

**MARUHAN JAPAN BANK LAO PDR**

**MSME Access to Finance  
COVID-19 Emergency Support and Recovery Project**

**Environmental and Social Audit Report**

(Re-Financing Project)

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## Executive Summary

MARUHAN Japan Bank Lao Co., Ltd (MJBL), a commercial bank that has provided banking and financial services in Lao PDR since 2013. The services include deposits, loans and other banking and financial services. Loans are for auto, housing, personal and Small, and Medium Enterprise (MSME), especially financing on working capital, cash flow financing, property financing /refinancing and performance guarantee or combination. The target sectors are trading, service, manufacture and agriculture and agribusiness sector. In 2021, MJBL had total staff of 170, of which, 68 were women which represents 40% of total staff. The bank core services include loan, payments, remittances, and other banking services. There were over 4,000 clients/borrowers as of September 2021. Of which, 329 were MSMEs and none of it was large scale business or corporate business. Under MSME, 26.47% of MSME were in trading sector, 1% were in construction sector, 13.29% were in tourism sector, 11.29% were in agriculture, 13.35% in service, 2.55% in transportation, 4% in industry, and 28.05% in other sectors. The maximum loan size was US\$350,000, while the average amount of loan was US\$75,000.

MJBL and its clients, especially MSMEs have been impacted by economic and social disruptions resulting from the ongoing COVID-19 crisis, and participated in the Lao PDR Micro, Small, and Medium Enterprise (MSME) Access to Finance Emergency Support and Recovery Project (MSME A2F – ESRP) since July 2021. MJBL has also adopted the project’s Environmental and Social Management System (ESMS) in February 2022, which will be implemented along with its Corporate Social Responsibility (CSR), labour management procedure and human resource policy. As a starting point, MJBL has proposed 30 sub-loans for refinance. Of which, 8% those sub loans are MSME and 92% are SME, and trading sector covered 58.97%, construction sector 10.26%; tourism sector 2.56%, handicraft 5.13% and other sectors 23.08%. The sub-loans consist of two types: working and investment capital, which shared 41% and 59%, respectively. The maximum loan size was about US\$ 210,000, while the average amount of loan was about US\$ 88,000.

This E&S audit includes assessment of E&S risks of the sub-loan projects proposed for refinancing and its relevance, compliance with and the organisational capacity of MJBL to implement the ESMS and the World Bank Environmental and Social Standards (ESSs). The E&S audit is necessary given that the 30 sub-loans proposed for refinancing precede the adoption of MJBL’s ESMS. In addition, the audit includes recommended corrective actions to address minor gaps in relation to E&S national standards. The audit was conducted through 1) desk review of the project and sub-loan projects related documents including legal and institutional framework, ESMS, ESCP, SEP and sub-loan project screening and appraisal; 2) Interview of MJBL, MSMEs and relevant sectors such as ministry of natural resources and environment, social welfare, union and chamber of commerce and industry; 3) Conducting additional E&S risk assessment, performance compliance and capacity of MJBL to implement ESMS.

All sub-loans available for refinancing have been screened for E&S risks. Those with high risk, or which trigger Environmental Impact Assessment requirements in Lao have been excluded as per Annex 1 and 2 of this report. The sub-loans eligible for refinancing are those with low

risk only. The key environmental aspects associated with the proposed low-risk sub-loans include air emissions from energy including electricity use; dust generated from some activities and transportation of construction materials including cement; wastewater from restaurant and car repair shop; traffic congestion of some shops that are close to road; and solid waste from most of the sub-loan projects. However, as the majority of the sub loans are small scale and working capital, the potential risks are considered low. In addition, most of the sub loans comply with national standards for solid waste management and implement environmental management practices consistent with Lao law. Wastewater is stored in a septic tank with cover, and it is collected and disposed by the staff/cleaners and a municipal cleaning company when it is nearly full. Solid waste is usually packed and covered by plastic bags, stored at an appropriate place, and then collected by a municipal cleaning company and dispose it at the municipal landfill. Use of electricity efficient and saving bulbs and turning off lights when not using it were practiced by many sub loans/MSMEs. In addition, the adoption and implement of the project ESMS would help addressing any minor risks and enhancing compliance with Lao legislation.

Some sub loans or MSMEs may not consistently provide or enforce the wearing of Personal Protective Equipment (PPE) for workers, to protect them against workplace accidents, such as hard hats. However, it is noted that the MSMEs are complying with provision of PPE to protect against Covid-19, in line with health regulations in Lao.

This E&S includes corrective actions proposed to address the minor gaps found. MSMEs are responsible for the implementation of these corrective actions and MJBL will be responsible for monitoring of compliance and risks, and report to the Department of Small and Medium Enterprise Promotion (DOSMEP) including Project Management Unit (PMU) periodically or as required. DOSMEP/PMU will provide capacity support and conduct monitoring of the implementation, reporting of MJBL and sub-loan projects as needed. In addition, DOSMEP/PMU will report the WB about the implementation of the corrective actions and compliance.

## Abbreviation and Acronyms

A2F	Access to Finance
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
DOSMEP	Department of Small and Medium Enterprise Promotion
ESIA	Environmental and Social Impact Assessment
EID	Emerging infectious diseases
E&S	Environmental and Social
EPL	Environmental Protection Law
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
ESR	Emergency Support and Recovery
ESS	Environmental and Social Standard
FI	Financial Intermediary
GBV	Gender-based Violence
GRS	Grievance Redress Service
IDA	International Development Association
IA	Implementing Agency
IEE	Initial Environmental Examination
IPF	Investment Project Financing
IMF	International Monetary Fund
LTU	Lao Trade Union
LCB	Lao-China Bank
LMP	Labour Management Procedure
LoC	Line of Credit
LNCCI	Lao National Chamber of Commerce and Industry
MJBL	Maruhan Japan Bank Lao

MOF	Ministry of Finance
MOIC	Ministry of Industry and Commerce
MOLSW	Ministry of Labour and Social Welfare
MoNRE	Ministry of Natural Resources and Environment
MSMEs	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
M&E	Monitoring and Evaluation
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PEC	Project Executive Committee
PFI	Participated Financial Institute
PMU	Project Management Unit
POM	Project Operations Manual
PPA	Performance and Policy Actions
PPSD	Project Procurement Strategy for Development
PLR	Performance and Learning Review
PF	Promotion Fund
PFI	Participating Financial Institution
PRC	Project Review Committee
SEP	Stakeholder Engagement Plan
STEP	Sustainability Training and E-Learning Program
SEA	Sexual Exploitation and Abuse
SFA	Subsidiary Financing Agreement
SMEs	Small and Medium Enterprises
VAC	Violence Against Children
WB	The World Bank

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## 1. Introduction

### 1.1 Overview of the A2F-ESR project

The Lao PDR Micro, Small, and Medium Enterprise (MSME) Access to Finance-Emergency Support and Recovery Project (P174169) (A2F-ESR) project is financed by the World Bank and implemented by the Ministry of Industry and Commerce (MOIC), particularly the Department of Small and Medium Enterprise Promotion (DOSMEP) and five commercial banks namely Lao-Viet, Sacom, Lao-China, Maruhan and Vietin Bank. The project is a continuation of the existing World Bank's funded project– Small and Medium Enterprise Access to Finance Project (SME A2F) (P131201), which had been implemented by MOIC, DOSMEP and four commercial banks: Lao-Viet, Sacom, ST and Lao-China Bank.

The A2F-ERSP project aims to increase and enhance access to finance for MSMEs in the context of the COVID-19 emergency and recovery. It will achieve this through a combination of Lines Of Credit (LOC) to for emergency and recovery phases of the crisis, intermediated through select financial institutions, to MSMEs. The Project will also invest in strengthening the capacity of financial institutions to implement crisis management strategies and develop MSME finance business strategies, technical assistance to support MSMEs obtain access to finance, and capacity building to DOSMEP to strengthen its ability to formulate and implement policies to promote MSME development. Whilst the Project is focusing on emergency response to the crisis, it will also have a longer-term impact on the economic recovery by providing a flexible approach to addressing financial needs of the MSMEs during the crisis and in the recovery phase. The target beneficiary MSMEs under the Project are registered micro (1-5 employees, small (6-50 employees) and medium private enterprises (51 to 99 employees) operating in Lao PDR that have been in business for at least two years and wish to sustain their business activities in the targeted sectors such as (i) Farming and livestock; (ii) Agriculture processing (iii) Handicrafts; and (iv) Tourism; which includes restaurants, grocery shops, mobile shops, handicraft shops, travel agencies and private tour operators, distribution of construction materials stores, clothing store, shoes shops, gold/jewellery shops, car service shop, mini marts and kindergarten, etc.

The Project consists of four components, which will be implemented from 2020 to 2025. Component 1, Emergency and Recovery Line of Credit to MSMEs, International Development Association (IDA) will provide US\$34 million via Ministry of Finance (MOF) to SME fund (SEMF), DOSMEP, MOIC, who will provide long-term resources to PFIs for on lending long-term credit to MSMEs. The project will support MSMEs that are privately owned, registered, have been in business for at least two years, and wish to expand their business activities. Component 2, Strengthening Bank of Lao Capacity to Supervise a PCG Fund, includes provision of Technical Assistance (TA) to the Bank of Lao PDR (BOL) to strengthen its capacity to draw on Principles for Public Credit Guarantee (PCG) Schemes for SMEs, tailored to the Lao context, supervise and monitor the PCG. Component 3, Technical Assistance for DOSMEP, SMEs and PFIs, is capacity building support of DOSMEP, PFIs, MSMEs, as well as project implementation, safeguards, and monitoring related activities. Component 4, Contingent Emergency Response Component (CERC), the project will contribute to providing immediate and effective response in the event of an eligible crisis or emergency.



The project is implemented under the World Bank's new Environmental and Social Framework (ESF), which was officially endorsed and launched in October 2018.

The project has an Environmental & Social Management system (ESMS), Environmental & Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP) in place before the project launching. MJBL has adapted and adopted the project ESMS in February 2022 and disclosed it on its website<sup>1</sup>.

## **1.2 Objectives of Environmental and Social and Audit**

The objective of the E&S audit is to assess E&S risks of the sub-loan projects proposed for refinancing, organisational capacity and recommendation for corrective actions. This is done in accordance with the ESMS of Maruhan Bank approved in February 2022. The E&S audit is necessary given that the 30 sub-loans proposed for refinancing precede the adoption of MJBL's ESMS. All sub-loans available for refinancing have been screened for E&S risks. Those with high risk, or which trigger Environmental Impact Assessment requirements in Lao have been excluded as per Annex 1 and 2 of this report. The sub-loans eligible for refinancing are those with low risk only.

## **1.3 Scope and Methodologies**

This E&S audit focused on the component 1, Emergency and Recovery Line of Credit to MSMEs, particularly the sub-loan projects proposed for refinancing. The audit included reviewing E&S risks and mitigation measures as well as screening and capacity of Maruhan Bank (MJBL) to monitor and manage the sub-loan projects, and recommended actions to address E&S gaps and issues. The steps and methods for E&S audit included:

- a. Reviewing the project and sub-loan projects related documents including legal and institutional framework, ESMS, ESCP and SEP.
- b. Meeting and interviewing with Maruhan bank and the MSMEs to collect and validate information about the sub-loan projects.
- c. Screen all subprojects against exclusion list in the ESMS's Annex A (Annex 1) and project legal agreement, and then screen, review and categorize subprojects according to their potential E&S risk and impacts based on guidance in the ESMS's Annex B (Annex 2). Those subprojects requiring an EIA or EII as per Annex 1 and 2 of this report have been ruled out for refinancing under the project.
- d. Assess sub-loans considered low or medium risks against national laws, whilst taking into consideration ESS requirements as best practice (subprojects considered to have adverse E&S risks or impacts are excluded from support).
- e. Assessment of organisational capacity based on the existing organisational arrangement and staff experiences on E&S management.

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<sup>1</sup> MJBL's ESMS is available at: <https://maruhanjapanbanklao.com/wp-content/uploads/2022/03/ESMS.pdf>

- f. Providing recommendations, an action plan for corrective measures to bridge the gaps that includes specific activities and implementation timelines.

## **2. Legal and Institutional Framework**

Lao PDR has not had a specific regulation on E&S management for MSMEs. However, all sub-loans provided need to be compliant with the provisions of the available legal framework of Lao PDR. Key relevant legislation includes:

- 1) The Environmental Protection Law (EPL) was issued in 2000 and revised in 2012. The EPL (2012) covers the general provision and requirements for effective 1) environmental impact assessment; 2) protection of natural and social environment including environmental quality; 3) management of control of pollutions, waste, and toxic substance from various sources, environmental certification and permission, and public participation; 4) conservation and utilization of natural resources; 5) environmental rehabilitation; 6) environmental emergencies and natural disasters; 7) environmental protection fund; 8) prohibitions of officers or civil servants and operators; 9) dispute settlement; and 10) management and inspection, etc.
- 2) Decree on Environmental Impact Assessment, 2019, defines principles, regulations, and procedures on management, monitoring, and inspection of an Environmental Impact Assessment (EIA) so that the process will be implemented in order to prevent, reduce, and mitigate negative environmental impacts; to ensure that the affected peoples are reasonably compensated, resettled, and assisted in improving their living conditions better than existing situation. The Decree provides a provision that affected people and other stakeholders may express their opinions on implementation of the investment project and activities via hotline telephone, electronic, [or] send opinions, complaints in writing to the project owners or the concerned governmental organizations or in other means.
- 3) National Environmental Standards Decree, 2017, defines quality of air, soil, water, noise and vibration, pollutions, and measures for management and control.
- 4) Pollution Control Guidelines, 2015, defines types of pollution, management and control, certification, monitoring, inspection and reporting of pollutions and management.
- 5) Polluted and Hazardous Waste Management Guidelines, 2015, defined principles and management methods, monitoring and inspection, obligations, and responsibility for management of polluted and hazardous waste.
- 6) Law on Chemicals Management, 2015, defined type of chemicals including hazardous chemicals, safety measures and prevention and solutions for accidents, businesses and management including licencing, monitoring, inspection, and responsibilities for chemicals management.
- 7) Law on Hygiene, Disaster Prevention and Health Promotion, issued in 2011 and updated 2019, defines the principles, rules, measures and requirements for hygiene, disease prevention and health promotion. Particularly, it provides a regulation and guideline for hygiene practices for all group of people including labour and occupation, places and facilities, production, consumption and environmental health. Disease prevention includes immunization and prevention of communicable and infectious

disease. Health promotion includes rules, measures and requirements for promoting health and quality of life of all group of people, nutrition, healthy environment and recreation.

