPL <ul style="list-style-type: none"> <li>○ Relevant elements of the HR policy should be extended to contractors, vendors and operators engaged with the Company as well as the contract workers that would be engaged during the construction phase through contractors.</li> <li>○ The period of time when a permanent employee is eligible for Provident Fund is to be in compliance with Section 9, Chapter XVIII of Bangladesh Labour Act, 2006.</li> <li>○ The number of annual leaves that employees are eligible to is to be consistent with Section 117 of Bangladesh Labour Act, 2006. The number of sick leaves that employees are eligible for is to be consistent with Section 116 of Bangladesh Labour Act, 2006.</li> <li>○ SPL should develop a collective bargaining policy in compliance with Section 176, 177 and 178 &amp; 195 of Bangladesh Labour Act, 2006 as part of its overall HR Policy.</li> <li>○ To ensure transparency for any unforeseen situations involving collective dismissals, retrenchment procedures in compliance with Section 12, 16, 17 &amp; 18, Chapter II of the Bangladesh Labour Act, 2006 and IFC PS 2 requirement should be formulated by SPL and included in the HR Policy.</li> <li>○ Overtime Policy should be developed in compliance with Section 108, Chapter IX of the Bangladesh Labour Act, 2006 as part of its overall HR Policy.</li> <li>○ SPL should develop a forced labour policy as part of its overall HR Policy.</li> </ul> </li> </ul>	Three months



S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
					<ul style="list-style-type: none"> <li>SPL is required to include procedures for addressing grievances of employees, and assign timelines for addressal, depending on the severity of the complaint / grievance. The grievance mechanism shall be reviewed and designed to direct complaints through an appropriate process and protect the confidentiality of the worker. Furthermore, the mechanism should, to the extent possible, accommodate submission of anonymous complaints in case the staff does not intend to disclose personal information.</li> <li>SPL at corporate level is required to establish policy requirement for Anti-Harassment in addition to its existing anti-harassment policy under Mobile Phone usage.</li> <li>SPL to develop procedure to monitor and verify whether the contractors adhere to the national labour regulations stipulated under Bangladesh Labour Act 2006, in terms of paying minimum stipulated wages and overtime wages to contract workers, in addition to complying with the required national standards pertaining to working hours, overtime hours, weekly leave and other benefits.</li> </ul>	
12.	PS 2	Construction Contractor Management	<p><b>Common</b></p> <ul style="list-style-type: none"> <li>No formal mechanism to ensure that construction contractors follow health and safety norms.</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Develop procedures towards management of occupational health and safety risks associated with construction phase of projects.</li> <li>Include elements of occupational health and safety in the contract with construction contractors and develop a monitoring and review mechanism to ensure adherence of the contract conditions by the contractors.</li> </ul>	Three months, as part of the ESMS
13.	PS 2	H&S Performance of Holding Company	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Incident reporting system not formulated at corporate level.</li> <li>Health and safety statistics of individual assets not evaluated to monitor the overall H&amp;S performance of SCL as a holding company.</li> </ul>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>Formulate an incident reporting and recording system for corporate level employees in order to capture incidents encountered in corporate office.</li> <li>Develop mechanism to monitor the overall health and safety performance of the company through receipt and evaluation of H&amp;S statistics of individual assets.</li> </ul>	Three months, as part of the ESMS
14.	PS 2	Occupational H&S	<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>SCL has not developed any formal training calendar for imparting health and safety training to its corporate level employees.</li> </ul> <p><b>SPL</b></p>		<p><b>SCL</b></p> <ul style="list-style-type: none"> <li>The HR Policy Manuals should list down the requisite tests to be undertaken for plant level employees and corporate employees, based on the nature of work undertaken by each staff. Since primary occupational health and safety risk to workers in thermal power plants arise from heat exposure and occupational noise exposure, SCL should mandate monitoring the exposure</li> </ul>	One month

