



# 2010-2012 Social Responsibility Report

## About this Report

This is the first social responsibility report released by the Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd., and a true reflection of economic, social and environmental responsibilities actively performed for achieving all-around, coordinated and sustainable development.

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### Organizational Scope

For the convenience of expression and reading, the "Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd." in this report is also referred to as "ACHC", "the Company" or "we".

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### Time Covered

This report covers the time period from January 1, 2010 to December 31, 2012, while some contents are beyond this scope.

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### Data Sources

All the data in this report is from the official documents, statistical reports and financial statements of the Company, as well as from the social responsibility practices that have been collected, summarized and audited by the Company.

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### Compilation References

"A Practical Guide to the Annual Communication on Progress (COP) by UN Global Compact";  
"Sustainability Reporting Guidelines (2011)" by the Global Reporting Initiative (GRI);  
"ISO 26000 -- Guidance on Social Responsibility" by the International Organization for Standardization (ISO)

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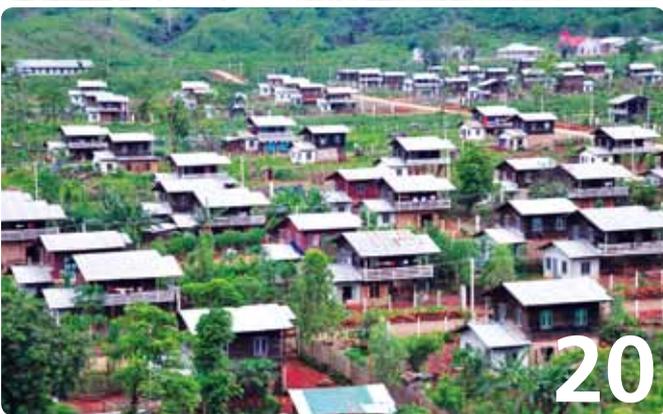
### Access to the Report

To browse the PDF version of this report or the dynamic information relating to the Company's social responsibility activities, please visit its official website at [www.uachc.com](http://www.uachc.com).

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## Message from the Chairperson

Since its inception, the Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd. (ACHC) has always adhered to the sustainable development concept of “Providing Green Energy to serve the General Public” by following the ten principles of the UN Global Compact, taking the references of “ISO 26000 -- Guidance on Social Responsibility” by the International Organization for Standardization (ISO) and other relevant international standards and guidelines, and effectively integrated social responsibility into the construction and management of the projects, conducted mutual beneficial cooperation with relevant parties of Myanmar, and strived to make positive contributions to the economic and social development of Myanmar:

With economic and social reform in progress, Myanmar is opening up further to attract more foreign investors and accelerate the trade and investment liberalization. As a local enterprise in Myanmar for electric power production, ACHC shoulders the heavy responsibility of providing energy support for the country’s economic and social development.

We have followed the principle of “Conducting friendly cooperation, achieving mutual benefits and Win-Win results”, and strictly abided by the relevant policies, laws and regulations of the Myanmar Government, to implement localization strategy in Myanmar. During this process, ACHC has always acted as a responsible company, and constantly integrated the international development with social responsibility performance, always followed the principle of transparency, fairness and integrity, and conducted its businesses in accordance with the market rules and in compliance with the laws and regulations.

The concept of responsibility performance is constant, while its practice is continuous. Though the suspension of the Myitsone Hydropower Project has caused very large difficulties for our operation, we will unswervingly press ahead with relevant work as the economic and social development of Myanmar needs electric power. It is the common aspiration of the ACHC and stakeholders in Myanmar to join hands and make concerted effort to advance hydropower sector development and provide clean energy for Myanmar’s economic and social development. We will continue to boost our capabilities in sustainable value creation, achieve mutual benefits and win-win results, and become a good corporate citizen.

**Mdme. Zhang Xiaolu,**  
Chairperson of Upstream  
Ayeyawady Confluence Basin  
Hydropower Co., Ltd.



## Message from the President

Since its establishment, with the supports from the governments of Myanmar and China, from all sectors of society of both countries, and with the concerted efforts of the whole company staff, ACHC has overcome various difficulties and pushed forward the Upstream Ayeyawady Hydropower Projects (HPPs) with a highly responsible attitude.

Contributions to social and economic development of Myanmar: We have supported local infrastructure construction and tried our best to cooperate with local enterprises to boost employment and driven development jointly with local enterprises.

Protecting ecological environment and building green homeland. We have conducted the environmental impact assessment in accordance with high standards, and taken environmental protection measures to minimize the impact to environment. We have implemented high construction management standards to improve the seismic performance and flood discharging capability of the dam so as to ensure the dam safety.

Promoting community harmony and bringing benefits to people. According to the requirements of the Chinese and Myanmar governments, we have worked to improve the housing, educational and medical conditions for the project affected persons (PAPs), followed up with their difficulties, committed to resolve their livelihood issues, and pursued public welfare as well. We have spared no efforts to implement resettlement activities properly in line with the general principle of “the PAPs are willing to be relocated, maintain a stable life and acquire development capability”.

Realizing common development of enterprise and employees. At the moment, the Company has 24 Myanmar employees. We have respected the diversified values of employees, formulated career development plans and offered trainings at various levels for them, so as to safeguard the common growth of both the enterprise and the employees, and help them to enjoy the fruits of corporate development.

Since 2006, we have vigorously promoted the Projects in strict accordance with relevant cooperative agreements reached between the two countries.

Currently, the Company is facing a series of difficulties such as the suspension of the Myitsone Hydropower Project and regional security. However we firmly believe that the people of Myanmar will surely give their full support for the development of the Projects after they understand them. The Company will continue to fulfill its social responsibility, and try its best to supply electricity to Myitkyina, Chipwi and resettlement villages from Chibwe Nge HPP. We will strive to minimize the impact to local people and bring along benefits for them during the project implementation, making the Company a major player in the energy sector in both Myanmar and China.

**Mr. Li Guanghua**, President of  
Upstream Ayeyawady Confluence  
Basin Hydropower Co., Ltd.

## Congratulatory Message from Department of Hydropower Planning, Ministry of Electric Power No.1 of Myanmar



On behalf of the Ministry of Electric Power No.1 of Myanmar, I would like to extend my wholehearted welcome and support to the release of the "Social Responsibility Report 2010-2012 of the Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd. (ACHC)".

As one of the shareholders of ACHC, we are committed to promoting the hydropower development and economic expansion of Myanmar. In this process, ACHC has actively fulfilled its social responsibility, which is the duty of the Company and the direction of our future efforts.

As the authority in charge of electric power in Myanmar, the Ministry of Electric Power

No.1 has always supported the development projects implemented by foreign direct investments that are interested in developing Myanmar's power sector, and actively cooperated with them to promote the Myanmar power sector by construction of the renewable HPPs, hoping to implement them more smoothly.

During the period of operation in Myanmar, ACHC has strictly abided by the laws and regulations of Myanmar, and conducted relevant work in accordance with the national policies and international standards. The efforts of ACHC in environmental protection, hydropower construction, talent training, and electric power

knowledge popularization will play a positive role in promoting local economic development and improving livelihood of local people. And I encourage the Company to fully fulfill its social and environmental responsibility and make greater contributions in such fields as creating job opportunities, supporting community development, and protecting ethnic culture and the national heritage.

ACHC has made fruitful efforts to promote the sustainable development of Kachin State and Myanmar at large. It is bound to win understanding and support from the people of Myanmar.

The further advancement of the Ayeyawady Projects will boost the economic development of Myanmar.

**U Kye Soe**, Director-General of the Department of Hydropower Planning under the Ministry of Electric Power No.1 of Myanmar



## Congratulatory Message from Chinese Economic and Commercial Counselor



As a joint venture registered in Myanmar, ACHC abides by the local laws, respects the local people and conducts mutually beneficial investment.

At the earlier stage of the Myitsone Hydropower Project, ACHC has performed well in constructing supporting facilities such as building the resettlement villages, hospitals, schools and church buildings. During the project implementation period, many local workers were hired, local unemployment issues were alleviated and the social stability was improved. It also participated in many public welfare activities. ACHC and the experts from Myanmar have jointly conducted environmental impact assessment for the Ayeyawady River

Basin in accordance with the internationally-accepted practices. The Ayeyawady Projects will play an important role in promoting the local economic and social development.

We hope the Project could be restarted in the future, and ACHC could continue to work hard in such aspects as environmental protection, talent training and job creation, realize harmonious development among the nature, environment and society, and make new contributions to the local development.

**Jin Honggen**, Economic and Commercial Counselor of the Chinese Embassy in Myanmar

## Congratulatory Message from Representative of Asia World Company Limited

The Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd. (ACHC) is a joint venture established by the Ministry of Electric Power of Myanmar, Asia World Company Limited, and the Chinese company, adopting internationally advanced management standards and processes in its operation. The equal cooperation and full exchange between the employees of China and Myanmar has guaranteed the efficient operation of the Company.

We wish the Ayeyawady Projects could continue and start operation in due time, so as to provide clean energy for improving the livelihood of local people and developing the local economy. We are also hoping that the cooperation with CPI Yunnan International Power Investment Co., Ltd. (CPIYN) and the Ministry of Electric Power of Myanmar could help us achieve greater development.

Asia World Company Limited

## About Us

### Corporate Profile

As a joint venture established by the Ministry of Electric Power (MOEP) of Myanmar, CPI Yunnan International Power Investment Co., Ltd. (CPIYN) and the Myanmar Asia World Company Limited (AWC), the Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd. (ACHC) was registered in Naypyitaw, the capital of Myanmar on June 18, 2010. The shareholding of MOEP, CPIYN, and AWC is 15%, 80%, and 5% respectively.

As a large enterprise in Myanmar and the owner of the Upstream Ayeyawady Confluence Basin HPPs, ACHC has conducted management and operation in strict accordance with the laws and regulations of Myanmar. The development of the Upstream Ayeyawady Confluence Basin HPPs is on the BOT/JV basis.

### Shareholders of ACHC

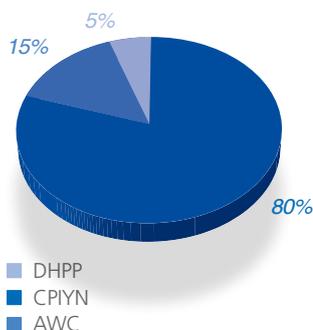
**CPIYN:** CPI Yunnan International Power Investment Co., Ltd. (CPIYN) is a wholly-owned subsidiary of China Power Investment Corporation (CPI), one of China's five largest power generation groups. As a large state-owned power generation enterprise in China, CPI has rich experience and outstanding performance in developing, constructing and operating HPPs and, is an integrated energy company covering such industries as electric power, coal, aluminum, railway and port. It is the only company possessing assets in hydropower, thermal power, nuclear power and new energy in China. The installed capacity of CPI reached about 80 million kW, taking the first place among China's five largest power generation groups both in terms of the installed capacity of hydropower and the proportion of clean energy (30%), and the total assets amounted to 100 billion dollars, ranking 451<sup>st</sup> among the world's top 500 enterprises in 2012. As a wholly-owned subsidiary of CPI, CPIYN is fully responsible for the Upstream

Ayeyawady Confluence Basin HPPs, and the major shareholder of ACHC.

**DHPP:** As a government department under the MOEP of Myanmar, the Department of Hydropower Planning (DHPP) is responsible for the planning of utilization, development and production of hydropower in Myanmar, and has the authority to coordinate with various departments and enterprises under MOEP to implement and operate HPPs. Representing the Myanmar Government, DHPP is a shareholder of ACHC with the land and water resources as its capital contribution.

**AWC:** As a large enterprise in Myanmar, Asia World Company Limited (AWC) has certain experience and capability in the area of infrastructure, and its industry chain covers such fields as minerals, energy, telecommunication, airport, road, wharf, and agriculture.

### Shareholding Proportion



### Viewpoint of stakeholder



The corporate social responsibility "does not request companies to do things different from their normal business, but to conduct normal business in different ways".



— Kofi Annan, former United Nations Secretary-General

## Responsibility Concept

**Social responsibility concept:** Providing Green Energy to serve the General Public. The social responsibility of ACHC is to take full consideration of stakeholders' expectations and demands in the process of decision-making and operation, and to fulfill its corporate social responsibility while pursuing economic benefits. As a Myanmar-based enterprise, we are committed to constructing HPPs featuring internationally advanced technology and management levels, providing clean energy for economic and social development, promoting coordinated and sustainable development among economy, society and environment in Myanmar and the region with the cooperation of stakeholders, and striving to improve the well-being of the people of Myanmar.