- 8) Labour Law, adopted in 2006 and updated in 2013, defines the principles, regulations and measures on administration, monitoring, labour skills development, recruitment, and labour protection. This labour law applies to all employers, registered and unregistered employees, Lao employees working for foreign organizations, and foreign employees working within the Lao PDR. Importantly, it defines a mandatory obligation for employers and other relevant parties on Labour Occupational Health and Safety (OHS) to protect labour health and safety, and labour accident and occupational diseases.
- 9) Law on Preventing and Combating Violence Against Women and Children (2014) Law on gender (2019) and Women Development and Protection (2004). These legislations provide regulations and measures to manage, prevent and address potential misconduct among civil servants including health workers and outsourced volunteers, community health and safety issues and risks associated with Sexual Exploitation and Abuse (SEA), Gender-based Violence (GBV) and Violence Against Children (VAC).
- 10) Law on Handling Petitions (2015) provides provisions of objectives, principles and process of applying and handling different types of grievance, petition and complaints that may be raised by citizens.

### 3. Sub-project Description

Total sub-loan projects proposed by Maruhan Japan Bank Lao PDR for refinancing is 30, with total amount of US\$ 3,242,186.55. All the sub-loan projects are MSME<sup>2</sup> operating business for at least two years. Out of total proposed sub-loans, about 72% are for working capital (“WC”) and 23 for investment capital (“IC”). About 0% sub-loans are microenterprises, 10 % are small enterprises and 90% are medium sized enterprises, and about 57% are in trade sector, 43% are service sector, including agriculture sector (Table 1 and Annex 3). The trading sector are mainly distribution of construction materials, clothing, gold/jewellery, mobile, mini marts shop and import-export. The service sector includes shops (clothes, handicraft, agriculture and electronics), restaurant and car repair. The average amount of loan is about US\$ 108,072.89.

**Table 1 Number, Type and Size of Sub-loan Projects and Amount for Refinancing**

No	Name of PFIs	Number of SLs	Total amount (US\$)	Loan Type		Business Size			Sector		
				WC	IC	Micro	Small	Medium	Trade	Service	Manufacture /Others
1	Maruhan	30	3,242,186.55	16	14	0	3	27	17	13	0

The 100% of the sub-loan projects are in Vientiane capital (Table 2). Many of them are in urban or at the centre and community area, and some are in suburb area. The sub-loan projects

<sup>2</sup> MSME are private enterprise that consists of 1 to 5, 6 to 50 and 51 to 99 employees, respectively.

are in largely in the urban or community area (some of examples are in Annex 4). None of the sub-loan projects are located in the following areas:

- Proximity to river/stream, wetland/pond/lake and estuary
- Proximity to protected area (e.g., forest/endangered species)/ecologically sensitive area (e.g., river/protected areas)
- Proximity to culturally sensitive/indigenous area
- Area at risk of floods, hazardous materials and waste, etc.
- Conflict area (e.g., land use conflict)
- Crowded communities and traffic.

**Table 2 Location of Sub-loan Projects for Refinancing**

No	Name of PFI	Vientiane Capital	Champasak province	Savannakhet province	Luangprabang province	Vientiane province
1	Maruhan	30	0	0	0	0

#### 4. Environmental and Social Issues

In general, as described in the A2F-ESR project’s ESCP and ESMS, the sub-loan projects are unlikely to cause any adverse environmental and social risk of impact due to small size of MSMEs and credit to be provided to them is not exceed 210,526.32 USD. In addition, the majority of the MSMEs are in trade and service sector, especially shops, restaurant, minimart, cloth, construction materials, electric appliance, and handicraft shop. Importantly, they are using loans for increasing or ensuring working capital without land acquisition, new construction activities or involving with hazardous and chemical materials and waste. None of the sub-loans trigger Environmental Impact Assessment requirements in Lao PDR.

Based on E&S screening (Annex 1 to 3), however, there are some minor E&S aspects and risks associated with the proposed sub-loans for refinancing. These minor risks are found in a number of the sub-loans as noted in the Annex section and summarized here. The key E&S aspects and risks include dust generated from transportation of construction materials including cement, wastewater from restaurant, car repair shop, and solid waste. Most MSMEs comply with national standards for solid waste management and implement environmental management practices consistent with Lao law. Wastewater is stored in a septic tank with cover, and it is collected and disposed by the staff/cleaners and a municipal cleaning company when it is nearly full. Solid waste is usually packed and covered by plastic bags, stored at an appropriate place, and then collected by a municipal cleaning company and dispose it at the municipal landfill. Use of electricity efficient and saving bulbs and turning off lights when not using it were practiced by many sub loans/MSMEs. Nevertheless, some aspects could be enhanced, and this could be an added value of MJBL’s involvement, by developing capacity building materials to build awareness of E&S best practice.

In addition, some MSMEs, due to their small size and low capacity, may not always provide Personal Protective Equipment (PPE) to workers to avoid workplace accidents – though no accidents or injuries have been reported (Table 3). However, it is interesting to note that MSMEs staff do have PPE for Covid-19 prevention, in particular masks.

Based on a risk assessment matrix and categorization Table 4 and 5 the E&S risk is considered low, as the score is between 1 and 4 (Annex 3).

**Table 3 Key Environmental and Social Issues and Management Practice Associated with the Proposed Sub-loan Projects for Refinancing**

No	Environmental Aspects/ Risk	Descriptions
1	Energy consumption and air emissions	<p>The majority of air emissions is generated from vehicles and electricity use of the existing business activities. As many businesses and activities are relatively small scale, emissions caused by the sub-loan project, especially working capital would be small or unlikely to cause any significant increase of emissions. In addition, many sub loans have implemented some energy (electricity) saving practices such as the use of electricity efficient and saving bulbs and turning off lights when not using it.</p>
2	Water consumption and wastewater	<p>The majority of wastewater is from water consumption for operating the existing business activities, including cleaning. As many businesses and activities are small scale, wastewater caused by the sub-loan project, especially working capital would be small or unlikely to cause any significant increase of wastewater.</p> <p>In general, in Vientiane, MSMEs’s wastewater is stored in a septic tank with cover, and it is collected and disposed by the staff/cleaners and a municipal cleaning company when it is nearly full.</p>
3	Solid waste	<p>Solid waste is only municipal solid and construction/building renovation waste. The waste is from operating the existing business activities, including maintenance/cleaning. As many businesses and activities are small scale, wastewater caused by the sub-loan project, especially working capital would be small or unlikely to cause any significant increase of solid waste.</p> <p>Generally, solid waste from MSMEs is usually packed and covered by plastic bags, stored at an appropriate place and then collected by a municipal cleaning company and dispose it at the municipal landfill.</p>
4	Nuisance (dust and traffic congestion)	<p>Dust is mainly generated from maintenance/ renovation, cement and construction materials transportation and loading/unloading, and cleaning activity. It is unlikely to be a major issue since dust as it is temporary, limited boundary and people expose to it.</p> <p>Traffic congestion is possibly occurred as some MSMEs (e.g., constructional materials shop, restaurant, car repair, etc) situated by roads and have limited parking space. However, it is unlikely to be a major issue since it is temporary and avoidable or manageable.</p>
5	Inadequate Personal Protective Equipment provided (e.g., safety goggles/hard hat/protective glove)	<p>Occupational health and safety, including procedures and personal Protective Equipment (PPE) of some MSMEs such as construction company, construction material retail and car repair shops, and restaurant may be inconsistent and at times not sufficient to prevent workplace accidents. However, there have not been reports on accident or injuries.</p>

**Table 4 Environmental and Social Risk and Impact Matrix**

Likelihood	Almost certain	5	10	15	20	25
	Probable	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic
Consequence						

- 1-4: Insignificant to minor risks or impacts. Ensure ongoing compliance with relevant national laws.
- 5-8: Moderate risks or impacts. A simplified Environmental and Social Code of Practice (ESCOP) or a control measure is needed.
- 9-12: High risks or impacts. The sub-loan should not proceed
- >12 or 15-25: Substantial/extreme risks or impacts. The sub-loan should not proceed.

**Table 5 E&S Categorization**

Category	Definition	Notes
<b>High Risk</b>	High Risk means any business activity which is likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented, and which includes, for the avoidance of doubt, activities involving (a) involuntary resettlement, (b) risk of adverse impacts on ethnic minorities, (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or (d) significant occupational health and safety risks (risk of serious injury or fatality to workers).	Not allowed to proceed under the project.
<b>Substantial Risk</b>	Substantial Risk means any business activity that is not as complex as High-Risk activities, however, has some significant risks and impacts with the possibility of avoiding or reversing but with substantial investment and time and may give rise to limited degree of social conflict, harm, human security risk.	Not allowed to proceed under the project.
<b>Moderate Risk</b>	Moderate Risk means any business activity that has potentially limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Impacts are often site-specific without likelihood	Allowed, but requires review (see Annex C in ESMS).

Category	Definition	Notes
	of impacts beyond the activity's footprint and routine safety precautions are expected to be sufficient to prevent accidents.	
<b>Low Risk</b>	Low Risk means any business activity minimal or negligible risks to and impacts on human populations and/or the environment with few or no adverse risks and impacts and issues.	Allowed but should be straightforward to review (see Annex C in ESMS).

Source: MJBL's ESMS

Due to the low nature of risks of the sub-loans, as per requirement in WB Environmental and Social Standard (ESS) 9 on Intermediary Facilities, all sub-loans will need to comply with relevant Lao legislation. Nevertheless, while the sub-loans have been assessed based on Lao legislation, as part of due diligence, the relevance of WB standards to the sub-loans has also been analysed.

**Table 6 Relevance of WB ESS to Sub-Loans**

ESS	Type and aspects of sub-loans relevant to ESS
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts)	All sub-loans <sup>3</sup> proposed for refinancing were screened and categorized on E&S risk in accordance with MJBL's ESMS. No sub-loan was found to face any compliance issues or investigation for failure to comply with Lao laws.
ESS 2: Labour and Working Conditions	<p>Relevant for all sub-loans. MSMEs comply with the Lao labour law and these checks are conducted by MJBL before approving loans. MJBL's human resource policy is in Annex 3. While the Lao law does not require industry-specific grievance mechanisms to be in place, MSMEs commonly handle complaints or disputes internally through informal mechanisms or based on guidance in the Labour Law (for workers). In addition, concerns can be handled by the existing national system in place with Village Mediation Committee (VMC) and the fiduciary structure, which functions from local to national level, in accordance with the law on the Handling of Petition (2015).</p> <p>Additional due diligence was conducted to ensure MSME eligible for loans did not have any outstanding labour disputes. A search of mainstream and social media was conducted to determine whether or not there were reports of major worker grievances for the MSME's sub-loan activities. In addition, the team conducted interviews of relevant sectors such as Ministry of Labour and Social Welfare (MOLSW), Lao Trade Union (LTU) and Lao National Chamber of Commerce and Industry (LNCCI), but no grievance, disputes or labour violations were found (Annex 4).</p> <p>Occupational health and safety, including procedures and personal Protective Equipment (PPE) of some MSMEs may be inconsistent and not sufficient to prevent workplace accidents, though there are</p>

<sup>3</sup> Sub-loans E&S management is also monitored by relevant sectors and authorities at local levels such as environmental and natural resources, commerce and industry, public work, information-culture and tourism, etc.

ESS	Type and aspects of sub-loans relevant to ESS
	no report on accident and injuries. There is, however, compliance with PPE to protect against Covid-19.
ESS 3: Resources Efficiency and Pollution Prevention and Management	Relevant due to water and energy efficiency though to a low or minimum extent due to the size and type of MSMEs.
ESS 4: Community Health and Safety	<p>The extent of the impact/risk is site specific and unlikely to cause adverse impact or nuisance to a community since the MSMEs are existing. However, some of the sub-loans, such as shop/office, construction material distribution shop, car repairing shop, restaurant, etc might cause minor residual risks or nuisance to neighbours, especially if appropriate measures or environmental code of conduct are not implemented.</p> <p>As noted, while the Lao law does not require industry-specific grievance mechanisms to be in place for projects not requiring EIA/IEE, MSMEs commonly handle complaints or disputes directly or through the VMC or Village Chiefs.</p>
ESS 5: Land acquisition, restrictions on land use and involuntary resettlement	Not relevant, there is no land acquisition in any of the sub-loans. Sub-loans or sub-projects that will likely involve land acquisition and resettlement will not be financed under the project. This is specified in the PFI's ESMS, Annex C: E&S Risk Screening Form.
ESS 6: Biodiversity conservation and sustainable management of living natural resources	Not relevant, the sub-loans are located and operating in Vientiane and are small scale and do not cause impact on natural resources.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not relevant, the sub-loans are located and operating in Vientiane capital and not effect indigenous peoples or ethnic groups in their territories.
ESS 8: Cultural heritage	Not relevant, the sub-loans will not finance works that could disrupt either tangible or intangible cultural heritage, or the commercialization of intangible cultural heritage.
ESS 9: Financial Intermediaries	Relevant for all sub-loans
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant for all sub-loans. While the MSMEs, due to their small nature, do not have specific plan or strategy on stakeholder engagement and information disclosure (nor is this required by legislation), they are existing businesses with practices established that includes letting customers know about changes, sales, vacancies, etc. as part of their business operation.

#### 4.1 Organizational capacity and competency

In general, MBL has assigned E&S staff to specifically oversee the E&S issues as mentioned in ESMS. As mentioned in section 1.1, MBL adopted the project's ESMS and appointment of three staff including a senior, loan credit officer as the focal point to be responsible for E&S issues as well as implementation of their ESMS. MBL including staff's responsibilities are as described in its ESMS.



MBJL is responsible for screening sub-loans in accordance with its ESMS, including that any corrective E&S actions, if needed, are properly implemented according to national standards and/or WB ESS as applicable. MBJL is also responsible for monitoring sub-loan's activities to ensure they remain compliant with relevant legislation/standards, and this will be done by the loan credit officer and the E&S focal point, as detailed in the ESMS. As per the ESMS, low-risk sub-loans do not require monitoring.

MBJL will participate in E&S trainings to be provided by the project and online courses on the World Bank (WB) website. In addition, the project will be developing best practice booklets to enhance knowledge of E&S aspects in MSMEs and enhance compliance with Lao laws.

DOSMEP will provide oversight and assist MBJL to implement its ESMS. This will include:

- Sample review of complete loan applications and loan documents;
- Ensuring reporting is provided;
- Providing support where required on screening of loans (e.g., where there is uncertainty on the E&S risk profile of a Sub-borrower).

Based on low risks outlined, the existing practices of MJBLL and the additional support provided by DOSMEP, it is found that the organizational capacity to manage low risks posed by the sub-loans is adequate.