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			<ul style="list-style-type: none"> <li>SCL has not developed any Procedures relating to Occupational Health and Safety (OHS) has not been developed by SPL Management for the proposed project as of yet.</li> <li>HR Policy Manual of SPL indicates that the management will undertake periodic medical checkup of all staff post-employment. However tests with respect to heat exposure are not undertaken as part of the medical examinations.</li> </ul>		<p>levels due to these aspects as part of corporate policy requirement.</p> <ul style="list-style-type: none"> <li>SCL should develop procedures towards management of occupational health and safety risks associated with construction phase of projects. The procedures should include elements such as safe work practices, labour accommodation guidelines, work permit systems, emergency response procedures, trainings and mock drills. The construction contractors should be contractually bound to comply with these requirements and SCL should develop a monitoring and review mechanism to the ensure adherence of the contract conditions by the contractors.</li> <li>SCL is required to formulate an incident reporting and recording system for its corporate level employees in order to capture incidents encountered in corporate office. Further, SCL should develop mechanism to monitor the overall health and safety performance of the company through receipt and evaluation of H&amp;S statistics of individual assets.</li> <li>SCL should formulate an annual training calendar for imparting health and safety training to its corporate level employees.</li> </ul> <p><b>SPL</b></p> <ul style="list-style-type: none"> <li>SPL, at the corporate level is required to establish a project specific occupational health and safety management Programme that addresses occupational health and safety risks associated with project activities during construction, operation and decommissioning phases.</li> <li>Construction phase procedures should include elements such as safe work practices, labour accommodation guidelines, work permit systems, emergency response procedures, trainings and mock drills. The construction contractors should be contractually bound to comply with these requirements SPL to develop a monitoring and review mechanism to the ensure adherence of the contract conditions by the contractors.</li> <li>The HR Policy Manual should list down the requisite tests to be undertaken for plant level employees and corporate employees, based on the nature of work undertaken by each staff. Since primary occupational health and safety risk to workers in thermal power plants arise from heat exposure and occupational noise exposure, SPL's HR Policy should mandate monitoring the exposure levels due to these aspects as part of corporate policy requirement.</li> </ul>	
15.	PS 2	Supplier Verification Process	<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Supplier verification procedures with respect to labour aspects such as working conditions, payment of minimum wages,</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Existing supplier/ vendor selection procedures should be amended to include aspects such as working conditions, payment of minimum wages, working</li> </ul>	Three months, as part of the ESMS

S. No.	Applicable Performance Standard	Issue Identified	Summary of Issues	Flag	Proposed Action Plan	Timeline (from date of finalization of this report)
			working hours, engagement of child/ forced labour, etc. are not part of the existing supplier/ vendor selection system.		hours, engagement of child/ forced labour, etc. for verification prior to selection of suppliers/vendors.	
16.	PS 3, 4	Design Phase guidelines	<p><b>Common</b></p> <ul style="list-style-type: none"> <li>No comprehensive commitment on procedures to be followed for considerations regarding aspects on pollution prevention and community health and safety during design phase of projects.</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Develop guidelines for ensuring that elements of PS3 and PS4 are incorporated in the design phase of projects.</li> <li>Aspects of community health and safety shall be included into site selection and project design besides operational aspects.</li> </ul>	Three months, as part of the ESMS
17.	PS 5	Procedures for land procurement and involuntary resettlement	<p><b>Common</b></p> <ul style="list-style-type: none"> <li>There is no mechanism at corporate level to handle potential involuntary resettlement issues in a uniform manner.</li> <li>No formal documented procedure developed at corporate level to be followed during land procurement</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Develop corporate level procedural guidelines that outline the process to be followed in case of land procurement and mechanism to handle issues pertaining to involuntary resettlement.</li> </ul>	Three months, as part of the ESMS
18.	PS 8	Chance Find Procedures	<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Chance find procedures for under construction and proposed projects not formulated at corporate level</li> </ul>		<p><b>Common</b></p> <ul style="list-style-type: none"> <li>Develop chance find procedures which will include actions to be taken by site staff and management in case of chance find during excavation and construction activities of projects.</li> </ul>	Three months, as part of the ESMS

**The following key action items have been identified that require immediate attention of Summit. Please note that the below action items should be read in conjunction with the observations, gaps and detailed recommendations provided in Section 3.0 and summary table provided in Table 4-1.**

**Table 4-2: Key Action Items - Corrective Action Plan**

S. No.	Action Item	Budget and Resource	Responsibility and Timeline	Measurable Outcome
1	Corporate level ESMS including site specific E&S management procedures for Preconstruction, Construction, Operation and Decommissioning phases <i>(as per Sl. No. 1 – 8, 15 – 18 of Table 4.1)</i>	A third party consultant shall be engaged to develop site specific procedures (USD 30,000)	SCL and Third Party Consultant Three Months	ESMS Document Status of implementation during construction and operation phase
2	Amendments to the existing HR Policy and Procedure <i>(as per the Sl. No. 10, 11, 14 of Table 4-1)</i>	Within existing resources, no additional budget	SCL and SPL HR Department Three months	HR Policies and procedures (including OHS procedures) as per Bangladesh regulatory requirements and IFC PS 2 requirements.
3	Approval from Chief Inspector of Labour	Application to Chief Inspector of Labour (USD 2000)	SCL and SPL HR Departments Two months	Approved HR Policy

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