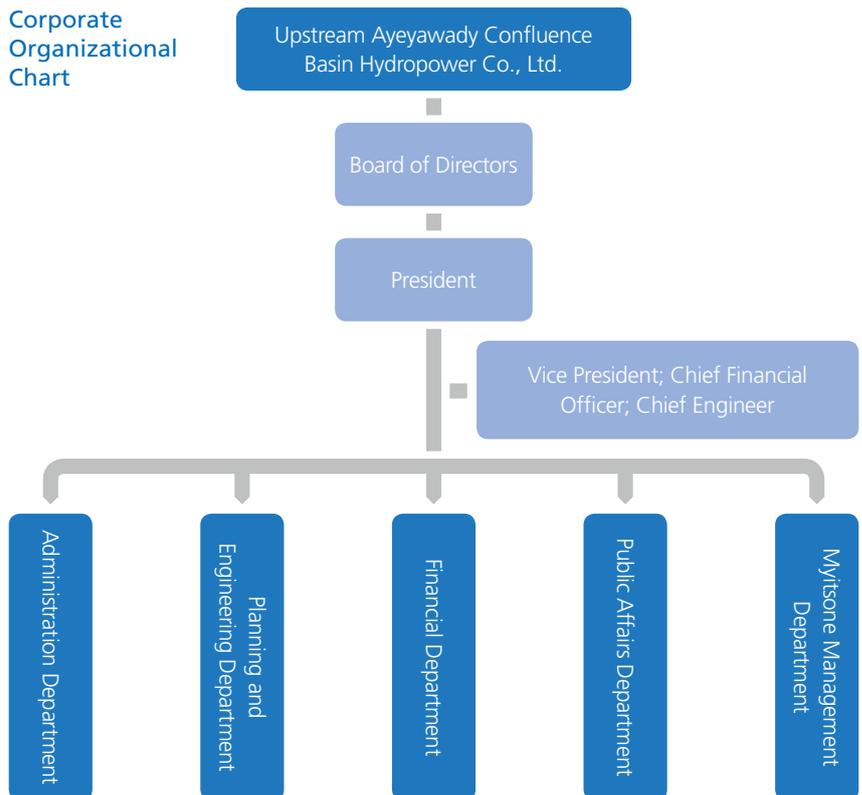
**Environmental protection concept and policy:** Conduct environmental impact assessment in strict accordance with international standards, establish environmental protection management system, strictly meet the environmental protection requirements in the process of project construction, fully implement environment monitoring, provide clean energy, and promote the continuous improvements of regional ecological environment.

**Social concept and policy:** Adhere to localization policy in the process of project construction and management, provide employment and career development opportunities for the local people, promote community development plans, help improve transportation, housing, medical and educational conditions of communities, enhance the sustainable development capacity there and respect the local culture and customs.

## Corporate Governance

ACHC is managed by the board of directors and the managing director. The board of directors has nine members, serving each term of three years. Since the establishment of the Company in 2010, ACHC has held four board meetings, making scientific decision for proposals relating to major issues and important work, which guaranteed the normal operation of the Company.

Corporate Organizational Chart



## Introduction to the Ayeyawady Projects



The Myanmar Government invited CPI to develop the Upstream Ayeyawady Confluence Basin HPPs at the third China-ASEAN Expo on October 31, 2006. (Photo: The late Prime Minister of Myanmar Soe Win met with Vice President of CPI Mdme. Zhang Xiaolu)



The then Chinese Vice President Xi Jinping and Vice Chairman of the State Peace and Development Council of Myanmar Maung Aye witnessed the signing of the Memorandum of Agreement (MOA) on the development of the Upstream Ayeyawady Confluence Basin HPPs in Beijing on June 16, 2009.

As a major cooperation project of China and Myanmar, the Upstream Ayeyawady Confluence Basin Hydropower Project is located in Kachin State, northern Myanmar. A total of seven major cascade HPPs of Myitsone, Chipwi, Wutsok, Hpizaw, Kaunglanhpu, Laza, and Renam and one small HPP Chibwe Nge -- were planned to be constructed along the upper reaches of the Ayeyawady River upstream of Myitkyina, and the total installed capacity is about 20000 MW with an annual power generation of 100 billion kilowatt-hours. The total investment of the Project is about 25 billion US dollars. The construction and operation periods are 15 years and 50 years respectively.

In April, 2007, the Chibwe Nge HPP to power the construction of Myitsone and Chipwi HPPs was started. The construction was completed in September, 2011, and was ready for power generation. After the suspension of the Myitsone HPP, ACHC is

pressing ahead with the power supply to the Myitkyina region.

On December 21, 2009, the earlier stage construction of Myitsone HPP was started, and it was suspended by the Myanmar Government on September 30, 2011. Before the suspension, the resettlement of local residents in the dam area and the construction of project access (roads, water supply, electricity, telecommunication and project land leveling) was completed; the construction of internal roads, water plants and oil depots was basically completed; the river-crossing bridge downstream of the dam was under construction and the civil works of the spillways and water diversion system was started.

On December 21, 2010, the earlier stage construction of Chipwi HPP was started. All the personnel were evacuated after the outbreak of the war in the northern Myanmar on April 26, 2012.

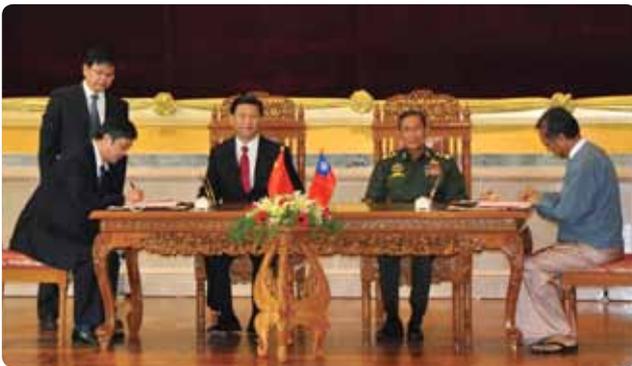
The other HPPs are under way according to schedule and in accordance with the related codes and specifications on hydropower development.

### Viewpoint of stakeholder



I agree and welcome the CPI to take the lead to develop hydropower projects in Myanmar, and hope the meetings are organized with relevant departments of the Myanmar Government as soon as possible. Efforts should be made to reach particular agreements, facilitate the development of related river basin and benefit the peoples of the two countries at the earliest. ”

— Soe Win, Late Prime Minister of Myanmar

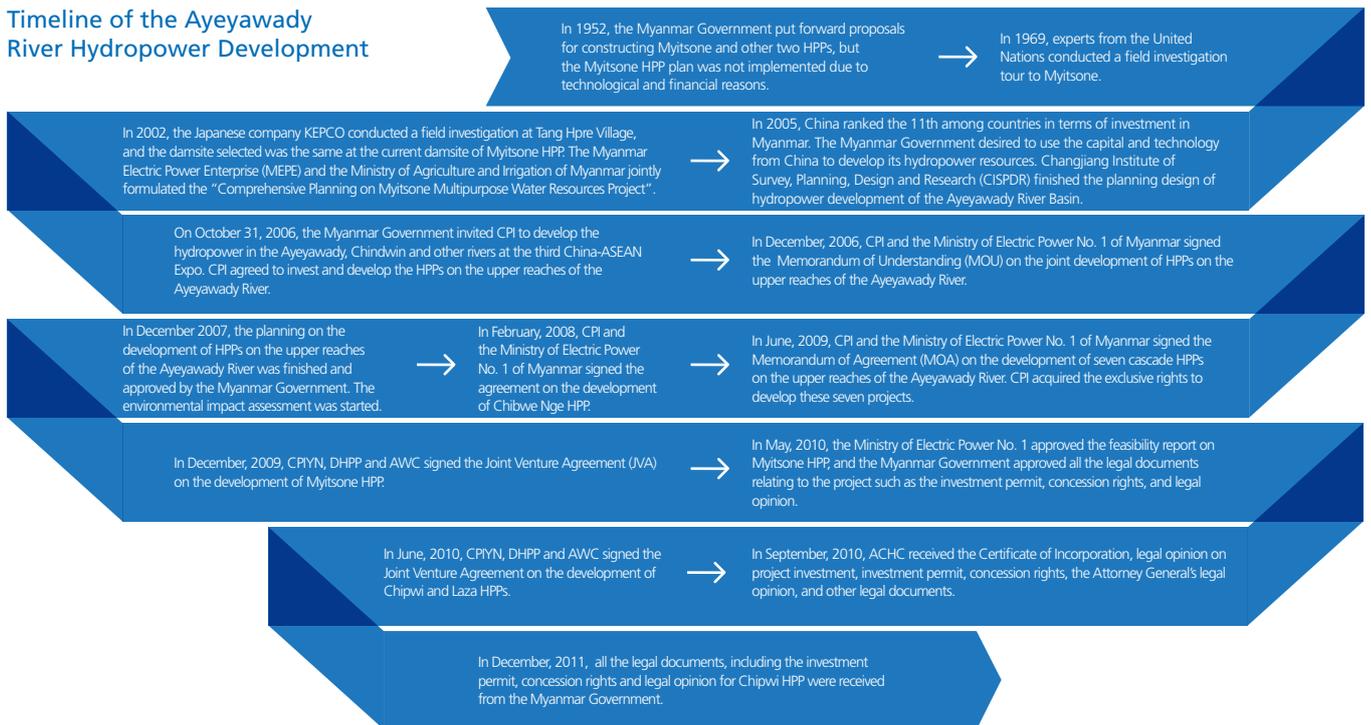


The then Chinese Vice President Xi Jinping and Vice Chairman of the State Peace and Development Council of Myanmar Maung Aye witnessed the signing of the Joint Venture (JV) Agreement on Myitsone HPP on the upper reaches of the Ayeyawady River in Naypyitaw on December 20, 2009.



The then Chinese Premier Wen Jiabao and Prime Minister of Myanmar Thein Sein witnessed the signing of the Joint Venture (JV) Agreements on Chipwi and Laza HPPs on the upper reaches of the Ayeyawady River in Naypyitaw on June 3, 2010.

### Timeline of the Ayeyawady River Hydropower Development



# Communications with Stakeholders

ACHC has attached great importance to the stakeholders' rights to know and to participate, taking initiative to communicate and exchange ideas with them, paid attention to their suggestions and appeals, and encouraged multi-party cooperation for win-win results, jointly promoting harmonious development.

During the military government period: According to the relevant requirements and regulations, ACHC had conducted full communications with relevant government departments, carried out in-depth survey on all the PAPs, and organized public participation activities. However, the Company had relatively fewer

communications with the media and the general public outside of the project areas by its own initiative, beyond the scope and contents of communications as restricted by the Government.

During the new government period: After the establishment of the new government, ACHC has taken initiative to conduct all-around communications and exchange with various parties on the issues of common concern in accordance with relevant policies and regulations.

### Government

**Key Contents:** Situations of project construction; infrastructure construction; relocation and resettlement of PAPs; environmental impact assessment and protection; tax payment

**Means of Communications:** Submitting work reports; calling on government departments; conducting cooperation with government departments



President of Myanmar Thein Sein and his entourage paid an inspection tour to Myitsone construction site



A delegation led by Nyi Pu, member of the Central Executive Committee of National League for Democracy, paid a visit to CPI headquarters



Calling on U La John Ngan Sai, Chief Minister of Kachin State



Calling on Ting Ying, member of the Parliament of Myanmar

### NGOs

**Key Contents:** Protecting community environment; supporting community groups and organizations; conducting transparent operation; supporting environmental protection and public welfare cause

**Means of Communications:** Signing cooperative agreements with NGOs; organizing and participating in association activities; participating in activities benefiting social development



Conducting communications with the 88 Generation Students Group



Participating in IHA regional hydropower business meeting

### Media

**Key Contents:** Ensuring open and transparent information; accepting the supervision of media

**Means of Communications:** Taking initiative to invite media to conduct investigation tour; shooting TV programs



Meeting with the delegation of the "7 Day News Journal"



Delegation of the "Myanmar Popular News Journal" paid a visit to CPI headquarters

**Viewpoint of stakeholder**

“ The visiting delegation will try its best to help resolve the existing difficulties, and hope ACHC could continue to improve its work relating to public relations, and strengthen the communications with various social groups, so as to gradually eliminate misunderstanding, win understanding and support from the public, and jointly overcome and solve various issues. ”

— Ko Ko Hlaing, Myanmar President's Chief Political Advisor

“ We know very well the work that ACHC has done, and we trust the Company. It has built high-quality cement roads and lots of houses for us. We are glad to see the changes. ”

— Howa Duwa Zau Gam, religious leader and former General Secretary of Kachin Baptist Convention (KBC)

“ The visit dispelled the misunderstanding and doubts of media to the Myitsone Project. The project would indeed play an important role in promoting economic and social development of Myanmar. As the journalists, it is our obligation to publicize and explain the actual situations of the Myitsone Project to the Myanmar public. ”

— Chairman of Kachin Journalists' Association

**The Public**

**Key Contents:** Knowledge popularization; participating in public welfare; promoting employment; accepting the supervision of society