## **5. Proposed Environmental and Social Measures**

The majority of sub-loans have a similar E&S minor issues or risks. Measures and actions to enhance compliance with Lao laws are summarized in the Table 7. In order to assist MSMEs with these measures, DOSMEP, working with MJBLL, will develop a best-practice booklet with E&S information including labour requirements, Occupational Health and Safety, PPE and environmental measures that will enhance compliance with Lao laws.

Sub loan projects as well as MSMEs are responsible for the implementation of the measures and actions, including monitoring and reporting. MJBLL is to ensure the implementation of the measures and actions by sub-loans and responsible for monitoring of compliance and risks, and report to DOSMEP including PMU periodically or as required. DOSMEP/PMU provides capacity support and conduct monitoring of the implementation, reporting of MJBLL and sub-loan projects as needed. In addition, DOSMEP/PMU will report the WB about the implementation of the measures and actions and compliance.

**Table 7 E&S Measures and Actions for Sub-loan Projects**

No	E&S risks	Action	Timeframe	Responsible Body
1	Energy consumption and air emissions	<ul style="list-style-type: none"> <li>- Maintain vehicles and appliance regularly</li> <li>- Raise staff/ employee awareness on energy saving</li> <li>- Monitor energy use and implement energy saving measures including turn off the lights when not using them and, use energy saving appliance such as appliance with green labels and inverter air conditioners, as appropriate</li> </ul>	Q2-3 2022	All sub loans/ MSMEs in Annex 3
2	Water consumption and wastewater	<ul style="list-style-type: none"> <li>- Raise staff/ employee awareness on water saving including installation of water saving signage</li> <li>- Monitor and maintain water supply system, leakage, water use and ensure to turn off the water taps when not using them</li> <li>- Improve/develop and maintain wastewater storage/septic tank with cover and ensure it is collected and disposed properly by the staff/cleaners and a municipal cleaning company</li> </ul>	As above	All sub loans/ MSMEs in Annex 3
3	Solid waste	<ul style="list-style-type: none"> <li>- Ensure proper solid waste collection and disposal by the staff/cleaners and municipal waste collection company, as well as avoidance of spills, open-burning and improper dumping</li> <li>- Increase awareness of staff and promote minimize, separation and recycle of solid waste, ban of burning, as appropriate</li> </ul>	As above	All sub loans/ MSMEs in Annex 3
4	Dust	<ul style="list-style-type: none"> <li>- Provide PPE such as masks, gloves, glasses, etc as needed, in order to protect against workplace accidents in compliance with Lao laws.</li> <li>- Implement activities with care</li> </ul>	As above	Sub loan No. 5, 8,14, 15,18, 24, 26, 27 and 28 in Annex 3
5	Traffic congestion	<ul style="list-style-type: none"> <li>- Monitoring and guide, and avoid incorrect parking</li> <li>- Provide parking information to users</li> <li>- Increase parking space if needed</li> <li>- Avoid loading and unloading the construction materials during rush hour and park the construction material transportation truck at the edge of road/lane</li> </ul>	As above	Sub loan No. 1, 3, 5, 14,15,16, 18,19,22,23,25,26, 28, 29 and 30 in Annex 3

No	E&S risks	Action	Timeframe	Responsible Body
		- Take short time and ensure safety when loading and unloading construction materials		
6	Inadequate personal Protective Equipment (PPE) provided.	Provide necessary PPE (e.g., hardhat, safety goggles/masks/gloves) to staff/workers as needed to protect against workplace accidents in line with Lao Labour Law	As above	All sub loans in Annex 3 except sub loan No. 2, 4, 9, 16, 17 and 30
7	Inadequate employee health and safety measures (e.g., manual handling weight limits/ maximum load lifting capacity) for male and female)	- Provide information and awareness of manual handling weight limits for male and female as well as recommendations on how to carry weight.	As above	Sub loan No. 1, 2, 3, 7, 10, 14,15,18, 19,22,23,24,25,28,29, and 30 in Annex 3

## Annex 1 ESMS's Annex A-Exclusion List

These are a list of activities that form part of the ESMS where any involvement would trigger a “no go” on providing a loan to a Sub-borrower. For the avoidance of doubt, any activities that require an Initial Environmental Examination (IEE) or an Environmental & Social impact Assessment (ESIA) under regulations in Lao PDR are excluded.

The following exclusions to ALL sub-loans processed under the Project:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine)<sup>2</sup>.
- Production or trade in tobacco<sup>2</sup>.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment which is considered to be the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres or use of asbestos-containing materials. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the waterway using nets in excess of 2.5 km in length.
- Production or activities involving harmful or exploitative forms of forced labour<sup>4</sup>/harmful child labour<sup>5</sup>.
- Sub-loans involving logging/harvesting of timber or wood products.
- Production and distribution of construction materials is one of the eligible activities provided that wood/lumber production are sourced legally and further due diligence of the sources will be pursued as part of processing and approval of the transaction.
- Commercial logging operations for use in primary tropical moist forest production or trade in wood or other forestry products other than from sustainably managed forests.
- Sub-loans involving any transaction that will require acquisition of land regardless of tenure or ownership, physical relocation of households or displacement of livelihoods.
- Activities involving major construction and civil works that would cause significant adverse impact and require an impact assessment (IEE or ESIA) according to the national regulations and in line with WB ESF policies (e.g., higher risk activities), which would be beyond the capacity of the MSMEs to manage.
- Activities based on or directly linked to land/natural resource-based productions such as food production and processing, and other transactions that cause impacts that are

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<sup>4</sup>Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>5</sup>Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, 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.

required high investment and or unlikely to be addressed within project timeframe and the capacity of project stakeholders.

- Industrial-scale or EIA required activities involving significant conversion or degradation of natural and/or critical habitats and/or any activities in legally protected or internationally recognized areas.
- Industrial-scale or EIA required activities involving production, harvesting, or trade in wood or other forestry products from plantation and natural forests other than from legal and sustainable origin.
- Industrial-scale or EIA required activities involving harvesting of wild fish populations or other aquatic species other than from legal and sustainable origin.
- Activities, including relocation, that have adverse impacts on the lands, natural resources, or critical cultural heritage subject to traditional ownership or under customary use by the Indigenous Peoples (ethnic minorities).
- Activities involving significant alteration, damage, or removal of any critical cultural heritage.
- High and Substantial risk sub-loans (following the definitions of World Bank's Environmental and Social Framework (also see Annex B). In this case it means any activities that would require an impact assessment under Lao PDR requirements.

## Annex 2 ESMS's Annex B-Environmental and Social Risk Categorisation Guidance

### Categorisation

Category	Definition	Example Activities
<b>Substantial Risk</b>	Substantial Risk means any business activity that is not as complex as High-Risk activities, however, has some significant risks and impacts with the possibility of avoiding or reversing but with substantial investment and time and may give rise to limited degree of social conflict, harm, human security risk.	<ul style="list-style-type: none"> <li>▪ Oil and Gas:               <ul style="list-style-type: none"> <li>– Greenfield exploration and production operations.</li> <li>– Refinery construction and operation.</li> </ul> </li> <li>▪ Mining and Coal Processing Sector:               <ul style="list-style-type: none"> <li>– Operations that involve large scale extraction of minerals, coal or building materials, via underground or open-pit mining.</li> <li>– Development of large mineral processing facilities/integrated mills.</li> </ul> </li> <li>▪ Power Sector:               <ul style="list-style-type: none"> <li>– New thermal power station development.</li> <li>– Hydropower developments with large dams and other impoundments designed for the holding back or permanent storage of water (and run of the river with significant environmental &amp; social impacts.</li> <li>– Large scale electric power transmission and distribution.</li> </ul> </li> <li>▪ Transportation and Logistics:               <ul style="list-style-type: none"> <li>– Large infrastructure projects, including development of [new] ports and harbours, airports, road, rail, and mass transit systems.</li> </ul> </li> <li>▪ Realignment and/or widening of an existing road, where such new road, or realigned and/or widened section of road.</li> <li>▪ Activities that require an ESIA in Lao PDR (See Table below).</li> </ul>
<b>High Risk</b>	High Risk means any business activity which is likely to have significant adverse environmental and social impacts that are socially sensitive, irreversible, large-scale or unprecedented, and which includes, for the avoidance of doubt, activities involving (a) involuntary	<ul style="list-style-type: none"> <li>▪ Power Sector:               <ul style="list-style-type: none"> <li>– Expansion of existing thermal power operations within an existing footprint and/or will not result in significant environmental/social impact</li> <li>– Renewable power developments that will not result in significant environmental/social impacts.</li> </ul> </li> <li>▪ Manufacturing:               <ul style="list-style-type: none"> <li>– Development of a manufacturing facility where there are no significant</li> </ul> </li> </ul>

	<p>resettlement, (b) risk of adverse impacts on indigenous peoples, (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or (d) significant occupational health and safety risks (risk of serious injury or fatality to workers).</p>	<p>environmental &amp; social impacts, however it is not part of an existing industrial park</p> <ul style="list-style-type: none"> <li>▪ Infrastructure: <ul style="list-style-type: none"> <li>– Development of a large water supply network using existing water supply (i.e., development and construction of infrastructure)</li> <li>– Development of datacentres, where there are no significant environmental &amp; social impacts, however recognising that these can be significant users of energy.</li> </ul> </li> <li>▪ Activities that require an IEE and or ESIA in Lao PDR (See Table B2 below).</li> </ul>
<b>Moderate Risk</b>	<p>Moderate Risk means any business activity that has potentially limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Impacts are often site-specific without likelihood of impacts beyond the activity's footprint and routine safety precautions are expected to be sufficient to prevent accidents.</p>	<ul style="list-style-type: none"> <li>▪ Acquisition of new transportation equipment (automobiles, trucks, other specialised equipment, and replacement parts);</li> <li>▪ Small-scale processing of agricultural produce e.g., rice.</li> <li>▪ Building of small warehouses or renovation of existing physical premises on the land fully owned by the MSMEs;</li> <li>▪ Acquisition of assets such as industrial machines, medium sized tools and equipment.</li> </ul>
<b>Low Risk</b>	<p>Low Risk means any business activity minimal or negligible risks to and impacts on human populations and/or the environment with few or no adverse risks and impacts and issues.</p>	<ul style="list-style-type: none"> <li>▪ Office based activities such as marketing, consultancy, etc.</li> <li>▪ Working capital needs (loans for payment of salaries, marketing costs, audit and accounting costs);</li> <li>▪ Acquisition of communications equipment (phone and fax equipment, computers, printers, servers, software, other hardware, etc.);</li> <li>▪ Purchase of construction materials for shops selling construction material,</li> <li>▪ Purchase of feed stock, and feed mixer machine;</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Acquisition of fixed small assets (refrigerators, replacement parts, etc.), small tools and equipment etc.).</li> <li>▪ All types of retail outlets (except those dealing in hazardous or toxic chemicals, flammable materials); and</li> <li>▪ Restaurants and other food premises.</li> </ul>
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Under Ministerial Agreement No. 8056/MONRE, a list of activities is provided and are divided into two categories. Activities in category 1 are required to conduct an Initial Environmental Examination (IEE) and those in Category 2 are required to complete an Environmental and Social Impact Assessment (ESIA). The investment projects and activities have been divided into 5 sectors as follows: (1) energy; (2) agriculture and forestry; (3) industry processing; (4) infrastructure and service and (5) mining

Type and size details of investment projects and activities classified into categories 1 and 2 are in the table Activities Requiring IEE and ESIA in Lao PDR below:

TYPES OF INVESTMENT PROJECTS AND ACTIVITIES		CATEGORY 1 - REQUIRED TO CONDUCT IEE	CATEGORY 2 - REQUIRED TO CONDUCT EIA
I. Investment projects and activities in energy sector			
Electric power development			
1.1	Electricity generation by Hydropower (Hydropower plants construction)	(a) 1-15 megawatt or (b) catchment basin < 200 million m <sup>3</sup> or (c) catchment area < 1,500 hectares	(a) ≥ 15 megawatt or (b) catchment basin ≥ 200 million m <sup>3</sup> or (c) catchment area ≥ 1,500 hectares
1.2	Nuclear power, control and disposal of nuclear waste		All size
1.3	Natural gas or biogas power	5-50 megawatts	> 50 megawatts
1.4	Wind power by using turbines	2-10 turbines	> 10 turbines
1.5	Coal, oil or biomass power plant project	≤ 10 megawatts	> 10 megawatts
Gas and petroleum			
1.6	Petroleum and pipelines		All sizes



1.7	Extraction of oil or natural gas		All sizes
1.8	Oil refinery		All sizes
1.9	Petroleum storage facilities	5,000-50,000 m <sup>3</sup>	> 50,000 m <sup>3</sup>
High voltage transmission development			
1.10	High voltage transmission construction:		
1.10.1	High voltage $\geq$ 230 Kilovolt	$\leq$ 15 Kilometers	> 15 Kilometers
1.10.2	High voltage < 230 Kilovolt	All sizes	
1.11	High voltage power distribution station	< 10 hectares	$\geq$ 10 hectares
II. Investment projects and activities in agriculture and forestry			
Tree plantation and crops			
2.1	Planting and cutting industrial tree plantation	20-200 hectares	> 200 hectares
2.2	Plantation of industrial crops	20-400 hectares	> 400 hectares
Animal raising and fisheries			
2.3	Large animal rearing (cattle, buffaloes, horses, etc.)	$\geq$ 500 head	
2.4	Poultry raising	$\geq$ 5,000 head	
2.5	Pig raising	$\geq$ 500 head	
2.6	Fishpond and aquatic culture in industrial ponds	$\geq$ 10 hectares	
2.7	Fish cage and aquatic culture in cages along rivers	$\geq$ 300 m <sup>2</sup>	
2.8	Crocodile raising	$\geq$ 100 heads	
III. Investment projects and activities in processing industrials			
Food processing industry			
3.1	Production, processing and storage of foods (meat, fish,	$\leq$ 1 ton/day	> 1 ton/day

	fruit, cooking oil, animals and animal feed)		
3.2	Milk processing factory	≤ 40 ton/day	> 40 ton/day
3.3	Tapioca and tapioca products processing	40-80 ton/day	> 80 ton/day
3.4	Sugar factory	≤ 30 ton/day	> 30 ton/day
3.5	Liquor manufacture	≤ 500,000 liters/year	> 500,000 liters/year
3.6	Drinking water processing	All sizes	
3.7	Tobacco factory	All sizes	
Textile, pulp, paper and wood products			
3.8	Textile, cotton, garment manufacture and dye factories	All sizes	
3.9	Leather tanning factory	All sizes	
3.10	Leather processing factory	≤ 1 million pieces/year	> 1 million pieces/year
3.11	Wicker, bamboo and rattan production factory	All sizes	
3.12	Plywood factory	≤ 100,000 m <sup>2</sup> /year	> 100,000 m <sup>2</sup> /year
3.13	Paper factory	≤ 30 tons/year	> 30 tons/year
3.14	Printing house	All sizes	
Chemical products and clinical equipment			
3.15	Petroleum and hydrocarbon factory		All sizes
3.16	Chemical production factory		All sizes
3.17	Medical equipment and pharmaceutical factory using chemical reactions and biochemicals		All sizes
3.18	Cleaning products	≤ 10 tons/day	> 10 tons/day
3.19	Rubber manufacture	50-200 tons/year	> 200 tons/year