**Means of Communications:** Conducting social impact assessment; compiling "Q&A on Ayeyawady Hydropower"; releasing information relating to the Company as well as the projects in a timely manner by using of website, project workshops, media and personal visits



Conducting communications with leaders of six ethnic sub-groups of Kachin



Meeting with a delegation consisting of people from think tanks and NGOs of Myanmar led by Ko Ko Hlaing, Myanmar President's Chief Political Advisor

**Resettlement Communities**

**Key Contents:** Respecting the will and appeals of PAPs; respecting their religious belief, local ethnic culture and customs & traditions; planning and implementing resettlement programs

**Means of Communications:** Questionnaire survey; conducting discussion with PAPs; holding meetings; releasing bulletins; holding ceremony for relocation and resettlement



Helping to improve the local medical treatment condition



Visiting resettlement village to know the living conditions and difficulties of PAPs

**Environment**

**Key Contents:** Protecting ecology and species along the basin; guaranteeing the water flow for life and production of the people in the downstream area of the Ayeyawady River; preventing natural disasters

**Means of Communications:** Conducting environmental impact assessment; releasing environmental impact assessment reports; designing dam in accordance with international standards on seismic resistance and flood control



Inviting the Biodiversity and Nature Conservation Association (BANCA) to participate in environmental impact assessment



Cooperating with Fauna & Flora International (FFI) to jointly promote the national park in the northern Myanmar

**Employees**

**Key Contents:** Protecting the lawful rights and interests of employees; performance evaluation and remuneration; career development; safety and health

**Means of Communications:** Survey on employees' opinions; regular communications; internal reporting system; vocational trainings; appointment of safety and health supervisors



Providing post-based skill training for about 5,800 Myanmar employees



Committed to staff localization

**Partners**

**Key Contents:** Abiding by business ethics and laws & regulations; long-term cooperation; mutual benefits and win-win results

**Means of Communications:** Day-to-day business communication; regular visit; supplier rating; satisfaction survey



Meeting with Jadeland Myanmar Co.,Ltd



Cooperation with SUNTAC



## Making Scientific Project Planning

ACHC has attached great importance to the damsite selection of the HPP and the impact of construction to social and environment in the Ayeyawady River Basin, and seriously conducted the planning and design of the Ayeyawady Hydropower Projects.

## I. Making Scientific Project Planning

In 2005, ACHC, at the earlier stage of the Projects, selected specialized surveying, planning and design institutes which are of first class level internationally to conduct the planning and studies. Changjiang Institute of Survey, Planning, Design and Research had undertaken the work of China's Yangtze River Basin planning and the Three Gorges Project design. HYDROCHINA Xibei Engineering Corporation had undertaken the Yellow River Basin planning, and HYDROCHINA Kunming Engineering Corporation had undertaken the planning of China's Lancang River and the middle reaches of Jinsha River. They have participated in the planning and design work of the HPPs in the Ayeyawady River Basin respectively. In 2007, after rigorous research and scientific demonstration, ACHC determined that the seven cascade scheme of Myitsone, Chipwi, Wutsok, Hpizaw, Kaunglanhpu, Renam, and Laza as the best plan, which was also approved by the Ministry of Electric Power of Myanmar.

The Myitsone HPP is the first one of the hydropower development projects on the Ayeyawady River. After years of efforts and based on the comprehensive and comparative analysis of the topographical and geological conditions, flood control safety, seismic safety, construction conditions and other factors, the surveying and planning teams finally determined the dam site of Myitsone, and completed the demonstration work of the two stages of planning and feasibility studies.



Rendering of Chipwi HPP



General Layout of Hpps in Upstream Ayeyawady River Basin



## Contributing to Growth of Local Economy

ACHC has focused on the local economic development in the process of project construction, actively supporting local development by means of increasing infrastructure construction investment, creating job opportunities, training electric power professionals and supplying qualified electric power products.

**Viewpoint of stakeholder**

“ The development of hydropower projects on the upper reaches of the Ayeyawady River plays a positive and important role for Myanmar, hoping the Chinese Government could give support to these projects. ”

— Zaw Min, the then Minister of Electric Power No. 1

According to the agreement on the development of the Ayeyawady Projects, all the funds required for construction will be borne by the investors, and the Myanmar Government will not make capital investment directly.

The electric power cannot be stored in large capacity and it is technically difficult for long-distance transmission, so it needs stable and reliable markets. The average annual power generation of the Ayeyawady Projects is 100 billion kilowatt-hours. As Myanmar does not have such large demand of electricity in the near future, it can only be largely exported to other countries and regions. The cascade HPPs on the upper reaches of the Ayeyawady River are only about 100 kilometers from the border of China, so China could provide a large and stable electric power market. In March, 2009, the governments of Myanmar and China signed the “Framework Agreement on Joint Development of Myanmar’s Hydropower Resources”. According to the agreement, the Chinese Government agreed to provide market for surplus power from Myanmar, providing the safeguard for consuming the electricity to be generated by the Ayeyawady Projects.

During the development process of the Ayeyawady Basin, the priority can be given to meet Myanmar’s economic development in accordance with the actual conditions of power demand of Myanmar and the Chinese electric power market.



High-speed railway driven by electric power

**Electric power distribution**

Firstly meet the power demand of Myanmar;

Part of the surplus power will be sold to the Chinese market.

**Benefit distribution**

During the construction and concession periods, the Myanmar Government will gain about 54 billion US dollars of income by means of tax payment, free power, and free share, accounting for 60% of the total revenues of the Ayeyawady Projects; The income for investors will be 35 billion dollars, accounting for 40% of the total revenues of the Ayeyawady Projects; After the concession period, the hydropower assets totaling about 25 billion US dollars will be transferred to the Myanmar Government free of charge for continuous operation.

# I. Supplying Qualified Electric Power Products

As the coal resources available for power generation are relatively insufficient in Myanmar, the costs of generating electricity from wind, solar and gas power plants are high, and the nuclear power requires very large capital investment, hydropower has become the best choice for Myanmar to resolve its large-scale power shortage.

With remarkable economic benefits, the Ayeyawady Projects will contribute about five billion US dollars of GDP for Myanmar and Kachin State directly each year, and become a much larger economic booster.

### Power shortage of Myanmar

Among the 60 million people of Myanmar, only 25% of them could enjoy regular power supply.

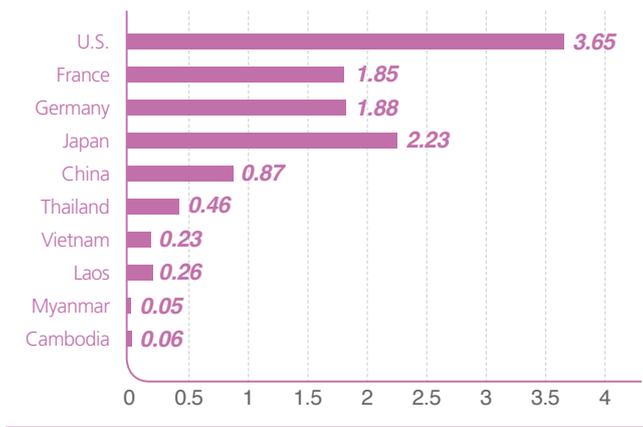
— Asian Development Bank (ADB)

In May, 2012, continuous protests for dramatic power supply cut erupted in Mandalay, Yangon and other cities.

— reports from various sources, Yangon, May 23, 2012

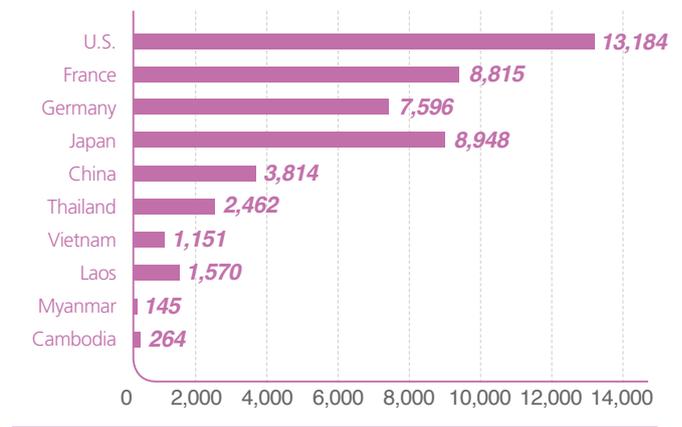
Installed capacity per capita

kilowatt



Annual power output per capita

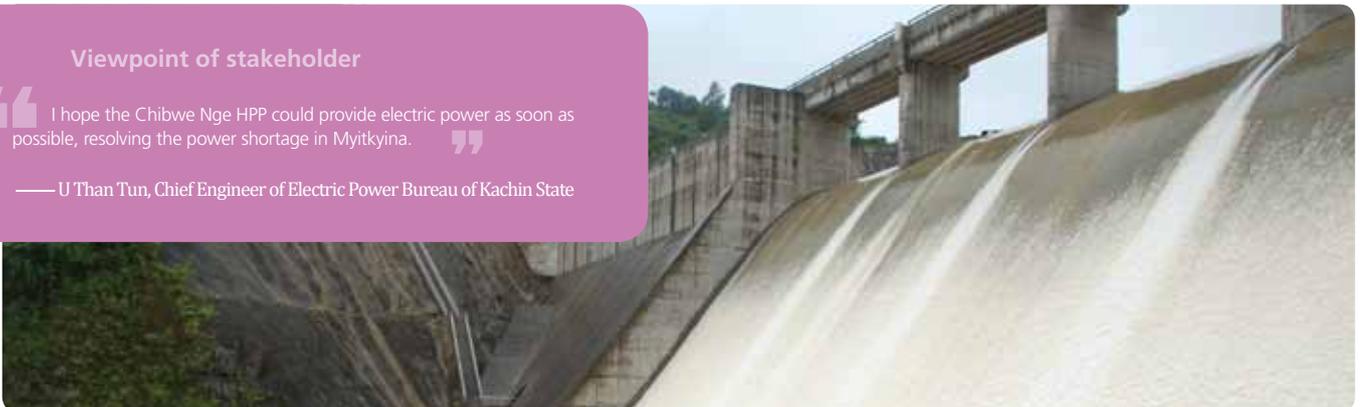
kilowatt-hour



### Viewpoint of stakeholder

“ I hope the Chibwe Nge HPP could provide electric power as soon as possible, resolving the power shortage in Myitkyina. ”

— U Than Tun, Chief Engineer of Electric Power Bureau of Kachin State



Trial water storage of the Chibwe Nge hydropower station dam

The designed total installed capacity of Myitsone HPP is 6,000 MW, and the average annual power generation is 30.86 billion kilowatt-hours. It is one of the largest HPPs in the world in terms of unit capacity (8X750 MW). The total installed capacity of Chipwi HPP is 3,400 MW. The preliminary construction was started at Chipwi HPP site on December 21, 2010, and the construction of project access such as roads, water supply, electricity, telecommunication as well as land leveling was launched. The pre-construction surveying and design activities for Wutsok, Laza, Hpizaw and Kaunglanhpu HPPs were on normal progress according to the plan. On April 26, 2012, all the workers who participated in the project construction were evacuated from the construction sites affected by the war erupted in the northern Myanmar, bringing the entire projects into a halt.

The designed installed capacity of Chibwe Nge HPP is 99 MW, and the annual power generation is 599 million kilowatt-hours. The construction was completed in September, 2011, and it passed the trial run under low load, meeting the operation requirements. Originally, the Chibwe Nge HPP was planned to supply electric power for the implementation of Myitsone and Chipwi HPPs. In order to serve the local residents, after the suspension of the Myitsone Project, it was planned to supply power for Myitkyina City, resettlement villages in Myitsone, and Chipwi Town.

However, the power supply cannot be done as it has been affected and damaged during the armed conflicts in the northern Myanmar.

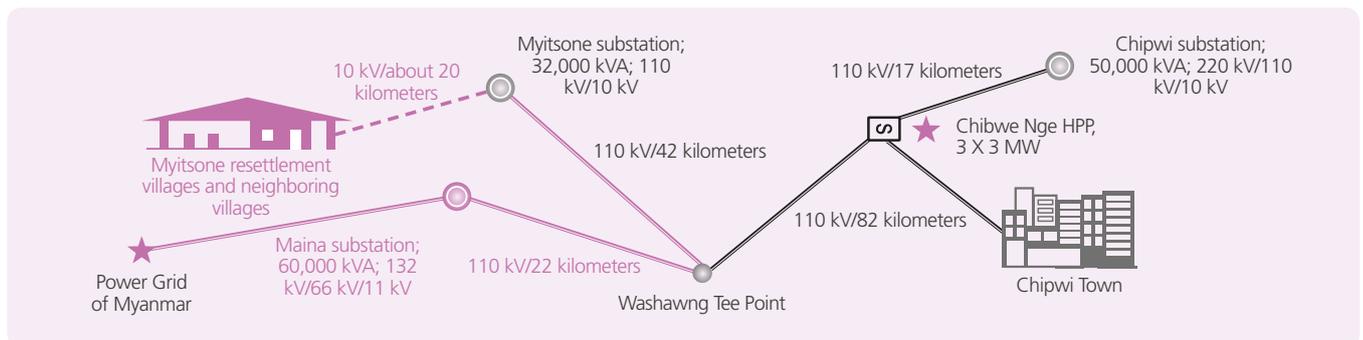
At present, ACHC is preparing for the power generation of Chibwe Nge HPP, but it faces two issues: one is to repair damages and restore its services and the other is to restore the power grid. To make the best use of the hydropower resources, we have taken initiative to communicate with the Ministry of Electric Power of Myanmar and the government of Kachin State, trying our best to realize power generation as soon as possible, so as to supply electric power for the local residents.

**Viewpoint of stakeholder**

“ The Kachin State welcomes the Chinese enterprises to invest in Myanmar. Electric power projects are essential infrastructures. The Myitsone Project was suspended. As a civil government, the Kachin State can only implement the decision of the Union Government. The Kachin State remains supportive to the development and construction of Chipwi and other projects upstream. We also hope that ACHC could carry out in-depth investigation, and hire renowned experts and scholars to conduct future survey and demonstration..... ”

— U La John Ngan Sai, Chief Minister of Kachin State

**Power supply map of Chibwe Nge HPP**



Powerhouse buildings of Chibwe Nge HPP

## II. Enhancing Infrastructure Construction

### Constructing roads

The backward infrastructure of Kachin State cannot meet the needs of production and life of the local people. During the construction period of the Ayeyawady Projects, ACHC will construct

a road network totaling about 800 kilometers and 100 plus bridges, providing great convenience for local people in aspects of transportation, production and daily life.

#### Viewpoint of stakeholder

“ In the underdeveloped region, the transportation facilities, electric power projects, educational institutions and other infrastructure are essential. Only with these facilities, development can be achieved and accelerated. In the past, it was very difficult to have a picnic in Myitsone because of poor road conditions. Nowadays, with the newly paved road, it is easy to get there. The contributions that the Company has made to the local people are obvious as anyone can see. ”

—U Rao Win Aung, Deputy Director of Border Development Bureau of Kachin State



One road reconstructed by ACHC



Hydrological station

### Constructing hydrological station network

In order to have accurate measurement, forecast, research, and verify such data as temperature, precipitation, runoff and flood of the Ayeyawady Basin, to better serve the hydropower construction and operation as well as the industrial and agricultural production, ACHC has planned to construct a total of 60 hydrological stations, gauging stations and precipitation stations. The network of the hydrological stations can accurately predict flood. Currently, the Company has built six hydrological stations, four gauging stations and 23 precipitation stations.

### III. Providing Massive Job Opportunities

Adhering to the concept of "Harmonious development, mutual benefits and win-win results", ACHC has provided lots of job opportunities for Myanmar nationals, making contributions to the country's economic development. Abiding by the "Foreign Investment Law" and the requirements of its regulations, the Company has hired employees through labor service agency and other forms to recruit employees, giving priority to hire local workers. The Company has employed 5,800 local workers, among whom 2,052 were for the construction of Myitsone HPP. According to incomplete statistics, more than 10,000 local people have involved in the services relating to the Ayeyawady Project.

The suspension of the projects has led to a dramatic decrease of the workers needed, greatly affecting the employment and income of the local people. If Myitsone Project is restarted, from construction to operation of the entire Ayeyawady Project, more than 40,000 jobs will be created annually during the peak season. After the completion of the project, more industries are bound to grow with the support of adequate supply of electricity, bringing broader channels for employment.

#### Case

#### Providing job opportunities

Before the development of the Ayeyawady Projects, there was one family from the resettlement village who relied on gold panning for livelihood, and their average annual income was 600,000 Kyats, with the highest yearly income of 1.5 million Kyats, while during the construction of the Myitsone Project, the annual income of the family was one million Kyats with the highest yearly income of 2.2 million Kyats.

A total of

**5,800**

local workers have participated in the development and construction of the Ayeyawady Projects

More than

**10,000**

local residents have been involved in the services relating to the Ayeyawady Projects

Forecast number of Myanmar employees working for the Ayeyawady Projects



### IV. Boosting Local Enterprise Development

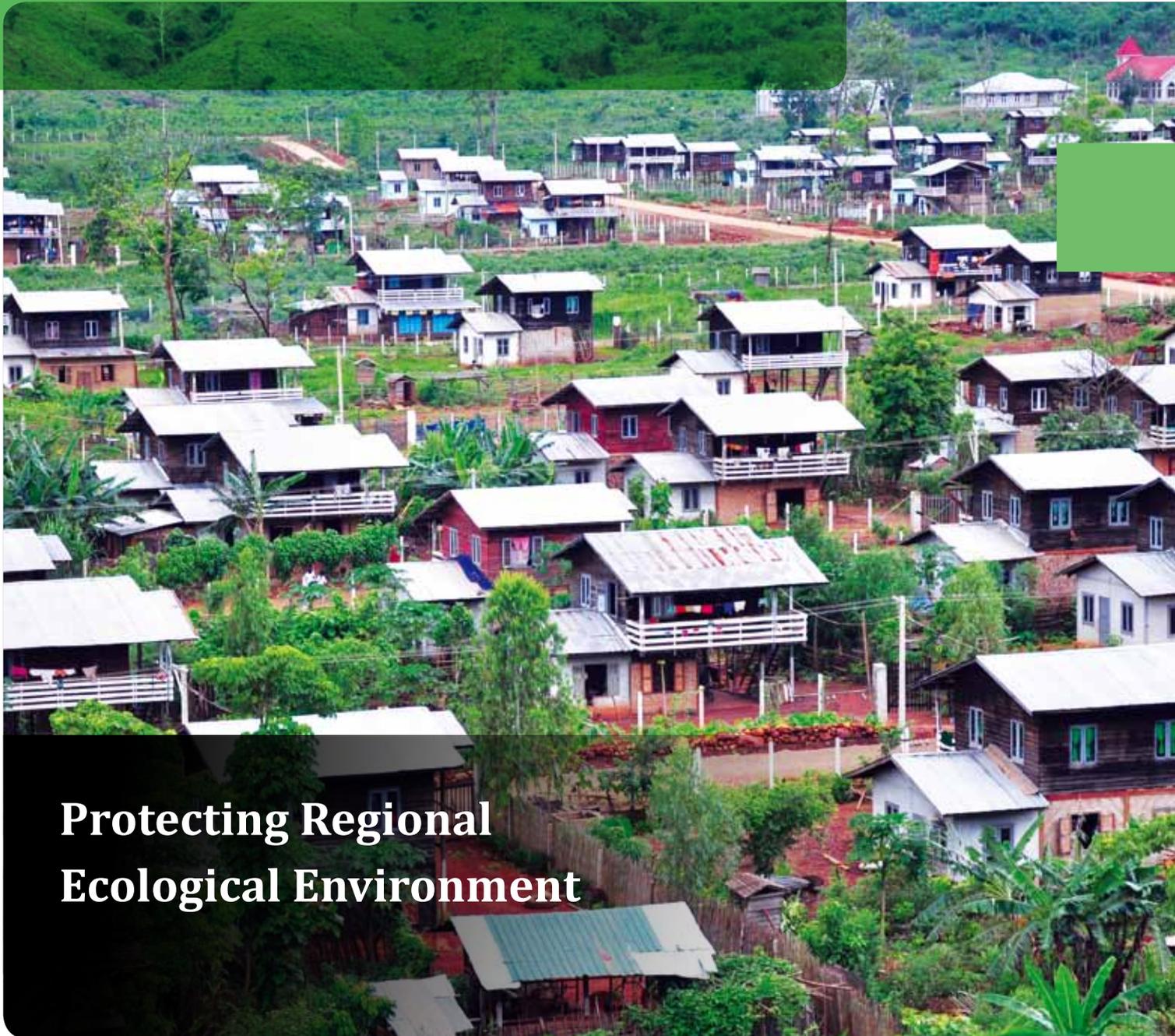
ACHC has attached importance to the cooperative relations with local enterprises, signing over 30 contracts covering project construction and pre-construction investigation and research with AWC, BANCA, SUNTAC, and Taw Win Manaw Thit Sar Company, and so on. The contracted amount was more than 40 million US dollars, helping the development of these local companies.

#### Viewpoint of stakeholder



We have learned the relevant technical requirements during the period of cooperation with ACHC. To some extent, the cooperation has improved our technical level.

— K'yaw Thura, Director of Business Development Department of SUNTAC



## Protecting Regional Ecological Environment

ACHC has attached great importance to the protection of ecological environment, conducted serious environmental impact assessment during the process of project implementation, strictly implemented various environmental protection measures, and consistently carried out environmental monitoring, to minimize the impact of HPP construction to ecological environment and actively promote the improvements of local environment.

## I. Conducting Environmental Impact Assessment

Adhering to the concept of “Constructing ecological civilization, and promoting healthy and sustainable development”, strictly abiding by the “Conservation of Water Resources and Rivers Law” and other laws and regulations, and with reference to the environmental impact assessment standards by the World Bank and other international organizations, ACHC has seriously conducted environmental impact assessment of the River Basin.

The environmental impact assessments for the Ayeyawady River Basin and the planning of hydropower development were carried out at the same time. The preliminary survey and research work relating to the basin environment was conducted in 2005-2007. The planning has intentionally avoided Myitkyina, Chipwi, Machanbaw, Putao and other important towns as well as national parks and sensitive areas for ecological environment.

In March, 2008, the “Terms of Reference for Environmental Impact Assessment of Hydropower Development on the Upper Reaches of Ayeyawady River of Myanmar” (hereafter referred as “TOR”) was finished. The “TOR” was approved by the Ministry of Electric Power No.1 of Myanmar in July, 2008.

According to the “TOR”, the Company selected the international standard agencies in the field of professional design, ecological studies, and zoology & botany as well as the Myanmar Biodiversity and Nature Conservation Association (BANCA) to form joint investigation teams, conducting baseline investigation of aquatic organisms, terrestrial plants, and terrestrial animals in the areas of the proposed seven cascade HPPs from January to May, 2009.

In March, 2010, the “Environmental Impact Assessment Report of Hydropower Development on Upper Reaches of Ayeyawady River” was finished (please visit our English language website to read the electronic version of the report). In January, 2011, the report was approved by the Ministry of Electric Power No. 1 of Myanmar.

### Conclusion of Environmental Impact Assessment of Hydropower Development on the Upper Reaches of the Ayeyawady River

The construction of the Myitsone HPP would inevitably have some negative impacts to the regional ecological and social environment. The reservoir inundation and the change of water regime would have impacts to the water environment, aquatic organisms and terrestrial organisms as well as to the production and life of PAPs, but the negative impacts can be effectively controlled or mitigated by taking corresponding protective measures. There is no restrictive environmental impact for the Myitsone Project... the implementation of the Myitsone Project will greatly transform the regional economic and social conditions, and remarkably promote the economic and social development of Kachin State and Myanmar at large.

——“Environmental Impact Assessment Report of Hydropower Development on Upper Reaches of the Ayeyawady River”



Experts are conducting environmental impact assessment

Viewpoint of stakeholder

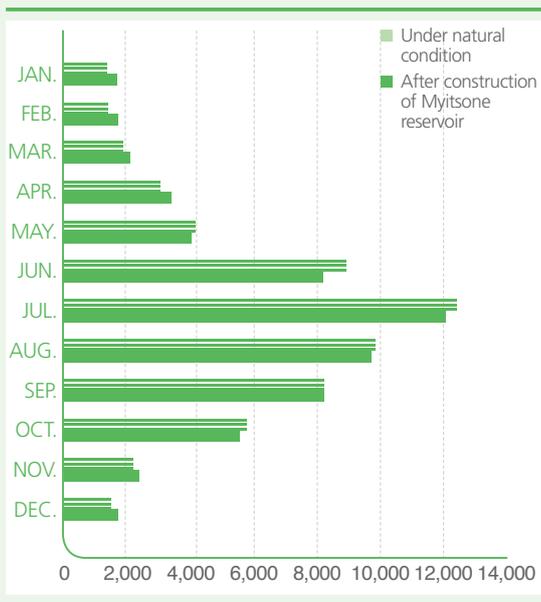
“ Relying on the water of tributaries of the Ayeyawady River, we have irrigated large area of lands. The dam will lower the water table, resulting in sea water intrusion due to water pressure decrease, which will further impact the rice farming of Myanmar. When the water flow decreases, the sand will pile up and the riverbed will rise. ”

— Ji Luo, senior officer of Kachin Independence Organization (KIO)

The study indicates that the river course of the Ayeyawady River is naturally shifted under the circumstance of no hydropower development. The construction of the Myitsone Project will adjust the runoff effectively during the dry and rainy seasons, stabilize the river channels and slow down the sedimentation of the Ayeyawady River. The hydropower construction on the upper reaches of the Ayeyawady River will have little impact to the irrigation and drinking water supply in the middle and lower reaches of the river. To some extent, the runoffs tend to become evenly distributed within the year. This will play a positive role in irrigation, shipping, tourism as well as resisting sea water intrusion in the middle and lower reaches.