3.20	Plastic manufacture	≤ 400 tons/year	> 400 tons/year
Non-metallic product manufacture			
3.21	Glass product factory	All sizes	
3.22	Mineral product production and no other metals processing	All sizes	
3.23	Cement, lime and plaster factory	≤ 20 tons/hour	> 20 tons/hour
Mining extraction industry			
3.24	Steel and iron smelting factory	≤ 5,000 tons/year	> 5,000 tons/year
3.25	Precious metal processing factory		All sizes
3.26	Steel processing factory	≤ 50 tons/day	> 50 tons/day
3.27	Non-ferrous metal processing factory	All sizes	
3.28	Metal fabrication (tanks, sinks, etc.)	All sizes	
3.29	Battery production factory	All sizes	
Other industries			
3.30	Home appliances, office equipment, and electrical tools production	All sizes	
3.31	Automotive and alkaline battery production factory	≤ 70 tons/year	> 70 tons/year
3.32	Spare parts factory for automobiles and related machines	≤ 1,000 tons/year	> 1,000 tons/year
3.33	Bicycles and wheelchairs for disabled people	≤ 10,000 sets/year	> 10,000 sets/year
3.34	Home appliances factory	≤ 10,000 pieces/year	> 10,000 pieces/year
3.35	Water supply and treatment	All sizes	

Waste treatment			
3.36	Disposal of non-hazardous waste	≤ 5,000 tons/year	> 5,000 tons/year
3.37	Hazardous waste disposal		All sizes
3.38	Hazardous waste treatment		All sizes
3.39	Other waste management and treatment		All sizes
3.40	Construction of a factory for recycling		All sizes
3.41	Construction of a waste incinerator		All sizes
3.42	City wastewater treatment	≤ 50,000 persons	>50,000 persons
3.43	Industrial wastewater treatment		All sizes
3.44	Waste drainage construction	All sizes	
IV. Investment projects and activities in infrastructure and services			
4.1	Backfill for marsh, river, canals damaging public benefits		All sizes
4.2	Dormitory and condominium construction	>50 rooms	
4.3	Golf course construction		All sizes
4.4	Sport complex construction		All sizes
4.5	Hotel or resort construction	≤ 80 rooms	> 80 rooms
4.6	Hotel complex construction	≤ 50 hectares	> 50 hectares
4.7	Tourism and recreation in areas of environment and social significance		All sizes
4.8	Special economic zone development		All sizes
4.9	Hospital construction	≤ 80 beds	> 80 beds
4.10	Railway construction		All sizes

4.11	Road construction (national, province, district, special zone levels)		All sizes
4.12	Road rehabilitation (national, province, district and special zone levels)	All sizes	
4.13	Airport construction		All sizes
4.14	Telecom network construction	All sizes	
4.15	Navigation (improvement of channels along rivers)	≤ 200 tons	> 200 tons
4.16	Port construction		
4.16.1	Port for public transport	≤ 500 tons (excluding ship weight)	> 500 tons (excluding ship weight)
4.16.2	General goods port	≤ 500 tons (excluding ship weight)	> 500 tons (excluding ship weight)
4.16.3	Dangerous goods port		All sizes
4.17	Erosion protection and embankment construction	≤ 1 Kilometre	>1 Kilometre
V. Investment projects and activities in mining sectors			
Mining processing and exploitation			
5.1	Gravel and sand extraction	1,000-50,000 m <sup>3</sup> /day	> 50,000 m <sup>3</sup> /day
5.2	Rock drilling and transport	≤ 50 tons/day	> 50 tons/day
5.3	Extraction of construction materials (earth, gravel, sand, etc.)	≤ 100,000 m <sup>3</sup> /year or areas ≤ 20 hectares	> 100,000 m <sup>3</sup> /year or areas > 20 hectares
5.4	Extraction of solid minerals (without using chemicals)		All sizes
5.5	Extraction of solid minerals (using hazardous chemicals)		All sizes
5.6	Solid minerals processing	≤ 50,000 tons/year	> 50,000 tons/year

Water control and management			
5.7	Abstraction and use of groundwater for use in industry, agriculture and urban consumption	500- 5,000 m <sup>3</sup> /day	> 5,000 m <sup>3</sup> /day
5.8	Construction of reservoir and dams	1-200 million m <sup>3</sup> or height of dam ≤ 10 m <sup>3</sup>	> 200 million m <sup>3</sup> or height of dam > 10 m <sup>3</sup>

Areas that are important for environmental and social aspects cover the following zones:

- All areas or most areas of proposed zone have been announced as protection area, conservation areas in accordance with the law on forest No. 64/NA dated 13/06/2019;
- All areas or most areas of proposed zone have been announced as wildlife and aquatic animal conservation area in accordance with law on wildlife and aquatic animals, No. 07/NA dated 24/12/2008;
- All areas or most areas of proposed zone have been announced as national cultural heritage and history areas in accordance with law on national heritage No. 44/NA dated 24/12/;
- All areas or most areas of proposed zone have been announced as water resource conservation areas in accordance with law on water and water resource, No. 23/NA dated 11/05/2017; and
- Other areas have been announced as environmental and social important areas in different periods.

### Annex 3: Proposed Sub-loans for refinancing under Maruhan Japan Bank Lao and its E&S Issue

#### A. Proposed sub-loans for refinancing

No.	MARUHAN BANK - SUB LOAN PORTFOLIOR FOR REFINANCING								Loan purpose specifications		Financial loan specifications	Ex Rate
	Name of business	Type of business /Business Activities (describe)	Business Size	E&S Category [H=High, M=Medium, L=Low Risk]	Sector [ Trading, Services and Manufacture]	Date of contract	Contract End Date	Loan purpose in detail and sector	Type of Loan Purposed [Working Capital vs. Investment Capital]	Loan amount approved (US\$)	Refinance - able (USD)	9500
1	KEOMANY COMMERCE	Wholesale	M	L	Trading	26/01/2021	26/01/2024	buying for inventory and equipment in stock	Working Capital	147,368.42	137,853.86	
2	KEVIN COMPUTER	Sale Computer	M	L	Service	08/05/2020	08/05/2027	buying for inventory and equipment in stock	Working Capital	105,263.16	93,612.62	
3	KEOMANYVONG TRADING EXPORT-IMPORT SOLE CO., LTD	Brewery Soft Drink	S	L	Trading	12/11/2020	12/11/2030	stock	Investment Capital	47,368.42	46,057.83	
4	PHOUNGERN SILK SHOP	Silk	M	L	Service	17/07/2020	17/10/2030	Machinery and renovation shop	Investment Capital	84,210.53	80,923.59	
5	K.S.T GROUP SOLE CO., LTD	Car Repair	M	L	Service	14/08/2020	14/11/2030	Machinery and renovation company	Investment Capital	105,263.16	102,737.11	
6	PERSONAL ENTERPRISE DONGDANG RESTAURANT	Restaurant	M	L	Service	19/08/2020	19/11/2030	Machinery, car, truck	Investment Capital	126,315.79	120,105.01	

No.	MARUHAN BANK - SUB LOAN PORTFOLIOR FOR REFINANCING							Loan purpose specifications		Financial loan specifications	Ex Rate
	Name of business	Type of business /Business Activities (describe)	Business Size	E&S Category [H=High, M=Medium, L=Low Risk]	Sector [ Trading, Services and Manufacture]	Date of contract	Contract End Date	Loan purpose in detail and sector	Type of Loan Purposed [Working Capital vs. Investment Capital]	Loan amount approved (US\$)	Refinance - able (USD)
7	P P S CHALERNDEE TRADING IMPORT-EXPORT SOLE CO.,LTD	Import-Export	M	L	Trading	15/10/2020	15/10/2030	building and Machinery	Investment Capital	84,210.53	81,117.42
8	INDIVIDUAL MR. CHANTHY MAINTENANT AND SELLING SECOND HAND CAR	Maintenance	M	L	Service	29/10/2020	29/10/2030	Car, Machinery and renovation shop	Investment Capital	157,894.74	151,730.02
9	VENA IMPORT-EXPORT SOLE CO., LTD	Collagen	M	L	Trading	12/11/2020	12/11/2023	buying for inventory and equipment in stock	Working Capital	157,894.74	134,955.05
10	NAKHONE ELECTRICAL EQUIPMENT SHOP INDIVIDUAL	Electrical Equipment	M	L	Trading	27/11/2020	27/11/2025	buying for inventory and equipment in stock	Working Capital	105,263.16	95,687.36
11	SAENGCHAN RESTAURANT INDIVIDUAL	Restaurant	M	L	Service	18/03/2021	18/03/2024	buying for inventory and equipment in stock	Working Capital	73,684.21	68,463.24
12	SOULIYO TRADING SOLE INDIVIDUAL	Motor Service	M	L	Service	19/03/2021	19/03/2024	buying for inventory and equipment in stock	Working Capital	105,263.16	97,882.35
13	MS. PHOUKHAM RETAIL AND AGRICULTURE SHOP SOLE ENTERPRISE	Agriculture Shop	M	L	Service	18/05/2021	18/05/2026	buying for inventory and raw material in stock	Working Capital	131,578.95	129,964.92
14	MRS. TING SALE CONSTRUCTION MATERIAL	Construction Material	M	L	Trading	19/05/2021	19/05/2031	Machinery and renovation building	Investment Capital	105,263.16	104,777.54



No.	MARUHAN BANK - SUB LOAN PORTFOLIOR FOR REFINANCING							Loan purpose specifications		Financial loan specifications	Ex Rate
	Name of business	Type of business /Business Activities (describe)	Business Size	E&S Category [H=High, M=Medium, L=Low Risk]	Sector [ Trading, Services and Manufacture]	Date of contract	Contract End Date	Loan purpose in detail and sector	Type of Loan Purposed [Working Capital vs. Investment Capital]	Loan amount approved (US\$)	Refinance - able (USD)
	INDIVIDUAL ENTERPRISE										
15	MRS. TING SALE CONSTRUCTION MATERIAL INDIVIDUAL ENTERPRISE	Construction Material	M	L	Trading	19/05/2021	19/05/2031	Machinery and renovation building	Investment Capital	78,947.37	77,978.95
16	INDIVIDUAL ENTERPRISE SENGVILAY CLOTHING STORE	Clotting Store	M	L	Trading	08/06/2021	08/06/2024	buying for inventory and equipment in stock	Working Capital	100,000.00	100,000.00
17	BALANCE LAO SOLE CO.,LTD	Collagen	M	L	Trading	05/02/2021	05/02/2024	buying for inventory and equipment in stock	Working Capital	71,661.37	68,243.33
18	YAI CHALERNSUP INDIVIDUAL SHOP	Construction Material	M	L	Trading	15/02/2021	15/02/2029	Machinery and renovation building	Investment Capital	84,210.53	82,081.45
19	MRS.BOUNTHOM RETAIL STORE INDIVIDUAL	Retail Shore	S	L	Trading	15/02/2021	15/02/2027	buying for inventory and equipment in stock	Investment Capital	42,105.26	40,368.15
20	LAXA SIGN AND DESIGN INDIVIDUAL	Sign and Design	M	L	Service	16/02/2021	16/02/2024	buying for inventory and raw material in stock	Working Capital	47,368.42	43,987.49
21	CHINTANA HANDICRAFT INDIVIDUAL	Handicraft	S	L	Service	17/05/2021	17/05/2026	buying for inventory and equipment in stock	Working Capital	42,105.26	41,575.33

No.	MARUHAN BANK - SUB LOAN PORTFOLIOR FOR REFINANCING							Loan purpose specifications		Financial loan specifications	Ex Rate
	Name of business	Type of business /Business Activities (describe)	Business Size	E&S Category [H=High, M=Medium, L=Low Risk]	Sector [ Trading, Services and Manufacture]	Date of contract	Contract End Date	Loan purpose in detail and sector	Type of Loan Purposed [Working Capital vs. Investment Capital]	Loan amount approved (US\$)	Refinance - able (USD)
22	INDIVIDUAL HOUNGSAVATH TRANSPORTATION	Export - Import	M	L	Trading	22/04/2021	22/04/2026	buying for inventory and equipment in stock	Working Capital	147,368.42	144,900.66
23	PAKAYTHIP TRADING SOLE CO.,LTD	Export - Import	M	L	Trading	03/06/2020	03/06/2030	Cosmetics and supplementary food	Working Capital	210,526.32	200,000.00
24	PPS CONSTRUCTION AND ELECTRICAL INSTALLTION SOLE CO., LTD	Construction And Electrical	M	L	Trading	15/07/2020	15/07/2030	Machinery and renovation building	Investment Capital	210,526.32	199,125.31
25	SOUVANNY INTERTRADE SOLE CO.,LTD	Heavy Construction Equipment Spare Part	M	L	Trading	10/11/2020	10/11/2028	buying for inventory and equipment in stock	Working Capital	210,526.32	196,876.91
26	THEUKCHAI RESTAURANT	Restaurant	M	L	Service	03/03/2021	03/03/2029	Machinery and renovation building	Investment Capital	126,315.79	123,033.53
27	NOU AUDIO	AUTO	M	L	Service	08/05/2020	08/05/2030	Machinery and renovation building	Investment Capital	84,210.53	78,773.63
28	VANXAY ELECTRICAL APPLIANCES INDIVIDUAL	Electrical	M	L	Trading	03/06/2020	03/06/2030	Machinery and renovation building	Investment Capital	210,526.32	198,005.36