For the management of dams, the Company will strictly abide by the regulation and requirement in the “Union of Myanmar Conservation of Water Resources and Rivers Law (2006)”, and will give priority to domestic water use during the dry season, safeguarding the water supply for production and daily life of the people in the middle and lower reaches of the Ayeyawady River instead of water storage for power generation.

Flow control after operation of Myitsone reservoir



After construction of the Myitsone dam, the water flow would increase by 16% in dry season, and decrease by 3.5% in rainy season, playing a role in resisting sea water intrusion.

Landscape of Myitsone in dry season



Landscape of Myitsone in rainy season

**Viewpoint of stakeholder**



One of the “hottest” biodiversity spots in the world will be flooded by the reservoir created by the dam. The dam will block the seasonal migration of fishes, affecting their population and diversity. It will also affect the habitat of the endangered Irrawaddy Dolphins in the downstream river. ”

— Kachin Development Networking Group (KDNG)

ACHC has paid close attention to the protection of biodiversity. Abiding by the “Union of Myanmar Wildlife and Natural Areas Protection Law”, “Convention on Biological Diversity (Riode Janeiro)” and other laws, regulations and standards, it has strived to minimize the impact of project construction to wildlife. ACHC will protect the rare individual plants by transplantation.

**Impact on plants**

The rare and endangered plants are mainly distributed outside of the reservoir area. The impoundment of the reservoir can only inundate some rare individual plants, having little impact on the regional biodiversity.



Investigation of impact on plants

**Impact on terrestrial animals**

The impoundment of the reservoir may have a little impact on naja kaouthia, king cobra, and Burmese roofed turtle, and so on. Basically, there is no effect on other rare terrestrial animals. The impoundment of the reservoir will increase habitat areas for birds, and is of positive significance for some birds.



Investigation of impact on terrestrial animals

**Impact on aquatic animals**

The Myitsone dam will have limited impact on two migratory fishes -- anguilla nebulosa and anguilla bengalensis. There is no effect on the distribution and number of species as well as the biodiversity. The Myitsone HPP will have no impact on the Irrawaddy Dolphins in the downstream river section in Mandalay.



Investigation of impact on aquatic animals

## II. Enhancing Environmental Protection Measures

Strictly abiding by the “Union of Myanmar Environmental Protection Law (2012)” and other laws and regulations, and with reference of relevant standards of the World Bank, ACHC has seriously implemented various environmental protection measures, minimizing the impact of dam construction on environment.

After the completion of the Ayeyawady Projects, the sufficient and low-priced electricity generated by the HPPs would boost the development of processing, manufacturing and other industries, promote the transformation of the original mode of production of slash-and-burn cultivation, accelerate the popularization of home appliances, and reduce the use of diesel oil and fuel wood. Some workers who are engaged in hunting, logging, mining and gold mining could change their traditional professions to participate in the hydropower construction and management. This will be very helpful to lower down the ecological threats faced by the Ayeyawady River and improve the protection of regional ecological environment.

### Viewpoint of stakeholder



Today... The plains forests on the banks of the river are in danger of disappearing as illegal logging and charcoal production proceed at an alarming pace... For decades, the procurement of potable water have become increasingly difficult during the hot season... The proliferation of factories and the unregulated panning for gold over the last decade have introduced waste matter that constitutes a threat to rare species of fish, including the famous Irrawaddy dolphin, and to the health of people who rely on the river for water and food. ”

— Aung San Suu Kyi, Chairperson and General Secretary of National League for Democracy, “Irrawaddy Appeal”

### Main threats resulting from traditional life style to basin ecology of the Ayeyawady River

#### Slash-and-burn shifting cultivation

Due to the high mountains and valleys, the people who live along the basin upstream of Myitsone can only adopt the mode of slash-and-burn shifting cultivation to obtain farmland, resulting in destruction of large areas of vegetation.

#### Illegal logging

Without stable power supply, the local people can only rely on forest to get the needed fuel wood and building timber. Meanwhile, to get additional income, some residents are engaged in such businesses as logging and timber trading, leading to destruction of forest resources.

#### Trading of wildlife

Without other means of livelihood, some residents are engaged in hunting of wild animals to get additional income, posing a grave threat to the wildlife in the basin.

#### Gold panning

No practical measures for environmental protection along the river banks where mining and gold washing activities were relatively common. The gold panning affects the water quality of the river and the vegetation of mining areas.



Greening for side slopes



Covering with earth and greening after engineering protection

ACHC has formulated feasible and practical implementation and management plans for environment protection in line with environmental impact assessment. By the end of 2012, the investment for environmental impact assessment and special subject studies has reached 6.683 million US dollars. And the investment for environmental protection of Chibwe Nge, Myitsone and Chipwi HPPs has amounted to nearly 10 million US dollars.

The investment for environmental impact assessment and special subject studies has amounted to

**10**

million US dollars

The investment for environmental protection has reached

**6.683**

million US dollars

**Environmental protection measures for the Ayeyawady Project**

<b>Environmental management</b>	Forming a special management institution for environmental design and environmental engineering;
	Building professional teams consisting of dozens of international experts;
	Unifying the design of environmental protection measures, and explicitly requiring contractors to implement them strictly in the contracts;
	Cooperating with the well-known domestic and international NGOs to promote the protection of regional ecological environment;
	Organizing or participating in various environmental protection trainings and environmental public welfare activities regularly;
<b>Vegetation protection</b>	Conducting rational planning of land use, and reducing the land occupation, especially the forest land;
	Implementing greening and beautification for construction sites, and preventing soil erosion;
<b>Animal protection</b>	Formulating strict management regulations, and explicitly requiring all contractors in their contracts, not to engage in or participate in hunting, eating, playing or trading any rare and endangered animal;
	For the rare animals found during the process of project implementation or clean-up of reservoir bottom, rescue measures should be taken to save them;
<b>Water environment protection</b>	Collecting and purifying the industrial and domestic wastewater with sewage treatment equipment, and prohibiting the direct discharge of wastewater into rivers;
<b>Engineering waste treatment</b>	Planning and designing reasonable waste disposal areas, adopting permanent measures for waste treatment, and taking greening measures for these areas;
<b>Domestic waste treatment</b>	Collecting domestic waste, conducting centralized processing, prohibiting random stacking of waste to prevent pollution;
<b>Air quality control</b>	Carrying out water spraying in dry season to prevent dust;
	Materials such as cement and fly ash should be transported in enclosed containers or with dust proof equipment;
<b>Noise control</b>	Managing and controlling the time period of operating large equipment and the blasting excavation, so as to avoid disturbance to residents at night;
	Trying the best to procure low noise equipment, and taking isolation or noise elimination measures for noisy equipment.

## Case

**Conducting environmental monitoring**

ACHC has conducted regular monitoring on environment conditions such as water quality, air and noise, covering the areas of project construction sites, reservoir area, and the resettlement areas. The exposed problems will be handled in a timely manner.



Experts conducting environmental monitoring

**Participating in setting up Imawbum National Park**

In 2012, ACHC cooperated with Fauna & Flora International (FFI) and Biodiversity and Nature Conservation Association (BANCA) for setting up Imawbum National Park in the northern Myanmar.



Imawbum National Park in the northern Myanmar

To guarantee the strict implementation of environmental protection measures in the construction process, ACHC has enhanced the environmental monitoring measures at the stage of project design, and consistently followed the principle of “three simultaneities”, that is, the measures for pollution prevention and environmental monitoring are designed, implemented and operated with the project at the same time respectively.



Landscape of Myitsone HPP

ACHC has actively engaged in disseminating the environmental protection concept, striving to attract more people to participate in the environmental protection activities. In the day-to-day management, the Company has focused on the publicity, management and training of environmental protection, actively participated in regional ecological protection activities, and promoted the coordination and sustainability between the hydropower development and environmental protection.

After the completion of the Myitsone HPP, the confluence of the two rivers will be moved up as the rise of water level, but it will not disappear. The hydropower construction in a scientific approach is conducive to the exploration and protection of natural landscape. The construction of the Project will form a more attractive new landscape combining the natural and human characteristics, which will be of great importance for promoting the development of local tourism and service industry.





## Constructing Safe Hydropower Projects

ACHC treats the dam safety as its own life. By taking reference of international codes and specifications such as the relevant guidelines of the World Bank, applying advanced technologies and equipment in the world, the Company implements the full control of project quality in the whole process from planning, design, construction to supervision, guaranteeing the safety of the dam.

## I. Adopting Highest Standards for Flood Control and Seismic Resistance

### Flood control safety

The Myitsone dam adopts the highest standard for the flood control in international hydropower industry; its flood control capability is much higher than the largest flood ever recorded in the history.

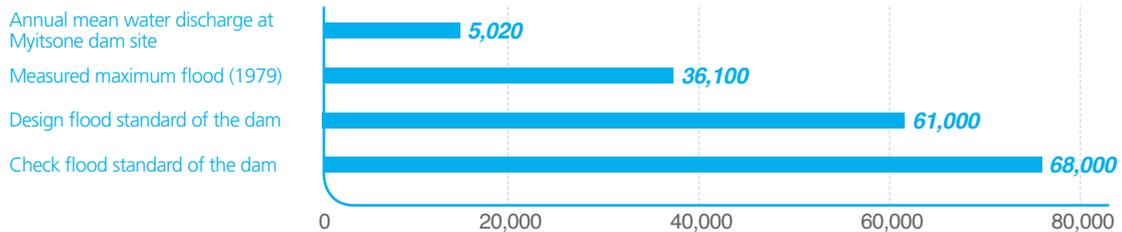
The height of the dam is only 139.5 meters, and the crest length is 1,310 meters. The 23 outlets for flood control in

the dam body are sufficient to handle extra large flood.

After the completion of Myitsone dam, the flood control capability of Myitkyina and the downstream reaches of the river could be improved significantly, and the safety of human lives and properties in the downstream areas could be better protected.

#### Criteria for design flood featuring large safety margin

cubic meter/second



Central control room of Chibwe Nge HPP



Flood discharge facilities of Myitsone HPP

### Viewpoint of stakeholder

“ The Myitsone dam is located in the Seismic Zone of the Indian Ocean. We think that if the safety problems happen to the Myitsone dam, Myitkyina and many areas downstream will be affected, including the soil and irrigation in the downstream. ”

— Ji Luo, Senior Officer of Kachin Independence Organization (KIO)



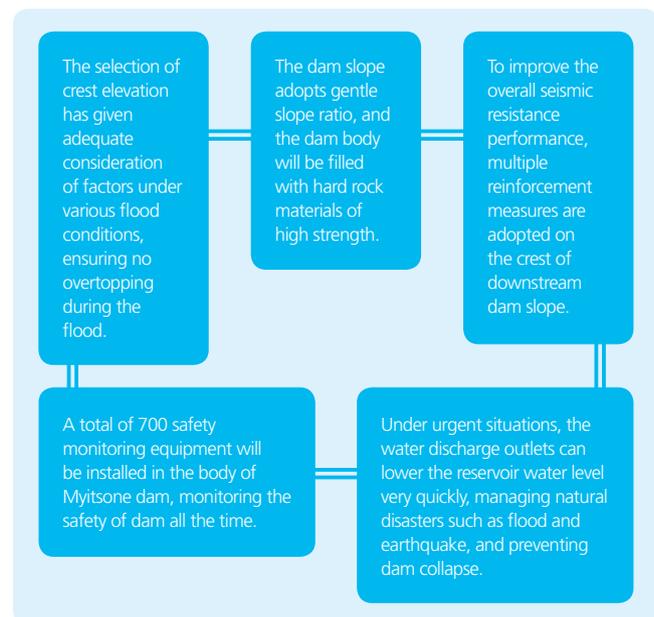
Spillway of the Myitsone HPP

## Seismic resistance safety

ACHC has attached great importance to the seismic safety of the dam, adopting the highest standard formulated by the International Commission on Large Dams (ICOLD) and the Concrete Faced Rockfill Dam (CFRD) type which has excellent seismic resistance performance.

According to the studies made on nearly one thousand years' documentations covering the actual earthquakes occurred in the region and the scientific research results of the experts' team, no earthquake with intensity of seven or above has ever happened in the Myitsone dam site area. The Project has adopted the seismic design that could withstand earthquakes with intensity of nine, so the dam will be safe.