No.	MARUHAN BANK - SUB LOAN PORTFOLIOR FOR REFINANCING							Loan purpose specifications		Financial loan specifications	Ex Rate
	Name of business	Type of business /Business Activities (describe)	Business Size	E&S Category [H=High, M=Medium, L=Low Risk]	Sector [ Trading, Services and Manufacture]	Date of contract	Contract End Date	Loan purpose in detail and sector	Type of Loan Purposed [Working Capital vs. Investment Capital]	Loan amount approved (US\$)	Refinance - able (USD)
29	SAYKHAM CONSTRUCTION MATERIAL INDIVIDUAL	Construction Material	M	L	Trading	18/01/2021	18/01/2026	buying for inventory and equipment in stock	Working Capital	84,210.53	78,777.11
30	U TO MAC	IT & Computer	M	L	Service	28/12/2020	28/12/2024	buying for inventory and equipment in stock	Working Capital	136,842.11	122,591.40
<b>TOTAL:</b>									<b>3,424,292.95</b>	<b>3,242,186.55</b>	

**B. Degree and significance of E&S Risks as per the E&S Risk and Impact Matrix (Table 4)**

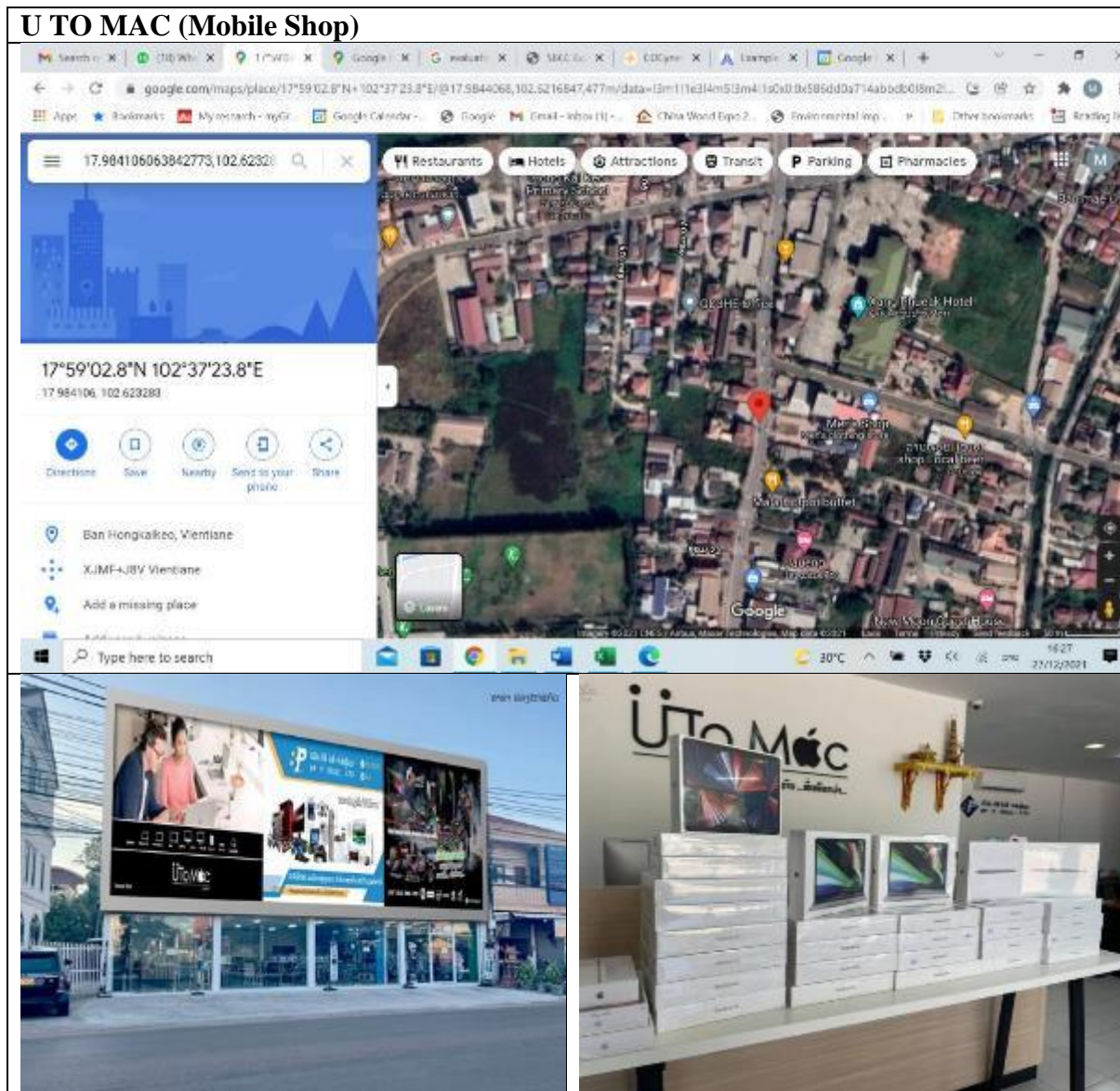
No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Air emissions	Wastewater	Solid waste (Municipal Solid Waste)	Nuisance (dust, noise, traffic congestion)	Resource (water, electricity use, raw materials)	Community health and safety	Labour and working condition/ health
1	KEOMANY COMMERCE	Wholesale	Buying for inventory and equipment in stock	1	1	2	2	1	2	4
2	KEVIN COMPUTER	Sale Computer	Buying for inventory and equipment in stock	1	1	2	1	1	1	4
3	KEOMANYVONG TRADING EXPORT-IMPORT SOLE CO., LTD	Brewery Soft Drink	Increase stock	1	1	2	2	1	2	4
4	PHOUNGERN SILK SHOP	Silk	Machinery and renovation shop	1	1	2	1	2	2	4
5	K.S.T GROUP SOLE CO., LTD	Car Repair	Machinery and renovation company	1	2	2	2	1	2	4
6	PERSONAL ENTERPRISE DONGDANG RESTAURANT	Restaurant	Machinery, car, truck (for food delivery)	1	2	2	2	2	2	4
7	P P S CHALERNDDEE TRADING IMPORT-EXPORT SOLE CO., LTD	Import-Export	Building and Machinery	1	1	2	2	2	2	4
8	INDIVIDUAL MR. CHANTHY MAINTENANT AND SELLING SECONDHAND CAR	Maintenance	Car, Machinery and renovation shop	1	2	2	2	2	2	4

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Air emissions	Wastewater	Solid waste (Municipal Solid Waste)	Nuisance (dust, noise, traffic congestion)	Resource (water, electricity use, raw materials)	Community health and safety	Labour and working condition/ health
9	VENA IMPORT-EXPORT SOLE CO., LTD	Collagen	buying for inventory and equipment in stock	1	1	2	1	1	1	4
10	NAKHONE ELECTRICAL EQUIPMENT SHOP INDIVIDUAL	Electrical Equipment	buying for inventory and equipment in stock	1	1	2	2	1	2	4
11	SAENGCHAN RESTAURANT INDIVIDUAL	Restaurant	buying for inventory and equipment in stock	1	2	2	2	2	2	4
12	SOULIYO TRADING SOLE INDIVIDUAL	Motor Service	buying for inventory and equipment in stock	1	1	2	2	1	1	4
13	MS. PHOUKHAM RETAIL AND AGRICULTURE SHOP SOLE ENTERPRISE	Agriculture Shop	buying for inventory and raw material in stock	1	1	2	2	1	1	4
14	MRS. TING SALE CONSTRUCTION MATERIAL INDIVIDUAL ENTERPRISE	Construction Material	Machinery and renovation building	1	1	2	2	1	2	4
15	MRS. TING SALE CONSTRUCTION MATERIAL INDIVIDUAL ENTERPRISE	Construction Material	Machinery and renovation building	1	1	2	2	1	2	4
16	INDIVIDUAL ENTERPRISE SENGVILAY CLOTHING STORE	Clotting Store	buying for inventory and equipment in stock	1	1	2	2	1	2	4
17	BALANCE LAO SOLE CO., LTD	Collagen	buying for inventory and	1	1	2	2	1	2	4

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Air emissions	Wastewater	Solid waste (Municipal Solid Waste)	Nuisance (dust, noise, traffic congestion)	Resource (water, electricity use, raw materials)	Community health and safety	Labour and working condition/ health
			equipment in stock							
18	YAI CHALERNSUP INDIVIDUAL SHOP	Construction Material	Machinery and renovation building	1	1	2	2	1	2	4
19	MRS.BOUNTHOM RETAIL STORE INDIVIDUAL	Retail Shore	buying for inventory and equipment in stock	1	1	2	2	1	2	4
20	LAXA SIGN AND DESIGN INDIVIDUAL	Sign and Design	buying for inventory and raw material in stock	1	1	2	2	1	2	4
21	CHINTANA HANDICRAFT INDIVIDUAL	Handicraft	buying for inventory and equipment in stock	1	1	2	2	2	2	4
22	INDIVIDUAL HOUNGSAVATH TRANSPORTATION	Export - Import	buying for inventory and equipment in stock	1	1	2	2	1	2	4
23	PAKAYTHIP TRADING SOLE CO., LTD	Export - Import	Cosmetics and supplementary food	1	1	2	2	1	2	4
24	PPS CONSTRUCTION AND ELECTRICAL INSTALLTION SOLE CO., LTD	Construction And Electrical	Machinery and renovation building	1	1	2	2	2	2	4
25	SOUVANNY INTERTRADE SOLE CO., LTD	Heavy Construction Equipment Spare Part	buying for inventory and equipment in stock	1	1	2	2	1	2	4
26	THEUKCHAI RESTAURANT	Restaurant	Machinery and renovation building	1	2	2	2	2	2	4

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Air emissions	Wastewater	Solid waste (Municipal Solid Waste)	Nuisance (dust, noise, traffic congestion)	Resource (water, electricity use, raw materials)	Community health and safety	Labour and working condition/ health
27	NOU AUDIO	AUTO	Machinery and renovation building	1	2	2	2	2	2	4
28	VANXAY ELECTRICAL APPLIANCES INDIVIDUAL	Electrical	Machinery and renovation building	1	1	2	2	2	2	4
29	SAYKHAM CONSTRUCTION MATERIAL INDIVIDUAL	Construction Material	buying for inventory and equipment in stock	1	1	2	2	1	2	4
30	U TO MAC	IT & Computer	buying for inventory and equipment in stock	1	1	2	1	1	1	4

## Annex 4: Location Maps and Pictures of Two Sampled MSMEs from Maruhan Japan Bank Lao PDR.







**Annex 5: Maruhan Japan Bank Lao PDR's Human Resource Policies.**

MARUHAN Japan Bank Lao co., Ltd. – Human Resource Policies



# **HUMAN RESOURCE POLICIES**

## **GENERAL SAFETY POLICY**

**Version 1.0**

February 2014

Page 1 of 4



## Document Control

Document Title:	Human Resources Policies - <ul style="list-style-type: none"> <li>• General Safety Policy</li> </ul>
Related Policies/Guidelines	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
Ownership:	Human Resource Department
Version No:	Version 1.0
Issuance Date:	February 2014
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Date Revised/Updated:	-
Reviewed by:	Internal Audit Executive Management
Date Reviewed:	January 2014
Next Review Date: January 2015	

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## Approval and Signoff

EXECUTIVE MANAGEMENT		
Title	Name	Signature
General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on ..... 11<sup>th</sup> March 2014

Date: ..... 11<sup>th</sup> March 2014

## **GENERAL SAFETY POLICY**

### **1. SAFETY – GENERAL POLICY**

Providing safe working conditions and maintaining continuity of employment is of continual concern. In this regard, it is important that adequate policies and procedures be developed and adhered to in order to ensure safe, efficient operating conditions, thereby safeguarding employees and facilities.

MARUHAN Japan Bank Lao Co., Ltd “MJBL” will not knowingly permit unsafe conditions to exist, nor will it permit employees to indulge in unsafe acts. Violations of the Bank’s rules and regulations will result in disciplinary action.

MJBL believes that the safety of employees and physical property can best be ensured by a meaningful program.

#### **a. Employee**

Since the employee on the job is frequently more aware of unsafe conditions than anyone else, employees are encouraged to make recommendations, suggestions, and criticisms of unsafe conditions to their Department Heads/Managers so that they may be corrected.

#### **b. Department Head/Manager**

Department Heads/Managers are responsible for the working conditions within their department and the Bank generally. Head/Manager of Department should remain alert at all times to dangerous and unsafe conditions, so that he/she may recommend corrective action, discipline employees who habitually create or indulge in unsafe practices, assess new or changed situations for inherent dangers, and follow up on employee suggestions for corrective action so that unsafe conditions are not instituted or permitted to exist.

### **2. MJBL SAFETY COMMITTEE**

MJBL operates in accordance to applicable Lao Laws, and as such encourages the employees’ involvement in forming safety committee and have meetings to be held quarterly. Such committee will specify procedures and actions to be taken in the event of fires, security and other emergencies. Decisions and recommendations will be communicated via departmental team meetings.

### **3. INJURIES**

All employees are required to immediately report all occupational illnesses or injuries to Head/Manager of Department, no matter how minor they are, and the contracted insurance company will be notified accordingly.



## HUMAN RESOURCE POLICIES

# OCCUPATIONAL HEALTH AND SAFETY POLICY

Version 1.0




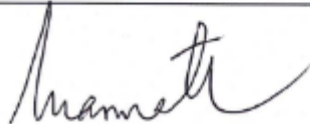
## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Occupational Health &amp; Safety Policy</li> </ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy Within Workplace</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
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General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

<b>Board of Directors*</b>		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014



## **OCCUPATIONAL HEALTH AND SAFETY POLICY**

MJBL shall provide a safe and healthy workplace free of risks for all our employees. For this, the Bank establishes and enforces certain guidelines for the protection of employees.

### **I. HUMAN RESOURCES DEPARTMENT & ADMINISTRATION DEPARTMENT**

Both these departments are assigned to monitor the enforcement and adherence to established guidelines on Health and Safety at Work. Both departments' roles and responsibilities shall include the following:-

- a. Examine safety reports from staff to make recommendations for corrective actions;
- b. Review, implement and monitor the health and safety conditions in the workplace;
- c. Consider reports in accordance with Lao Law and make the necessary recommendations to Management, if any;
- d. Assist in the development of occupational health and safety systems of work and monitor its effectiveness;
- e. Propose and conduct training programs on occupational health and safety, where applicable.

### **II. HEALTH AND SAFETY AT WORK GUIDELINES**

All staff are:

- a. expected to adhere to safety and health guidelines that apply to their actions and conduct;
- b. to take reasonable care for their own health and safety, and of other persons who may be affected by their acts or omissions at work;
- c. to report on all unsafe practices and unsafe conditions;
- d. to report accidents immediately;
- e. to maintain good housekeeping;
- f. to teach health and safety to new employees and make safety a part of everyday duties;
- g. to serve in the safety committee when appointed;
- h. to work in accordance with accepted safe practices and undertake no risks;
- i. to obey and observe the Bank's safety policy, safety rules and safe working procedures.