### Seismic resistance measures for Myitsone dam



**Viewpoint of stakeholder**

“ For the factors ensuring the dam safety, the first and foremost is that the better understanding of the dam science leads to the better understanding of the dam safety; the second is the much higher safety standard for building the dam; the third is much improvement in the technical development; and the fourth is that better machinery and monitoring equipment lead to the improvement on the operating environment of the dam. ”

— Dr. Jia Jinsheng, President of the International Commission on Large Dams (ICOLD)

## II. High-level Construction Management

ACHC has managed the project construction with high standard and high level. The Company has selected the world-class firm with rich technical experience and outstanding performance on managing hydropower construction projects as the general construction contractor. The companies working for the Projects have successfully completed multiple large international HPPs. We have selected consulting firms with qualification of engineering consulting, level-A qualification of supervision and ISO 9000 quality system certification to undertake the supervision and consulting tasks, and conducted strict acceptance inspection and evaluation. Post-evaluation will be carried out after the completion of the Projects.

Technologies and equipment of international advanced levels have been widely used for the Projects. For example, Francis turbines and generators with maximum unit capacity of 700 MW, their manufacturing, design, power transmission, cost and construction are all on the top list in the world. The power grid will also adopt internationally proven technologies to guarantee the safe power transmission and power supply.

## Seismic network for the basin

To effectively monitor the regional crustal movement, a seismic monitoring system consisting of 25 digital telemetering seismic stations for the upstream Ayeyawady HPPs will be established, offering full services for seismic monitoring, early warning and project safety, dispatching management for the upstream Ayeyawady regions.

Case

### Technical consultation on seismic safety

The Company has invited internationally well-known consulting institutions and leading experts to offer technical advice relating to seismic safety of the Myitsone project for four years, and concluded that the Myitsone dam is safe.



Experts conducting technical review meeting



## Supporting Local Community Development

During the company operations, ACHC has strictly abided by the policies and regulations of the Myanmar Government, respected local customs and traditions, strived to integrate into local communities, conducted proper resettlement of PAPs, actively participated in the construction of new resettlement villages, maintained the traditional production and living conditions of PAPs, enhanced PAPs' capacity to development , heartedly participated in public welfare activities, and tried its best to achieve coordinated development with local society.

## I. Conducting Social Impact Assessment

We have combined the “respect for the will of PAPs” and the “development resettlement concept”, soliciting opinions of PAPs for their courtyards and types of housing to be built in the resettlement areas.

The implementation of environmental surveying, monitoring and impact assessment, and the resettlement planning for the Ayeyawady Projects was the first of its kind in Myanmar. The experience gained from the above-mentioned work is of great importance for bringing improvements in Myanmar’s management regulations and technical specifications on environment protection, environmental impact assessment and resettlement.

“Such communications effectively eliminate the misunderstanding resulting from rumors, and we get to know that ACHC is a company that respects the desires of PAPs. We should conduct more communications and exchanges in the future so that we could have a better understanding and provide support.”

— a Baptist pastor at Aung Min Thar resettlement village, former pastor of Tang Hpre Village

### Social impact assessment and survey on PAPs



Extensive public participation and survey on PAPs desires

During the project planning period, ACHC conducted a survey on the desire of PAPs. According to the results, 80% of the interviewees held that the hydropower development would bring many benefits; they paid more attention to such issues as resettlement and development; they believed the hydropower development could promote the protection of ethnic cultures. Generally speaking, the local people supported the Projects.

### Case

#### Soliciting opinions of religious leaders



Upon invitation, Howa Duwa Zau Gam, former General Secretary of Kachin Baptist Convention (KBC), and his entourage visited the Myitsone HPP

During the process of project implementation, we have sought opinions and suggestions of local elders and religious leaders for many times, conducted 26 interviews with religious leaders, experts, scholars, government officials and other people at different levels.

### Conducting questionnaire survey for public participation



Public participation in questionnaire survey

With reference to the requirements in the international codes and specifications, the Company has organized professionals from Myanmar to conduct questionnaire survey for three times on the impacts of the upstream Ayeyawady hydropower development from March to December, 2009. The main respondents were local government departments, local residents, ordinary people and Myanmar’s scholars on ecological environment, among whom 199 were local residents and 20 were Myanmar experts.

## II. Actively Participating in New Village Construction

### Viewpoint of stakeholder

“The residents have been relocated. It is not yet clear whether they will receive compensation commensurate with the loss of livelihoods and the disruption to a traditional way of life.”

— Aung San Suu Kyi, Chairperson and General Secretary of the National League for Democracy

“The resettlement done by ACHC deserves its credit. The Kachin State Government will try its best to implement the resettlement of PAPs for the Ayeyawady hydropower development in the future.”

— U La John Ngan Sai, Chief Minister of Kachin State

According to the clause 3-1-4 (f), Section "sa" in the Memorandum of Agreement (MOA) – “The livelihood of relocated residents within the project construction area will be restored to the level not lower than their original status”, and under the guidance of Ministry of Electric Power, ACHC has contributed funds for resettlement compensation, education, health care, social life and rural development to improve the living standard of the villagers.

The Ministry of Electric Power has suspended the construction of Myitsone Hydropower Project since the President's message was delivered to the Parliaments on September 30, 2011.

During the project implementation, ACHC has accomplished the objective of the living standards of relocated residents are restored and not lower than their original status in accordance with the agreement signed with the Ministry of Electric Power. As the project has been suspended at present, the Ministry of Electric Power will consult with the Kachin State Government for the further implementation of resettlement activities, and implement the most suitable plan.

— U Myint Zaw, Deputy Minister of Electric Power of Myanmar

## Helping optimize resettlement plan

We have actively participated in the resettlement activities under the leadership of the Myanmar Government, and fully taking reference of resettlement guidelines of the World Bank and experience of other similar resettlement projects. According to the principle of “the living standards of relocated residents are not lower than their original status after the implementation of the Project” included in the MOA, the Company has implemented the resettlement in three stages--relocation, maintenance and sustainable development. The compensations are offered to PAPs according to the standard rates prescribed by the government.

## Actively participating in resettlement

The Company provided adequate funds according to the requirements in the resettlement plan formulated by the government and engaged construction contractors to carry out the new village construction, creating a stable living environment for PAPs. By the end of 2012, we have invested more than 25 million US dollars on resettlement of 2,146 residents from 410 households in five villages in the Myitsone dam area.

Investment on resettlement: more than

# 25

million US dollars

### Case

#### Military attachés to Myanmar spoke highly of new resettlement village construction



Delegation of military attachés to Myanmar visits Myitsone HPP and resettlement village

On April 10, 2011, a military attachés delegation with more than 50 members led by the U.S. military attaché Brey R Sloan visited the new resettlement village. The military attachés of Japan, ROK and some other countries also participated in the visit. They spoke highly of the enormous benefits brought to PAPs by the construction of Myitsone HPP and the contributions to the local region made by ACHC. They also suggested inviting international media to conduct field investigation and reporting.

“The construction of Myitsone HPP has brought enormous benefits to PAPs and ACHC has made significant contributions to local development.”

— Visiting delegation of military attachés to Myanmar

## Improving housing conditions for PAPs

Before the implementation of resettlement, 90% of the residents' houses were thatched cottages. To improve the housing conditions for PAPs, we engaged professional construction enterprises to build 414 two-storey comfortable brick-wood houses, completed with independent courtyards. Taking full consideration of local climate, the houses were improved to wooden-framed structure with wooden-walls, wooden-floors and galvanized iron corrugated sheet roofing. And each household received a 21-inch color TV set. After the completion, we helped the PAPs move to the new villages. We have built one post office, two police stations, two administrative offices, two fire stations, two reading rooms, one guest house, market place and other supporting facilities. We have also built 19.68-kilometer-long new concrete road and offered clean water and regular power supply free of charge to the communities.



House of a new resettlement village

## Improving health care conditions for PAPs

We have built one new clinic (equipped with four hospital beds) for Maliyan resettlement village, and a high-end hospital (equipped with 35 hospital beds and advanced medical facilities) for Aung Min Thar village, which is considered as the best hospital in Kachin State.

ACHC built a high-end hospital equipped with

**35**

hospital beds for the new Aung Min Thar resettlement village

In the past two years, the hospital has treated

**11,000**

persons (times)

During the past two years, the hospital has treated 11,000 persons (times) of various patients suffering from malaria, dengue fever and other diseases.

### Viewpoint of stakeholder



I am very satisfied with the newly-built hospital. I used to live on the left bank of the river, seeing a doctor for my kidney disease was very difficult. I am now living very close to the hospital. There are good doctors and good medicine here. It is convenient to see a doctor. ”

— Aung Aung Mi, resident of the new Aung Min Thar resettlement village



The new hospital built by ACHC at the Aung Min Thar resettlement village

## Improving local educational environment

ACHC has built kindergartens, primary schools and middle school, equipped with complete teaching facilities. The Company has also offered teaching materials, school uniforms and stationery for students, providing a good learning environment for them.

Before the relocation, only four students have been admitted to universities in the history. After the resettlement, in the past two years, eight students have been admitted to universities as the teaching conditions are improved. The Company has established the Ayeyawady Hydropower Scholarship for outstanding students, encouraging them to go to colleges and procuring teaching materials. At present, a total of seven college students and 78 outstanding students have received the scholarship.

Case

### Celebrating Children's Day for Primary Schools at Aung Min Thar Village

ACHC held celebration for the outstanding students from two primary schools at Aung Min Thar resettlement village with the theme of "Celebrating June 1st, promoting harmony and a happy childhood".

“ On behalf of the students, I want to express my appreciation for the Company's generosity in support of the educational cause of the resettlement village when the Company is facing the difficult situation due to the project suspension. I hope the students could study hard, and reward their parents, the school and the society with concrete actions. ”

— Daw Tin Zar Lhai, Headmistress of the primary school at resettlement village

“ It is unbelievable that ACHC still focuses on the educational cause of the resettlement village after two years of project suspension. The scholarship, the prizes and the ceremony for celebrating the Children's Day, all of them are a new life experience for the children, and will be helpful to broaden their horizons and enhance their desires for learning. ”

— Daw Khaung Yaw, a teacher of the primary school at resettlement village



Activities for celebrating the Children's Day

### Viewpoint of stakeholder

“ In the past, the local people were scattered in the small mountain villages. The parents paid little attention to their children's education, resulting in many dropouts. These children made a living by engaging in land clearing or gold panning from a very young age. After the relocation, the local people have recognized the importance of knowledge by the influence of other families. At present, there are few dropouts in the new resettlement villages, which is of importance to the development of the country. ”

— Oo Kyaw Moe, a teacher of the primary school at resettlement village



Happy students in the resettlement village school

### III. Protecting Local Ethnic Culture

#### Viewpoint of stakeholder

“ The Kachin people will give full support to the Ayeyawady hydropower development. We will work together with the government to promote the implementation of the project as soon as possible. ”

— Leaders of six sub-groups of ethnic Kachin

During the process of the project construction planning and resettlement, ACHC has referred to the World Bank’s criteria and other standards and taken targeted measures to comprehensively protect the local conditions and practices, traditional customs, lifestyle, religions and culture.

ACHC has given full respect to the opinions of religious leaders, constructing two Baptist churches, two Catholic churches, two Buddhist monastery, one traditional Kachin House, and one ancestral hall at two resettlement villages of Aung Min Thar and Maliyan. All of these buildings were completed with brand new facilities. The Company also held grand ceremonies for the relocation of religious facilities such as Buddhist monastery, offering good venues for religious activities of the local people.



Catholic Church



Newly-built Buddhist monastery at resettlement village

#### Case

#### Inauguration Ceremony for setting up the Catholic Cross



Inauguration Ceremony for setting up the Cross

On December 21 and 22, 2010, the ceremony for celebrating the setting up of the Catholic Cross, which was financed by ACHC, and the Christmas was held grandly at the resettlement village of Maliyan. Catholic priests and nearly 500 followers from surrounding areas participated in the celebration.

#### Newly-built traditional Kachin Grand House



Newly-built traditional Kachin Grand House at resettlement village of Aung Min Thar

With the acceptance of local ethnic elders, ACHC rebuilt the traditional Kachin Grand House to guarantee the local folk custom activity during the relocation process. The Company also engaged cross-ethnic experts to study local culture for better protection.

## IV. Constantly Focusing on PAPs' Life

Adhering to the good wishes of "Constructing project to benefit people there", ACHC has offered 100,000 Kyats of subsidies, rice for one year's ration and related necessities for their living for each household during the transitional period of relocation and resettlement of PAPs, and created an assistance fund for helping resolve their livelihood problems.

In September, 2011, the Myanmar government announced unilaterally that the construction of Myitsone HPP was suspended, and the responsibility of resettlement was transferred to the government. Due to the interruption of the sources of funding, the most of activities planned in the programs for "maintenance and sustainable development" stages could not be implemented as planned. As a responsible enterprise, we overcome various difficulties, offering support for the living of PAPs as its capacity allows.

### Donating rice to PAPs

After the suspension of the Myitsone Project, most of the PAPs working for the project were out of work, resulting in livelihood problems. Under the circumstances of no bank loans, ACHC still donated rice and other supply for PAPs. In the past three years, the Company has donated 1,188 tons of rice, totaling 564 million Kyats accumulatively.

Accumulatively donated

# 1,188

tons of rice,

totaling

# 564

million Kyats

### Helping PAPs resolve difficulties

ACHC has constantly maintained communications with villagers to learn about their actual living conditions and development needs. The Company has tried its best to deal with and address the difficulties of the villagers encountered in their production and livelihood, especially the livelihood difficulties resulting from the suspension of the Myitsone project.

#### Case

#### Donating rice to PAPs



Distributing rice for PAPs

From June 4 to 8, 2012, ACHC donated rice for six months' ration to Myitsone PAPs, providing 198 tons of rice for 1,824 villagers of 324 households at the right bank of the river, 429 villagers of 85 households at the left bank of the river, as well as six religious groups, four schools, hospitals and health care centers at both banks.

#### Visiting local resettlement families



Visiting a resettlement family

In July, 2012, the responsible officer of the Company visited resettlement villages at both banks of the river and Tang Hpre Village at the river confluence, asking about their opinions on the Projects, inspecting the conditions and utilization of churches, schools, hospitals and other public facilities at the resettlement villages of Aung Min Thar and Maliyan, getting to know the production and life of villagers, introducing the company's supporting policies for them, and donating 10,000 Kyats to a student who just had been admitted by the Myitkyina University.

ACHC has well performed its obligations stipulated in the MOA. Owing to the financing insufficiency of local government during resettlement, the Company has in its own initiative helped the government resolve the difficulties for PAPs, by providing financial support voluntarily, in order to support the construction of resettlement villages and help PAPs live a stable life.

Case

**Visiting local resettlement families**

From December 4 to 11, 2012, the management staff of the Company visited the resettlement villages of Maliyan at the left bank of the river and Aung Min Thar at the right bank, conducting friendly communications with PAPs, and getting to know the basic conditions of resettlement families and the major difficulties they faced with. The management personnel met with a total of 1,060 people from 190 households (39 households at the left bank and 151 at the right bank).

Visiting

**190**

households at both banks of the river

Involving a total of

**1,060**

family members



Visiting PAPs of Aung Min Thar Village

**Helping resettlement village resolve educational problems**

The resettlement village at the left bank of the river has 35-50 non-school age children. The village planned to build a new kindergarten, facing the problem of lacking building materials such as cement, bricks and timber.

The Company provided building materials valuing 12 million Kyats to support the kindergarten construction at the left bank of the river, and the project was completed in April, 2013. Meanwhile, it also helped PAPs to negotiate with local government for allocating more teaching resources to resettlement villages.



A happy child from resettlement village at classroom

**Helping resettlement village reinforce riverbanks**

Situated at the west bank of the Ayeyawady River, the Chyingkrang Stream is characterized by rapid rise and fall of water levels in flood season. On May 31, 2006, the Chyingkrang HPP and the Chyingkrang village nearby the resettlement village of Aung Min Thar were destroyed by flood. On September 21, 2012, a

120-meter-long-earth-rock-dyke of Aung Min Thar village was damaged by flood, and some courtyards were submerged.

After learning the relevant information, the Company sent workers to reinforce the riverbanks. It also completed the project for flood control and management of Chyingkrang Stream in Myitsone.

## V. Enhancing PAPs' Development Ability

ACHC has promoted employment and the development of relevant industries such as catering industry by project implementation, helped PAPs carry out agricultural production, given priority for employment of local people, ensured the local people to get stable and sustainable income sources, and helped PAPs to improve their vocational skills and living standards.

### Viewpoint of stakeholder

“ The two resettlement villages developed by ACHC are fine, but there is some room for improvements in terms of livelihoods of villagers. I hope the Company could help them resolve this issue. I want to express my appreciation to the Company for its rice donation, but it is not a permanent solution. The best way is to help villagers take the path of self-reliance. ”

— Than Tun, Chief Engineer of Electric Power Bureau of Kachin State

### Promoting local employment

During the construction period, ACHC has given priority to employ local residents and recruit employees from PAPs, and provided technical trainings for them. But with the suspension of the project, most of them have lost their jobs.

### Assisting agricultural production

The Myanmar Government has allocated cultivated land and forest land for PAPs by taking reference of their physical indicators. In 2010, we have helped the PAPs reclaim the cultivated land, offering each household 100,000 Kyats for land leveling, 30 kg of rice seed and 50 kg of chemical fertilizer.

Offering PAPs

**100,000**

Kyats for land leveling

**30**

kg of rice seed

**50**

kg of chemical fertilizer

### Boosting industrial development

The ACHC has provided stable and low-priced energy by implementing the Projects, supporting the development of manufacturing, service and other industries. The Company has also built trade markets for PAPs, making the normal operation of local small commodity trading possible. These actions have improved the income of PAPs. Some programs for the stage of “sustainable development” have been started.

Impacted by the suspension of the Myitsone Project and wars in the northern Myanmar, many programs relating to community economic development have not been implemented as planned as these programs need the support of power supply and project construction. With the evacuation of the Company's workers, the local business has entered into a period of slump. The original programs for “maintenance and sustainable development” stages have encountered various difficulties. At present, we are actively studying feasible solutions for helping villagers resolve their livelihood problems.

### Planned work at stage of “sustainable development”

Employment	Since 2012, the Company has established a local labor service company, giving priority to recruit employees from PAPs. The Company has also provided skill trainings for PAPs, boosted local employment and skill levels, increasing the income of local families.
Industry	Deliver the electricity generated by Chibwe Nge to resettlement villages and the surrounding areas, so as to promote the development of local industrial enterprises. At present, the plan is being carried out.
Commerce and service industry	Encouraging PAPs to provide vegetable, eggs, milk and other products, and developing local trade and service industries.
Modern agriculture and breeding industry	Conducting negotiation with local government to develop modern agriculture and breeding industry at the surrounding areas of the Projects, which can not only offer farm products and animal husbandry, but boost the export through the ports of Kambaiti and Panwa.
Tourism	After the completion of the Projects, to help develop local tourism by using the high-end roads, grand landscape of cascade HPPs and beautiful natural and cultural landscapes.
Non-polluting industry	Relying on the high-quality power supply of the Projects to develop non-polluting industries.

Case

**Concept of Myitkyina – Myitsone Economic Corridor**

To achieve sustainable development, ACHC has put forward the concept of building Myitkyina – Myitsone Economic Corridor. This corridor will become an energy center of Myanmar, a storage battery for promoting Myanmar’s economic development, and a vital link for connecting China, India and Myanmar’s Mandalay City. Myitkyina City will also become the fourth growth pole after Yangon, Naypyitaw and Mandalay.



Hub for foreign tourists



Hub for import and export in northern Myanmar



Modern animal husbandry park



Modern commercial park



Modern industrial park



Modern agricultural park



Center for talent exchange and training



A relocated resident started cake business at her new house

**Viewpoint of stakeholder**

“ During the period of project implementation, we were running a grocery store and karaoke bar, doing quite well. Our son has worked as a cement worker for the project construction. The suspension of the project resulted in less people, and then less income. We hope the project could restart, there will be more people here, so we could reopen our business and increase our income, reducing the burden for children’s cost of education. ”

— Aung Aung Mi, resident of the new resettlement village of Aung Min Thar



A relocated resident opened a grocery at her new house

## VI. Earnestly Participating in Public Welfare Activities

ACHC has taken initiative to integrate into local communities, heartedly participated in disaster relief, educational training, health care and community construction and other public welfare activities, supported local residents by various means, and promoted harmonious community development.

### Support local educational development

ACHC has actively carried out education-supporting activities, fostered local educational development, donated money and materials for school age children of poor families to enjoy normal education.



Children were doing exercise at a resettlement village school



Ceremony for the donation to a resettlement village school by Management Department of Myitsone HPP

### Case

#### Fully launching "Ayeyawady Hydropower Scholarship"



Outstanding students of a local school received scholarships established by ACHC

The Company held the ceremony for awarding the 2011-2012 ACHC Scholarship at the Aung Min Thar middle school, donating 1.7 million Kyats.

Donating  
**1.7**  
million Kyats to  
the Aung Min Thar  
middle school

#### Donating school supplies to teachers & students



Students participating in the audio-visual education course at resettlement village school

On July 7, 2011, ACHC held the ceremony for donating school supplies including clothes, stationery and umbrellas to 1,399 teachers and students of the Aung Min Thar middle school at the new resettlement village. The supplies donated by the Company were valued at 9,363,843 Kyats, or about 11,700 US dollars. ULa John Ngan Sai, Chief Minister of Kachin State, was present at the ceremony upon invitation.

## Supporting disaster relief activities

We have actively participated in disaster relief activities, donating anti-malaria and anti-dengue fever medicine to local people, and dispatched fire brigade to help fight fire in Myitkyina for 15 times.

Helping fight fire in Myitkyina for

**15**

times



Fire fighting in Myitkyina

### Donations of ACHC for disaster relief

May, 2008	The Company donated 100 million Kyats (97,800 US dollars) to victims of the tropical Nargis storm in Kachin State.
March, 2010	The Company donated 50,000 dollars to Myanmar's earthquake-stricken Shan State.
June, 2012	The Company donated 20 million Kyats to war refugees of 27 settlements in Myitkyina.
November, 2012	The Company donated 25 tons of supplies including mineral water, instant noodles, rice and salt to the "11/11" earthquake-stricken Thabeikkyin, valuing at 15 million Kyats.

#### Viewpoint of stakeholder



Thanks very much for the good deeds done by ACHC. The Red Cross will transfer the emergency supplies to the quake-stricken areas as soon as possible.

— U Maw, Chairman of the Red Cross Society of Mandalay

## Supporting local infrastructure construction

During the period of project construction, ACHC has built many roads and bridges for the local people. It reconstructed the Panwa Border Gate paved 2.3 kilometers of road in Chipwi and 2.5 kilometers of road in Panwa, reconstructed 18.1 kilometers of road from Myitkyina to Chyingkrang village, maintained 95 kilometers of road from Myitkyina to Kambaiti and 170 kilometers of roads from Myitsone to Sumprabum, and constructed about 200 kilometers of road from Chibwe to Kaunglanhpu. The total investment reached more than 20 billion Kyats, providing great convenience for local residents.



On November 17, 2012, the ACHC held ceremony for donating supplies to Thabeikkyin, the worst-hit area of the "11/11" earthquake, at the conference hall of the headquarters of the Red Cross in Mandalay

Investing

**20**

billion Kyats for constructing roads and bridges



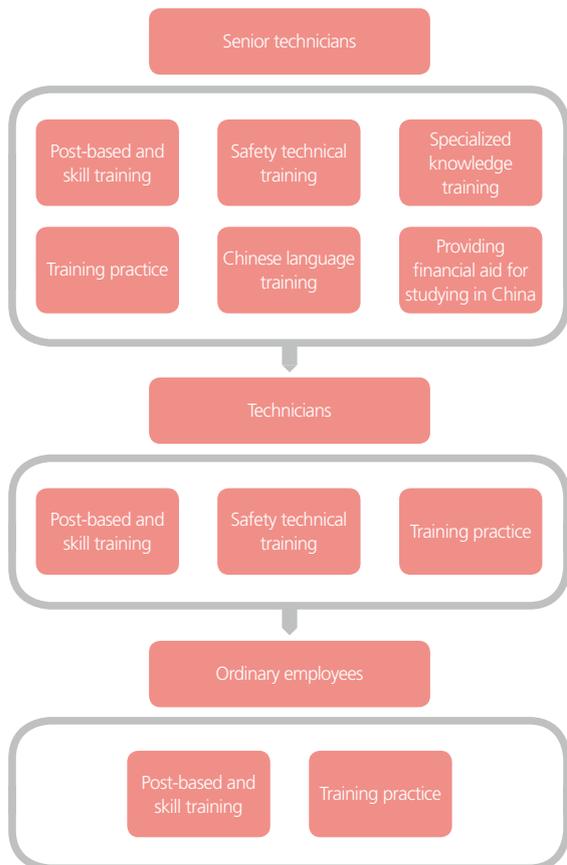
## Achieving Common Development with Employees

Adhering to the concept of “Put people first”, ACHC has provided broad development space for employees, conducted trainings and on-job training for of employees, safeguarding their occupational health, caring for their life and strived to realize the common development between the enterprise and employees.

## I. Helping employees achieve career development

During the period of project construction, ACHC has conducted professional trainings for hydropower operation and maintenance staff of Myanmar, and carried out post-based and skill trainings for technicians as well as safety technical training for employees, so as to help them improve specialized ability and quality, boosting their career development.