The following are things that staff must take notice of while at the workplace so as to ensure a healthy and safe environment:

- a. While in the premises, each employee needs to look out for:
  - Worn out or missing staircases;
  - Missing, hanging or damaged handrails;
  - worn or broken floor coverings;
  - slippery floor surfaces;
  - broken glasses;
  - trailing and visible telephone or electrical leads;
  - faulty electrical appliances;
  - air quality in the workplace.
  
- b. Employees should refrain from:
  - leaving desk drawers open;
  - opening more than one filing cabinet drawer a time;
  - putting furniture where sharp corners protrude;
  - standing on swivel chairs;
  - leaving obstructions such as furniture, cartons and trolleys along gangways or passages;
  - improperly using or failing to wear safety apparel or equipment where it is provided;
  - tampering with safety devices and fire-fighting equipment;
  - unauthorized tapping or connecting electrical wiring;
  - abusing or misusing equipment;
  - working in unauthorized places;
  - taking unnecessary risks in case of robbery; and
  - installing unauthorized software and equipment.
  
- c. Employees should avoid fires by:
  - observing the no-smoking policy in the workplace;
  - using ashtrays and not throwing lit cigarettes into the waste basket;
  - disposing of paper waste and other flammable materials regularly and frequently;
  - switching off machines at night and removing the plugs;
  - learning fire avoidance and fighting instructions;
  - learning how to use fire-fighting equipment; and
  - learning the exit routes and assembly points.

- d. Use electrical equipment carefully. Report:
- loose connections;
  - unearthed equipment;
  - damaged cables;
  - defective insulators;
  - unloaded circuits;
  - broken switches.
- e. Where machinery is used, ensure its proper use by :
- reading instructions carefully;
  - ensuring safety guards are in place;
  - turning off machinery before cleaning;
  - learning how to stop machinery in emergency; and
  - keeping your fingers clear of blades.
- f. Where lifting heavy loads is needed, employees should lift and carefully carry by:
- keeping back straight;
  - using leg muscles to lift;
  - sharing heavy loads with someone else;
  - seeing over the top of the load; and
  - not carrying more than he can safely and comfortably manage.
- g. While working with computers, observe the following to minimize computer-related injuries/diseases:
- extend your hands in a straight line from the elbows to the fingers. Avoid letting the elbows drop or forcing the wrist to bend or curl upward;
  - sit in a chair with the back at an angle greater than 90 degrees and the keyboard in front of you so you do not have to twist or strain to reach them;
  - avoid glare on the screen by making sure windows or lights are not directly behind your back, or use a glare screen; and
  - avoid sitting in one position too long.



## HUMAN RESOURCE POLICIES

### ROAD SAFETY POLICY

Version 1.0




## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Road Safety Policy</li> </ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy Within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
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EXECUTIVE MANAGEMENT		
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Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	Ken Han

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **ROAD SAFETY POLICY**

### **I. Objective:**

Injury and death on Lao PDR's roads is increasing at an alarming rate. As the number of vehicles increase and traffic becomes more complex, an epidemic of injury, death and disability is expected, unless clear steps are taken to manage this risk. Hence, MARUHAN Japan Bank Lao Co., Ltd "MJBL" undertakes to establish a Road Safety Policy to promote injury prevention through safe and responsible driving.

### **II. Coverage:**

All Management and staff of MJBL are covered by this policy.

### **III. Policy**

#### **1. Licenses, Registration and Insurances:**

Employees operating a vehicle must obtain a valid driver's license and vehicle registration in accordance with Lao PDR laws.

The Bank shall undertake to insure all vehicles of the Bank against third-party liability. All staff are likewise encouraged to obtain insurances for their own vehicles.

#### **2. Seat Belt Use Requirement:**

Employees must wear seatbelts while travelling by car.

#### **3. Helmet Use Requirement:**

Employees are encouraged to wear a helmet while travelling by motorbike or bicycle. Helmets should be checked so as to provide maximum protection to the user.

**4. Safe Road Behaviors:**

Employees must have a **good knowledge** of traffic rules and strictly respect them at any time. Some of the traffic rules to be adhered to are as follows:

- a. Driving on the correct side of the road
- b. Respecting the traffic lights
- c. Overtaking with caution
- d. Not drinking and driving
- e. Not speed driving
- f. Ensuring that all signal lights of the Bank's and staff' vehicles are functional
- g. Not swerving from one extreme lane to another
- h. Stopping for pedestrians.

Employees are also discouraged to use their mobile phones while driving.

**5. Compliance:**

This policy will be an integral part of MJBL's policies effective immediately and shall be enforced during working time and on the road to or from MJBL's premises, whether with the Bank's vehicles or not.

MJBL shall encourage compliance with this policy through a variety of actions, including periodic education and conduct of training programs.





## HUMAN RESOURCE POLICIES

### SEXUAL HARASSMENT POLICY

Version 1.0



## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Sexual Harassment Policy</li> </ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy Within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
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Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **SEXUAL HARASSMENT POLICY**

MARUHAN Japan Bank's position is that sexual harassment is a form of misconduct that undermines the integrity of the employment relationship. All employees have the right to work in an environment free from all forms of discrimination and conduct which can be considered harassing, coercive, or disruptive, including sexual harassment. Anyone engaging in harassing conduct will be subject to discipline, ranging from a warning to termination.

It is our policy, in accordance with providing a positive, discrimination-free work environment, that sexual harassment in the workplace is unacceptable conduct that will not be condoned.

### **1. WHAT IS SEXUAL HARASSMENT?**

Sexual harassment is defined as any unwanted physical, verbal or visual sexual advances, requests for sexual favors, and other sexually oriented conduct which is offensive or objectionable to the recipient, including, but not limited to: epithets, derogatory or suggestive comments, slurs or gestures and offensive posters, cartoons, pictures, or drawings.

MARUHAN Japan Bank Lao Co., Ltd "MJB" has adopted the policy against sexual harassment, defined by the Bank as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- submission to such conduct is either an explicit or implicit term or condition of employment (e.g., promotion, training, timekeeping or overtime assignments)
- submission to or rejection of the conduct is used as a basis for making employment decisions (hiring, promotion, termination)
- the conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment

Sexual harassment also includes any employee conduct unreasonably interfering with another's work performance by creating an intimidating, hostile, or offensive working environment. Sexual harassment consists of a variety of behaviors by employees directed to other employees including, but not limited to, subtle pressure for sexual activity, inappropriate touching, inappropriate language, demands for sexual favors, and physical assault.

## **2. WHAT IS NOT SEXUAL HARASSMENT?**

Sexual harassment does not refer to occasional compliments of a socially acceptable nature. It refers to behavior that is not welcome, that is personally offensive, that debilitates morale, and that, therefore, interferes with work effectiveness.

## **3. HARASSMENT BY NON-EMPLOYEES**

We will endeavor to protect employees, to the extent possible, from reported harassment by non-employees such as from customers, vendors and other parties who have workplace contact with our employees.

## **4. COMPLAINT PROCEDURE**

If you feel that you have been the recipient of sexually harassing behavior, report it immediately to the Human Resources Department or to any other superior. It is preferable to make a complaint in writing, but you can accompany or follow up your written complaint with a verbal complaint. All allegations of sexual harassment will be quickly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of that investigation.

Depending on the complexity of the investigation, you should be contacted within ONE WEEK about the status of your complaint and whether action is being taken.

If your supervisor is the source of the harassing conduct, report the behavior to that person's supervisor or to the management of MJB.L.

## **5. DISCIPLINE**

Employee found to have harassed another employee or applicant for employment will be subject to appropriate disciplinary procedure action, including reprimands, suspension or termination of employment.

A person committing sexual harassment may also be held legally liable for his or her actions under applicable law.

**6. RESPONSIBILITY**

Each Head/Manager of Department is responsible for implementing this policy within his or her area of supervision.

MJBL wants you to have a work environment free of sexual harassment by management personnel, by your colleague and by others with whom you must interact in the course of your work as a MJBL employee. Sexual harassment is specifically prohibited as unlawful and as a violation of MJBL's policy. MJBL is responsible for preventing sexual harassment in the workplace, for taking immediate corrective action to stop sexual harassment in the workplace and for promptly investigating any allegation of work related sexual harassment.

**7. REPRISAL PROHIBITED**

MJBL will permit no employment based retaliation against anyone who brings a complaint of sexual harassment or who speaks as a witness in the investigation of a complaint of sexual harassment.

**8. WRITTEN POLICY**

If MJBL should amend or modify its sexual harassment policy, you will receive an individual copy of the amended or modified policy





## HUMAN RESOURCE POLICIES

# VIOLENCE IN THE WORKPLACE PREVENTION POLICY

Version 1.0

February 2014

Page 1 of 5



## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Violence in the Workplace Prevention Policy</li> </ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> </ul>
<b>Ownership:</b>	Human Resource Department
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<b>Reviewed by:</b>	Internal Audit Executive Management
<b>Date Reviewed:</b>	January 2014
<b>Next Review Date:</b>	January 2015

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### **Approval and Signoff**

<b>EXECUTIVE MANAGEMENT</b>		
<b>Title</b>	<b>Name</b>	<b>Signature</b>
General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

<b>Board of Directors*</b>		
<b>Title</b>	<b>Name</b>	<b>Signature</b>
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **VIOLENCE IN THE WORKPLACE PREVENTION POLICY**

### **ZERO TOLERANCE**

MARUHAN Japan Bank Lao Co., Ltd “MJBL” has a policy of zero tolerance for violence. If you engage in any violence in the workplace, or threaten violence in the workplace, your employment will be terminated immediately for cause. No talk of violence or joking about violence will be tolerated.

“Violence” includes physically harming another, shoving, pushing, harassing, intimidating, coercing, brandishing weapons, and threatening or talking of engaging in those activities. It is the intent of this policy to ensure that everyone associated with this business, including employees and customers, never feels threatened by any employee’s actions or conduct.

### **1. WORKPLACE SECURITY MEASURES**

In an effort to fulfill this commitment to a safe work environment for employees, customers, and visitors, a few simple rules have been created. These are:

- Access to MJBL’s property is limited to those with a legitimate business interest.
- All employees and employees’ vehicles entering the property must display MJBL identification.
- All visitors and visitors’ vehicles must register and display identification while on the property.

### **2. ALL WEAPONS BANNED**

MJBL specifically prohibits the possession of weapons by any employee while on its premises. This ban includes keeping or transporting a weapon in a vehicle in a parking area, whether public or private. Employees are also prohibited from carrying a weapon while performing services of the Bank’s business premises.

Weapons include guns, knives, explosives, and other items with the potential to inflict harm. Appropriate disciplinary action, up to and including termination, will be taken against any employee who violates this policy.

### **3. INSPECTIONS**

Desks, telephones, and computers are the property of the Bank. We reserve the right to enter or inspect your work area including, but not limited to, desks and computer storage disks, with or without notice.

The fax, copier, and mail systems, including e-mail, are intended for business use. Personal business should not be conducted through these systems. Under conditions approved by management, telephone conversations may be monitored and voice mail messages may be retrieved in the process of monitoring customer service.

Any private conversations overheard during such monitoring, or private messages retrieved, that constitute threats against other individuals can and will be used as the basis for termination for cause.

### **4. REPORTING VIOLENCE**

It is everyone's business to prevent violence in the workplace. You can help by reporting what you see in the workplace that could indicate that a colleague is in trouble. You are in a better position than management to know what is happening with those you work with.

You are encouraged to report any incident that may involve a violation of any of MUBL's policies that are designed to provide a comfortable workplace environment. Concerns may be presented to your supervisor.

All reports will be investigated and information will be kept confidential



## HUMAN RESOURCE POLICIES

### NON-CRIMINATION POLICY

Version 1.0



## Document Control

Document Title:	Human Resources Policies - <ul style="list-style-type: none"> <li>• Non-Crimination policy</li> </ul>
Related Policies/Guidelines	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS Policy within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
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General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **NON-CRIMINATION POLICY**

### **1. OVERALL POLICY**

It is the policy of MARUHAN Japan Bank Lao Co., Ltd “MJBL” to maintain a working environment free of all forms of unlawful discrimination. In recognition of the importance of good employee relations, all applicants are extended an equal opportunity to gain employment and all employees are extended an equal opportunity to progress in their field of endeavor.

### **2. EQUAL OPPORTUNITY**

MJBL affords equal opportunity to all employees and prospective employees without regard to race, color, sex, religion, age, marital status, disability, veteran status or national origin in the following employment practices: recruitment, hiring, placement, transfer, promotion, demotion, selection for training, layoff, termination, determination of service, rate of pay, benefit plans, compensation, and other personnel actions.

### **3. DISABILITY**

MJBL will not discriminate against any employee or applicant for employment because of disability in regard to any position for which the employee or applicant for employment is qualified.

### **4. COMPLAINT PROCEDURE**

Any individual, whether an employee or applicant for employment who believes that he or she has been discriminated against unlawfully, should bring any complaint to Human Resources Department. Complaints may be lodged in writing or in person. Persons who file complaints will be advised, as is appropriate, regarding any investigation, action or resolution of the problem.

### **5. CONSEQUENCES**

MJBL will not tolerate any form of discrimination and will take appropriate disciplinary action, including possibly termination, of any person determined to have engaged in unlawful conduct under this policy.

### **6. NO RETALIATION**

MJBL will not retaliate nor discriminate against any employee or applicant because he or she has opposed any unlawful employment practice or filed a charge of employment discrimination, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing related to employment practices.



## HUMAN RESOURCE POLICIES

### HIV/AIDS POLICY WITHIN WORKPLACE

Version 1.0






## **Document Control**

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"><li>• HIV/AIDS Policy Within Workplace</li></ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"><li>• Recruitment Policy</li><li>• Non-Crimination Policy</li><li>• General Safety Policy</li><li>• Grievance Policy</li><li>• Occupational Health and Safety Policy</li><li>• Road Safety Policy</li><li>• Sexual Harassment Policy</li><li>• Travel Allowance Policy</li><li>• Violence in the Workplace Prevention Policy</li></ul>
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Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

<b>Board of Directors*</b>		
<b>Title</b>	<b>Name</b>	<b>Signature</b>
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **HIV/AIDS POLICY WITHIN WORK PLACE**

### **INTRODUCTION**

Although, AIDS is a fatal disease but it is not transmitted by spending daily life together such as shaking hands, breathing, coughing, sneezing, drinking water, sharing eating or using toilet utensil in common.

So working together will not involve a risk of acquiring or transmitting HIV/AIDS.

### **POLICY**

MARUHAN Japan Bank Lao Co., Ltd. (MJBL) is a caring employer and it is our commitment to take care of all employees aiming to build and maintain a safe, healthy, and harmonious workforce.

Since the issue of HIV/AIDS is one of our concerns, which should be openly addressed, and in line with the laws on HIV/AIDS, an internal policy on this shall be implemented as follows:

#### **📌 WORKING ENVIRONMENT**

MJBL shall ensure a safe and healthy work environment for all our employees, who are as well encouraged to contribute to this common effort.

#### **📌 PREVENTION & EDUCATION**

MJBL will educate our employees in prevention, care and counseling on HIV/AIDS by providing information through training and health promotional sessions, posters, leaflets, articles in the Bank newsletters and conduct other interactive sessions where appropriate. Particular attention will be given to dispel ill-conceived notions and myths.

MJBL will work closely with other concerned institutions to arrange for easy availability of the condoms/other products and other educational materials at the workplace for prevention of the disease.

✚ **EMPLOYEE BENEFITS**

MJBL will allow employee infected with HIV/AIDS to continue working as normal if his/her work can meet the Bank's acceptable performance standards and doctor's confirmation that the condition and presence at work pose no threat to his/herself or other employees.

✚ **NON-DISCRIMINATION**

MJBL treats all employees, whether infected with HIV/AIDS or not, in an equal and non-discriminatory manner. Instead, MJBL will encourage a caring and positive attitude to all levels of employees.

No employees can refuse to work alongside with an HIV positive colleague and the bank expects all employees to ensure that the HIV positive colleague will be comfortable and supported in his/her work.

MJBL will not force for blood testing for HIV/AIDS for pre-employment and in the annual physical check up of employees/workers.

✚ **PRIVACY & CONFIDENTIALITY**

In case an employee is infected, information about the illness will be kept with absolute confidentiality. No such information will be disseminated for purposes unless it is authorized in writing by the infected employee.



## Dress Subsidy for Pregnancy Female Staff

### 1.0 OBJECTIVE

In consideration of our regular female staff uniform is not suitable for pregnant staff to wear for work particularly during the later stage of pregnancy, and it is also time consuming and not cost effective to get tailor to make suitable pregnancy dresses for the female staff. As such Executive Management has decided to provide a dress subsidy for pregnant staff to obtain her own dresses to wear during working hours provided the below criteria are met.

### 2.0 POLICY, TERMS AND CONDITIONS

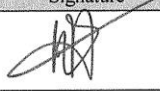


- 2.1 This is a onetime dress subsidy provided to all female staff (hereinafter shall be called Staff) who is having **FIRST** pregnancy during the course of employment with MARUHAN Japan Bank Lao (hereinafter shall be called MJBL).
- 2.2 Staff with past pregnancy record before joining MJBL is also entitled for this benefit always provided it is the first pregnancy during the course of employment with MJBL.
- 2.3 Staff is only entitled to apply for the dress subsidy **ONCE** during the course of employment with MJBL, irrespective whether or not the child birth related to the application is successful.
- 2.4 The approved amount of dress subsidy is USD150.00 per successful application.
- 2.5 Application for dress subsidy with less than 4 months pregnancy will not be entertained.
- 2.6 MJBL reserves the absolutely right from time to time to:
  - Revise the amount of the subsidy
  - Withdraw the subsidy
- 2.7 It is also at the sole discretion of the MJBL Executive Management to revise and amend the terms and conditions of this subsidy from time to time as it deems fit.
- 2.8 Staff who wishes to apply for the subsidy for pregnancy dress should complete the prescribe form provided by HR Department and supported with medical report of pregnancy issued by a recognized hospital/clinic.
- 2.9 The application has to be first submitted to her line manager for authorization and thereafter processed by HR Department.

# MARUHAN JAPAN BANK LAO

- 2.10 The quantum of dress purchased under this subsidy should not be less than 3 sets per staff.
- 2.11 The pregnancy dress should be suitable for working in office and colors of the dress should be in line with the MJBL dress code stipulated in the staff hand book.
- 2.12 Dresses with fancy colors and sexy designs are strictly prohibited to wear for work.
- 2.13 Staff who wears pregnancy attire that does not meet MJBL dress code is required to replace them at her own cost.

\*\*\*End\*\*\*

## Document History

Version	Description	Date	
1.0	1 <sup>st</sup> version	18.06.14	
Department	Name	Signature	Date
Drafted by HR	Worasit SANGKUL		05.12.14
Reviewed By SE	Patrick LOW		05.12.2014
Approved By GM	Keiichi NAKAMURA		05/12/14



# HUMAN RESOURCE POLICIES

## RECRUITMENT POLICY Version 1.0





## Document Control

Document Title:	Human Resources Policies - <ul style="list-style-type: none"> <li>• Recruitment Policy</li> </ul>
Related Policies/Guidelines	<ul style="list-style-type: none"> <li>• Violence in the Workplace Prevention Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• Grievance Policy</li> <li>• HIV/AIDS policy within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> </ul>
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EXECUTIVE MANAGEMENT		
Title	Name	Signature
General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **RECRUITMENT POLICY**

### **1. Recruitment Procedure**

The purpose of this procedure is to maintain the transparency of the selection and recruitment process and to maintain good documentation of the process.

Any recruitment should be requested by a department head who wishes to recruit staff. The recruitment request will be approved by the General Manager. The job description should also be attached with the request form. Should the job description not be available then the requesting Head/Manager should develop the job description in consultation with the Head/Manager of Human Resources or, in urgent cases, the Head/Manager should provide adequate information such as the skills, experience, qualification and any other specifications to the HR department together with the request form. Recruitment activities will be handled by Human Resources Department. Recruitment will only commence after getting approval from the General Manager.

Recruitment will take place when new budgeted positions are approved or after the General Manager has approved a request for additional staff from a requesting department head. All recruitment processes will be handled by Human Resources department unless specific exceptions are made in writing by the General Manager. In critical circumstances or an emergency, the General Manager reserves the right to appoint someone to a position if there is a valid reason. In such cases, the appointment can be made without going through the recruitment procedure.

When a vacancy occurs an internal announcement will be made to accommodate existing staff that are qualified for the position. Should no suitable internal candidate be found, MJBL will then seek external candidates using official media or other suitable means. In certain circumstances the Management may recommend directly appointing someone to fill a vacancy due to specialized skills or time restraints. However, this will be the exception rather than the rule.

### **1.1. Recruitment Process**

All candidates, whether internal or external, when applying for a vacancy within MJBL, should go through the recruitment and selection process as explained below. They will first have to submit their CV together with a cover letter expressing their interest. Upon being short-listed they will be contacted for to complete a skills test as well as an interview. They should be aware that MJBL will conduct interim and final reference checks as well as invite them to attend a medical check prior to MJBL making a final decision to offer or confirm employment.

Those who were not successful will be contacted by MJBL and will be informed that they have been unsuccessful and also be thanked and shown appreciation for applying.

### **2. Advertisement Procedure**

For any recruitment advertisements must be arranged to maintain transparency of selection and the recruitment process. Therefore, internal and external announcements must be arranged.

HR will prepare job advertisements after consultation with the General Manager and the relevant department in need of the recruitment. An advertisement will then be placed with a minimum of at least two insertions per job announcement with the appropriate size and layout of the job art.

### **3. Internal and External Announcement**

All recruitment should be posted internally and externally. The purpose of internal announcements is to ensure that all staffs are aware of the vacancy, in case they wish to apply, and to maintain good communications within the entire organisation. Therefore, existing staff are not only welcome but encouraged to apply for any job that is available. Recruitment will be conducted based on merit.

### **4. Internal Selection**

The Head/Manager of Human Resources Department will send note to all staff informing them of job vacancies at least one week prior to the external announcement.

#### **4.1. Process of Internal Selection**

The department head of any potential employee who wishes to apply for a new position should provide a recommendation with a full assessment report together with previous performance appraisal form(s) for the particular employee to the HR department for consideration. HR will present the documents to the selection panel during the meeting. Staff who wish to apply for any position should therefore discuss this with their direct supervisor or manager. Other than this, the selection process will be conducted in the same manner as the external selection process and using the same procedures.

#### **5. External Selection**

##### **5.1 Process of External Selection**

The selection process will be conducted as follows:

**5.1.1 Receiving application and CV:** Our procedure is as follows:

Any candidate who does not explain their position in his/her CV will not be accepted.

The Receptionist will place all incoming CVs in the Human Resources Department.

The Receptionist, when receiving CVs during normal office hours, will ask the candidate what position they are applying for. If this information is not immediately available, this will be recorded on the envelope at the time.; the date will also be recorded on the envelope and it will be placed in the Human Resources Department.

In case one person delivers numerous CVs, the Receptionist must ensure each CV has the position applied for noted. Any CV that does not have this information will not be accepted and the Receptionist should return the CV to the person delivering it. Outside normal working hours, the guard should apply the same procedure. They should note the received date on the envelope also. The guard should pass all CVs received to the Receptionist early on the next working day. The Receptionist will check the CVs to ensure everything is correct and then place them in the Human Resources Department.

The Human Resources Officer/Manager, on receiving the CVs will enter the relevant candidates' information daily (e.g. CV series number, name, gender, age, CV received date, telephone number) on a excel sheet and will also verify detailed information by examining the CVs. Candidates should be classified by positions.

The Human Resources Officer/Manager, on the closing date, will print out the compiled list for each position and conduct preliminary screening and pick potential CVs to present to the Executive Management/relevant Department Heads/Managers for short-listing.

The Manager of Human Resources will coordinate with the selection panel/Executive Management/relevant Department Heads/Managers to screen CVs and compile a shortlist.

#### **5.1.2 Shortlist Procedure**

Short-listing of candidate will be done by the selection panel/Executive Management/Department Heads/Managers (which will include the Head/Manager who has proposed recruitment), the Head/Manager of Human Resources. Below is the shortlist procedure:

- All applications will be reviewed against the essential selection criteria (Job descriptions, job profile). Candidates who meet all selection criteria or have reasonable and suitable qualifications and skills to fulfil the job requirements will be short-listed for further consideration.
- Short-listed candidates will be advised by the HR department that they will be invited to an interview and will complete skills tests and will be required to provide original documentary evidence of any certificates, degrees or diplomas claimed in their application during the interview.

#### **5.1.3 MIBL Application Forms**

Those selected for interview will have to fill out a MIBL Application Form and submit all of their credentials, references, etc. All information regarding applicants and employees will be kept in personnel files. No information about applicants or regular employees will be released without express written authorisation from the employee.

#### 5.1.4 Skills Test and Interim Reference Check

- The selection panel/Executive Management/Department Heads/Managers and the HR Head/Manager should prepare their interview questions to develop appropriate questions and skills testing materials. Also, to agree on each interviewer's role during the interview.
- The selection panel/Executive Management/Department Heads/Managers shall have access to the candidates' applications and test results at this time. The test materials and interview questions will be kept confidential and should be validated from time to time to reflect the position requirements.
- Given that the candidates obtained satisfactory test results, they will be invited to an interview with the selection panel/Executive Management/Department Heads/Managers and the HR Head/Manager.
- The Head/Manager of Human Resources may choose to perform an interim reference check on any short-listed candidates through those referees quoted by the candidate. If any candidate at this stage appears to have had major problems or have instances of misconduct or inappropriate behaviour whilst working with their previous employers, that particular candidate will no longer be considered. Note that conducting reference checks at this stage with candidate's current employer is subject to agreement with the candidate. Otherwise reference check with current employer shall be performed during the probationary period. This is for further consideration and to assist in the decision whether to continue the employment after the probationary period. However, this process must be made clear to candidates prior to them accepting an offer from MJBL.
- Candidates who successfully complete the skills tests and have received satisfactory reference checks will be ranked in order of achievement on the tests. Test results will be retained until the position is filled.
- Generally three to five candidates will be selected for interview for one position. At this stage gender balance should be considered. The Human Resources Department will contact the selected candidates and schedule their interview times. All tests results of successful candidates will be placed on his/her personal file.

#### **5.1.5 Interview and Interview Form**

- The selection panel/Executive Management/Department Heads/Managers and the HR Head/Manager will use the developed questionnaires as guidance during interviews. They will mark their comments and record the candidate's comments on the Interview Assessment Form.
- On completion of each interview, the selection panel/Executive Management/Department Heads/Managers and HR Head/Manager will discuss the merits of the candidate and note their comments on the interview form. Each panel member will complete an interview form for each candidate. Following the final interview and discussion, the selection panel/Executive Management/Department Heads/Managers and HR Head/Manager will jointly make their conclusion for each candidate.

#### **5.1.6 Medical check up**

- All successful candidates will be subject to a medical examination at the designated medical center determined by MJBL prior to signing an employment contract with MJBL. At this stage, HR should contact the candidate informing him/her that the medical test is mandatory and that MJBL will pay any costs.

#### **5.1.7 Unsuccessful Candidates**

- The unsuccessful candidates will be contacted by the HR department to advise them of the result of the interview and tests.

#### **6. Reference Check**

To ensure that the appropriate candidate is selected, MJBL reserves the right to contact all persons given as references. At least one written reference and one verbal reference are needed for each candidate. Reference checks should be conducted prior to making a job offer to potential candidates for any position.

MJBL reserves the right to conduct reference checks with previous employers and or current employers. However, conducting a reference check with a current employer is subject to agreement with the candidate while he/she is not employed by MJBL. However, MJBL has the right to withdraw its offer of employment if MJBL receives clear evidence from previous or current employers that the candidate has a record of serious misconduct such as involvement in criminal or fraudulent activities.

#### **7. Letter of Offer**

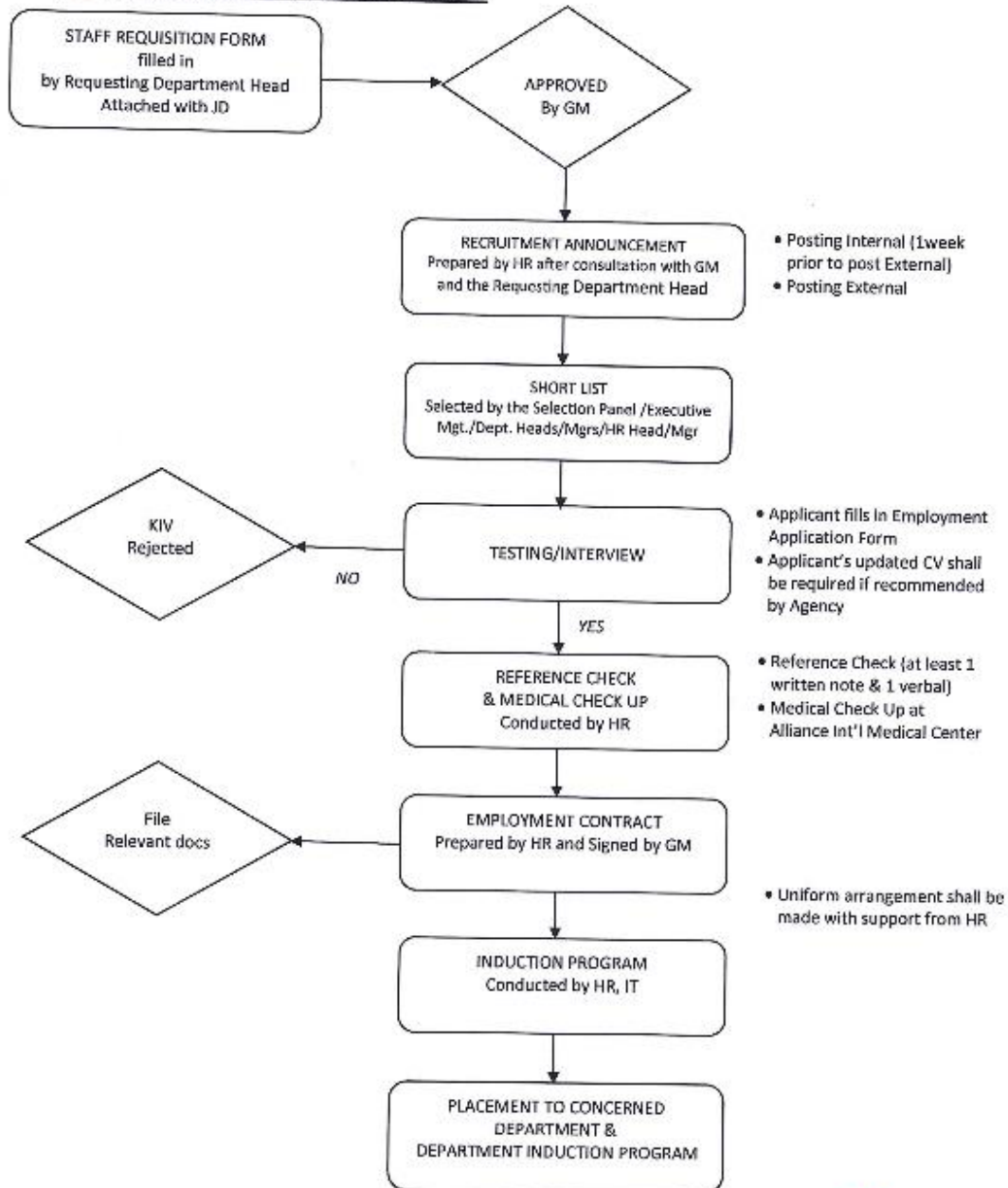
Successful applicant will be contacted to sign the letter of offer. The letter will be made in duplicate and will have a section at the bottom where the successful applicant can acknowledge his/her acceptance of the position by signing that portion of the letter and returning it to the Human Resource Department within 7 days.

#### **8. Employment of Previous Employees**

Employees who have worked for MJBL in the past, and who left MJBL on good terms, may apply to work with MJBL again after a period of two years. In special circumstances, the General Manager may allow an employee to return before two years.



### RECRUITMENT PROCESS FLOW



### **DOCUMENTS REQUIREMENTS**

- Relevant Certificates (Employment & Education)
- National ID Card or Passport
- Family Book / Resident Book
- Child Birth Certificate (if applicable)
- Marriage Certificate (if applicable)
- Dependent Certificate (if applicable)
- Photo 2 (size 4x6)
- Original of Criminal Record Certificate
- Original of Health Certificate
- SSO / Driving License

### **INDUCTION PACKS**

- Staff Handbook
- ID Card
- Name Tag
- Name Card
- Name Pin
- Access Card (by IT)
- Phone Ext. (by IT)
- Email address (by IT)
- Emergency Contact Form & Employee Declaration Form (return to HR after 1 week completion)



## HUMAN RESOURCE POLICIES

### TRAVEL ALLOWANCE POLICY

Version 1.0



## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Travel Allowance Policy</li> </ul>
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EXECUTIVE MANAGEMENT		
Title	Name	Signature
General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **TRAVEL ALLOWANCE POLICY**

All requirements for traveling shall be approved by the Head of Department concerned. The General Manager shall have the final decision-making authority as to if, when and by what means employees will travel on the Bank's business.

All travel and accommodation arrangements must be made through the Bank's Human Resources Department.

### **I. Travel Allowance:**

Traveling staff should utilize the Bank's transportation where possible. If the Bank's transportation is unavailable, employees may be reimbursed for travel based on the most direct and cost-effective route to reach the destination, and the most practical mode of transportation to be used.

### **II. Out-of-Town Allowances:**

These allowances are to cover expenses for meals, laundry and other incidental expenses.

#### ***(a) Day Trip:***

When an employee is traveling on the Bank's business from half to less than one whole working day, the employee is entitled to **USD15** per diem (no receipt required).

#### ***(b) Overnight Stay:***

Where a staff is required to travel out-of-town for the Bank's business and overnight stay is required, for each full twenty-four (24) hour period spent traveling on the Bank's business, an employee is entitled to **USD30** per diem (no receipt required).

#### ***(c). Accommodation:***

Employees should stay at the Bank's panel of hotels/accommodations where preferential rates have been obtained. Accommodation arrangements shall be made by the Human Resources Department, based on its panel of hotels / accommodation.

### III. Overseas Travel:

For staff on short overseas business trips for meetings, training, conferences:-

#### **(a) Meal allowance**

An employee is entitled to USD50 meal allowance per day to cover for all daily meals which shall include breakfast, lunch and dinner in the following proportion:-

- Breakfast : 20%
- Lunch : 20%
- Dinner : 60%

Should any of the meals be provided for (i) on board air-flights, rail or land transportation and/or (ii) in hotel accommodations and/or (iii) by overseas clients, customers, colleagues, associate companies, etc the employee shall not be entitled to that meal allowance so provided; for example.....

*Breakfast meal is included in the hotel accommodation for each day of stay. Thus, the employee shall be entitled to only USD40 meal allowance per day (i.e. USD50 – USD10 for breakfast meal); or*

*MJB Phnom Penh hosts a dinner for our Lao staff employee, then the employee shall be not entitled to dinner meal allowance for that day.*

#### **(b) Accommodation:**

Employees should stay at the Bank's panel of hotels/accommodations where preferential rates have been obtained. Accommodation arrangements shall be made by the Human Resources Department, based on its panel of hotels/accommodation.

#### **(c) Transport and other incidental expenses:**

All business-related expenses (transport, etc.) will be reimbursed by the Bank subject to production of official receipts. The extent of reimbursement of expenses shall be decided on a case-to-case basis by the General Manager.

***(d) Laundry***

Laundry expenses will only be reimbursed if the overseas trip culminates to more than five (5) work days stay. Such reimbursement is subject to production of official receipts and the extent of such reimbursement of expenses shall be decided on a case-to-case basis by the General Manager.

***(e) Overseas assignments***

For staff on overseas assignment for period longer than one month, staff will be advised in writing by the Bank regarding the expenses he/she may claim prior to the commencement of his/her assignment.

All expenses to be reimbursed by the Bank shall be in consideration of the prevailing cost of living in the destination-country, with the General Manager giving final approval as to the benefits to be given.

**IV. Claims for Allowance or Reimbursements:**

The Staff Claims Form must be filled out by the staff concerned, with receipts attached to the form. This shall be submitted to the Human Resources Department for processing. Reimbursement is made by direct deposit into the concerned staff's bank account.





## HUMAN RESOURCE POLICIES

### GRIEVANCE POLICY

Version 1.0





## Document Control

<b>Document Title:</b>	Human Resources Policies - <ul style="list-style-type: none"> <li>• Grievance Policy</li> </ul>
<b>Related Policies/Guidelines</b>	<ul style="list-style-type: none"> <li>• Recruitment Policy</li> <li>• Non-Crimination Policy</li> <li>• General Safety Policy</li> <li>• HIV/AIDS Policy within Workplace</li> <li>• Occupational Health and Safety Policy</li> <li>• Road Safety Policy</li> <li>• Sexual Harassment Policy</li> <li>• Travel Allowance Policy</li> <li>• Violence in the Workplace Prevention Policy</li> </ul>
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<b>Next Review Date:</b>	January 2015

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### Approval and Signoff

EXECUTIVE MANAGEMENT		
Title	Name	Signature
General Manager	Keiichi Nakamura	
Senior Executive	Marina Chin	

Date: 16<sup>th</sup> January 2014

Board of Directors*		
Title	Name	Signature
Board Director (representing the Board)	Ken Han	

\*Board Approval as per Board Meeting on ..... 11<sup>th</sup> March 2014

Date: 11<sup>th</sup> March 2014

## **GRIEVANCE POLICY**

MARUHAN Japan Bank Lao Co., Ltd “MJBL” wishes to provide a comfortable, productive, legal and ethical work environment. To this end, MJBL wants you to bring any grievances you have about the work place to the attention of your supervisor and, if necessary, to upper level management. In light of these concerns, we have instituted the following grievance procedure:

If you feel that there is inappropriate conduct or activity on the part of the bank, management, its employees, vendors, customers, or any other persons or entities related to MJBL, we request that you bring this concern to the immediate attention of your superior. Please try to approach your superior at a time and place that will allow the superior to properly listen to your concerns. If you have discussed this matter with your superior previously and you do not believe that you have received a sufficient response, we request that you present your concerns to your superior in writing. Please indicate what the problem is, those persons involved in the problem, and any suggested solution you may have to the problem.

If you do not receive a sufficient response to your written complaint within five (05) working days from providing it to your superior, or if your superior is the problem, you should contact the next level of supervision, and so on. If you consider the matter an emergency, legal, ethical or safety issue, use your best judgment to expedite the complaint process. MJBL may have a conference with you and your superior or with both of you individually. If the matter is not resolved after that conference, and you believe it still merits attention, it is requested that you immediately place your concerns in writing and bring the matter forward to upper level management.

It is the purpose of this grievance procedure to help maintain a positive work environment with respect and responsibility towards each other. The grievance procedure is also intended to avoid unnecessary employee claims and the bank legal exposure. MJBL cannot promise that your specific grievance or complaint will result in the action you request or that you will be satisfied with the outcome of the grievance procedure.

## Annex 6: Public Grievance Verification of Maruhan Japan Bank Lao PDR's Sub loans for Refinancing

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Grievance information from media source of verification. (Verification check date: 09 March 20222)		Grievance information from Lao Government source	Remark
				Google	Facebook		
1	KEOMANY COMMERCE	Wholesale	Buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
2	KEVIN COMPUTER	Sale Computer	Buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
3	KEOMANYVONG TRADING EXPORT-IMPORT SOLE CO., LTD	Brewery Soft Drink	Increase stock	No grievance was found	No grievance was found	No grievance was found	
4	PHOUNGERN SILK SHOP	Silk	Machinery and renovation shop	No grievance was found	No grievance was found	No grievance was found	
5	K.S.T GROUP SOLE CO., LTD	Car Repair	Machinery and renovation company	No grievance was found	No grievance was found	No grievance was found	
6	PERSONAL ENTERPRISE DONGDANG RESTAURANT	Restaurant	Machinery, car, truck (for food delivery)	No grievance was found	No grievance was found	No grievance was found	
7	P P S CHALERNDDEE TRADING IMPORT-EXPORT SOLE CO., LTD	Import-Export	Building and Machinery	No grievance was found	No grievance was found	No grievance was found	
8	INDIVIDUAL MR. CHANTHY MAINTENANT AND SELLING SECONDHAND CAR	Maintenance	Car, Machinery and renovation shop	No grievance was found	No grievance was found	No grievance was found	
9	VENA IMPORT-EXPORT SOLE CO., LTD	Collagen	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
10	NAKHONE ELECTRICAL EQUIPMENT SHOP INDIVIDUAL	Electrical Equipment	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
11	SAENGCHAN RESTAURANT INDIVIDUAL	Restaurant	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Grievance information from media source of verification. (Verification check date: 09 March 20222)		Grievance information from Lao Government source	Remark
				Google	Facebook		
12	SOULIYO TRADING SOLE INDIVIDUAL	Motor Service	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
13	MS. PHOUKHAM RETAIL AND AGRICULTURE SHOP SOLE ENTERPRISE	Agriculture Shop	buying for inventory and raw material in stock	No grievance was found	No grievance was found	No grievance was found	
14	MRS. TING SALE CONSTRUCTION MATERIAL INDIVIDUAL ENTERPRISE	Construction Material	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
15	MRS. TING SALE CONSTRUCTION MATERIAL INDIVIDUAL ENTERPRISE	Construction Material	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
16	INDIVIDUAL ENTERPRISE SENGVILAY CLOTHING STORE	Clotting Store	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
17	BALANCE LAO SOLE CO., LTD	Collagen	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
18	YAI CHALERNSUP INDIVIDUAL SHOP	Construction Material	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
19	MRS.BOUNTOM RETAIL STORE INDIVIDUAL	Retail Shore	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
20	LAXA SIGN AND DESIGN INDIVIDUAL	Sign and Design	buying for inventory and raw material in stock	No grievance was found	No grievance was found	No grievance was found	
21	CHINTANA HANDICRAFT INDIVIDUAL	Handicraft	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
22	INDIVIDUAL HOUNGSAVATH TRANSPORTATION	Export - Import	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
23	PAKAYTHIP TRADING SOLE CO., LTD	Export - Import	Cosmetics and supplementary food	No grievance was found	No grievance was found	No grievance was found	
24	PPS CONSTRUCTION AND ELECTRICAL	Construction And Electrical	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	

No	Name of business	Type of business /Business Activities (describe)	Loan purpose in detail and sector	Grievance information from media source of verification. (Verification check date: 09 March 20222)		Grievance information from Lao Government source	Remark
				Google	Facebook		
	INSTALLTION SOLE CO., LTD						
25	SOUVANNY INTERTRADE SOLE CO., LTD	Heavy Construction Equipment Spare Part	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
26	THEUKCHAI RESTAURANT	Restaurant	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
27	NOU AUDIO	AUTO	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
28	VANXAY ELECTRICAL APPLIANCES INDIVIDUAL	Electrical	Machinery and renovation building	No grievance was found	No grievance was found	No grievance was found	
29	SAYKHAM CONSTRUCTION MATERIAL INDIVIDUAL	Construction Material	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	
30	U TO MAC	IT & Computer	buying for inventory and equipment in stock	No grievance was found	No grievance was found	No grievance was found	