### Training system for employees



### Case

#### Providing professional training for hydropower management staff of Ministry of Electric Power of Myanmar



Sponsor the first batch of 20 Myanmar electric technicians to study in China

ACHC has provided training for the hydropower management staff of the Ministry of Electric Power of Myanmar free of charge, with 60 trainees at the first stage. From September to December, 2011, the first batch of 20 trainees has received a three-month theoretical and practical training at relevant colleges and large HPPs. At the next stage, the training activities will be conducted in batches gradually in accordance with the progress of the Projects.

#### Conducting post-based and skill trainings for technicians



Conducting skill training for employees

During the project construction, ACHC has conducted day-to-day post-based and skill trainings for the staff of Myanmar, about 5,000 persons trained totally.

## Case

**Training for operation and maintenance staff of Myanmar**

Conducting training and practice activities

From February, 2012, ACHC has conducted professional skill trainings and organized training practices for the staff of Myanmar at the Chibwe Nge HPP.

**Growth story of a local employee**

"I have been worked at Myitsone construction site for three years. There are many reasons why I like my company. Firstly, we have a clearly defined management system; secondly, the sanitary condition is good and we have dedicated doctors; thirdly, it could broaden my horizon and improve my Chinese language level.

At the beginning, I was a cleaner, now I work as a receptionist, which improved my job skills. I would like to work here for a long time, but the suspension of the Project made me worry about losing the job, it's a good job opportunity, I hope the project could be resumed".

—— Ah Mai, a woman employee at Myitsone construction site

**Growth story of a Myanmar security chief**

In July, 2010, Kyaw Kyaw Aung worked as a property security guard in Myitsone. In May, 2011, he acted as vice-chief of the security guard squad. And in 2012, he was promoted as security chief. He has attended training courses covering security knowledge, fire control knowledge and hazard identification.

"I like my job as a security guard, and I am willing to work at Myitsone construction site. With good work environment and comfortable living conditions, we Myanmar workers are treated fairly in the Company. We celebrated festivals of both countries together, and carried out various recreational and sports activities. We also got many souvenirs. We enjoy our food and lodgings with the Chinese workers. And we also have a relative higher salary in Myitkyina".

—— Kyaw Kyaw Aung, Security Chief of Management Department of the ACHC

## II. Safeguarding Occupational Health of Employees

ACHC has attached importance to provide a safe and healthy work environment for employees. At the work site, labor protection products are put in place and used correctly, with medical rooms and better management on infectious diseases such as malaria, dengue fever and AIDS. The Company has conducted regular disinfection and distributed preventive medicines; carried out food safety check; and participated in relevant publicity activities conducted by the United Nations.



Conducting physical examination and epidemic prevention for employees

## III. Focusing on Employee Care

ACHC has attached importance to employee care, offering a comfortable working and living environment for them. The Company respects the customs of local employees, and arranged separate living and accommodation quarters for them. It also organized diversified recreational and sports activities, held celebration for local festivals and offered home leave for employees.

### Employee's testimonial

“ Our company often organizes recreational and sports activities. For example, the day-to-day work review contest and sports activities such as basketball, table tennis, and badminton are held in the afternoon regularly. ”

“ One of the good traditions of the Company is to celebrate all festivals for employees, regardless of their religious beliefs. ”

— an employee at Myitsone construction site

Employees' recreational and sports activities



Employees were celebrating the Water Festival



Employees participating in Karaoke contest



Employees were celebrating the Dragon Boat Festival

## Outlook

We will continue to adhere to the sustainable development concept of “Providing Green Energy and Serving the General Public”, constantly focus on regional ecological protection, strive to promote local economic development, spare no efforts to support local community, take initiative to protect religions and ethnic culture, realize friendly cooperation and achieve mutual benefits and win-win results.

We will continue to pay attention to regional ecological protection. We will cooperate with the Myanmar Government to promote the third-party evaluation on the Projects. In the future construction, we will effectively implement environmental protection measures in accordance with relevant requirements.

We will strive to boost the local economic development. We will continue to promote the apartfrom construction work of other six cascade HPPs apart from Myitsone HPP. We will actively conduct communications with the Kachin State Government, and try our best to realize power generation of the Chibwe Nge HPP, making contributions to the economic development of Myitkyina, resettlement villages at Myitsone, and Chipwi as well as the improvements of living standards of the people there.

We will spare no efforts to assist the local government to do community development activities properly. We will continue to supply electric power for PAPs, help PAPs maintain their houses and the infrastructure, help improve the educational and medical conditions of resettlement villages, carry out electric knowledge popularization activities, train professional hydropower technicians, promote the development of breeding, processing and other industries in the resettlement villages, actively assist local government in formulating feasible and practical livelihood solutions, for example, plantation, breeding and other skill trainings for villagers, and make positive efforts to improve the living conditions of resettlement villages.

We will help to protect local ethnic cultures properly. We will continue to focus on the local religions and ethnic cultures, engage experts to conduct research on local ethnic cultures, and better protect the religions and ethnic cultures.

We will continue to conduct communications and further understanding with various parties of Myanmar, implement project construction on the basis of cooperation and mutual benefits, and jointly promote the economic development and improve the people's living standard in Myanmar.

## Appendix

### Initiative by Chinese Enterprises in Myanmar

Myanmar is linked with China by common mountains and rivers, and the two peoples have enjoyed friendship since very ancient times. As crucial components of the economy of the two countries, Chinese enterprises in Myanmar bear the heavy responsibility of promoting economic and trade cooperation between the two countries. In order to create an atmosphere of harmonious management and also make the cooperated projects with Chinese enterprises benefit Myanmar people, we call for the Chinese enterprises to:

1. Consciously abide by the laws and regulations in Myanmar and China. enhance legal sense, study, obey, and use the law; strictly follow the law and pay taxes in accordance to the law.
2. Establish the concept of integrity. strictly carry out obligation stated in contracts and agreements; behave with courtesy and honesty, compete fairly, adhere to moral self-discipline to attain the trust of Myanmar society and people.
3. Protect the environment. Strictly perform in accordance to the requirements of Myanmar and China laws; conscientiously implement the environmental assessment and management system; launch environment protection works; eliminate or minimize the environment impact through measures such as application of environment protection technology.
4. Positively response to the appeal of Myanmar government, reinforce cooperation with local enterprises, make great effort to increase job opportunities, abide by the Myanmar labor laws and regulations, standardizing the recruitment and management of Myanmar staff, reinforce the management of safe production, protect staff's safety, sanitation and health during work.
5. Enhance the sense of social responsibility, positively promoting public welfares. play our advantage to do more practical deeds to Myanmar society; attach importance to public relation works, actively get involved into local communities, respect local religious faith; actively communicate and cooperate with local organizations, create a fair, transparent and stable investment environment.
6. Utilize the enterprise advantages, support culture, technology communication and civil activities.



## Third-Party Evaluation

I have carefully read the “ACHC Social Responsibility Report, 2010-2012” (hereinafter referred to as the “report”), and hereby made the following comments:

This report was the first social responsibility report released to the public by the Upstream Ayeyawady Confluence Basin Hydropower Co., Ltd. (ACHC). The release of the report has fully reflected the ACHC's sincerity in terms of taking initiative to enhance communications with stakeholders and accepting social supervision as it was established just over two years ago. By reading the report, I have learned that the ACHC, adhering to the social responsibility concept of “Offer Green Energy and Serve the Public”, has actively fulfilled social responsibility and made positive efforts in promoting the sustainable development of Myanmar's economy and society.

As far as I know, during the compiling process, the ACHC has managed to visit various stakeholders including experts and scholars both from China and Myanmar, government officials and religious leaders of Myanmar, immigrants of dam areas, employees, social media, and representatives of partners, issued dozens of questionnaires, and collected opinions and suggestions of different parties to the company and its social responsibility report, which laid a solid foundation for identifying key topics and improving the responsiveness of the report.

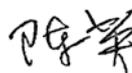
By taking reference of the “ISO 26000 – Guidance on Social Responsibility” of the International Organization for Standardization (ISO), the “Sustainability Reporting Guidelines (G3.1)” of the Global Reporting Initiative (GRI), and other international standards and guidelines, the compiled report was featured with clear logic and detailed contents. The report covered all the work and performance of the ACHC in the relevant fields of social responsibility, and the main characteristics were as follows:

Firstly, the report achieved several innovations. Starting from the expectations and pursuits of stakeholders, the report conducted research on key topics and used the measures the company has taken to respond these expectations and pursuits. It also inserted contents relating to stakeholders' comments, acting as evaluation to the results. In this way, a closed-loop was formed. And the report reflected the characteristics of the ACHC and the concerns of stakeholders in a deep-going way. For example, the contents concerning with “constructing safe water conservancy project” was closely related to Myanmar's local characteristics, and the contents relating to “protecting ecological environment of the basin” and “supporting local community development” directly reflected the concerns of stakeholders.

Secondly, the report fully reflected the concept of localization. Large part of the report was devoted to introducing the efforts the ACHC has made in protecting Myanmar's ethnic culture, supporting local community development and committing to the localization of employees, reflecting the company's ideas of respecting multiculturalism, taking initiative to integrate into local society and achieving common development with local communities.

Thirdly, the report profoundly reflected the connotation of sustainable development. It emphasized that the ACHC has focused on the coordination of the development of the company, society and environment in sections relating to economy, environment, safety, employee and community, reflecting the company's profound understanding of the connotation of sustainable development.

In conclusion, featuring with rich contents and distinct characteristics, the report met the international mainstream requirements of corporate social responsibility, and was a high-quality one. I hope that the readers of Myanmar and the world at large could know about the ACHC and its social responsibility practices in Myanmar by reading this report, so as to jointly make efforts to support the prosperity and development of Myanmar.

  
Chen Ying

Former Member of the UN Global  
Compact Board  
Former Member of the China Expert  
Panel of the ISO 26000 Working Group

It is at large a very clear and visual report for a very debated and complex project. It seems ACHC, has worked hard to adhere to the code of conducts and guidelines the company have committed itself to though everything can always be debated when large investments are performed.

The Stakeholders engagement has been performed from our side working with young persons and children it is encouraging to see that children has been invited to comment and listen to. It is critical to assure their voice constantly and also to address beyond the important community development projects ACHC already embarked on a sustainable and fair development for the population of Myanmar and the effected region.

As working with child rights we hope that ACHC will over time commit to the newly launched Child rights and business principles and thereby always commit them selves to put the best interest of the child at heart of the operations which we believe is critical.

**Sanna Johnson**

Executive Director  
  
 Center for Child-Rights & Corporate  
 Social Responsibility

The first social responsibility report of the Upstream Ayeyawady Confluence Basin Hydropower Co., Limited is a laudable effort that comes close to international practice and is based on excellent international standards such as UN Global Compact and GRI. The report covers a lot of ground and gives a good overview of the project's achievements regarding, for example, its contribution to the growth of the local economy, its efforts in protecting the environment and the support of the local community development. One point especially worth mentioning lies in the fact that various stakeholders are quoted in the document, thus giving readers the opportunity to better understand parties such as government officials, technical staff, but also local villagers and religious leaders, not all in favor of the project. This document is a good example of how better transparency can be achieved through rigorous corporate social responsibility reports. I hope this effort will be pursued in the future.

**Olivier Ruelle**

Communication Consultant  
  
 Late Anchor of the CCTV-E&F Channel

## Related Standards and Laws & Regulations

### Relevant international standards

Operational and Safeguard Policies of the World Bank

- OP/BP4.00 -- Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects
- OP 4.01 - Environmental Assessment (Annex A – Definitions; Annex B - Content of an Environmental Assessment Report for a Category A Project; Annex C - Environmental Management Plan)
- BP/4.01-- Environmental Assessment (Annex B, Application of EA to Dam and Reservoir Projects)
- OP/BP/4.04 -- Natural Habitats (Annex A, Definitions)
- OP/BP4.36 -- Forests
- OP/BP4.37 – Safety of Dams
- OP/BP7.50 -- Projects on International Waterways
- OD4.20 -- Indigenous Peoples
- OP/BP4.12 -- Involuntary Resettlement
- OP4.11 -- Physical Cultural Resources
- OP/BP7.60 --Projects in Disputed Areas

Pollution Prevention and Abatement Handbook (World Bank, 1998)

### Relevant laws, legal documents and international conventions

Union of Myanmar Conservation of Water Resources and Rivers Law (2006)

Union of Myanmar Environmental Protection Law (2012)

Union of Myanmar Forest Law

Union of Myanmar Wildlife and Natural Areas Protection Law (1994)

Union of Myanmar Foreign Investment Law

Regulations of Union of Myanmar Foreign Investment Law

Convention on Biological Diversity (Rio de Janeiro, 1992)

### Relevant guidelines and documents

European Commission Directorate-General for Energy and Transport

The SEA Manual: A sourcebook on environmental assessment of transport infrastructure plans and programmes, 2005

European Commission, (2001) Guidance on EIA -- EIS Review

## Ten Principles of the UN Global Compact

Ten Principles of the UN Global Compact	Actions in 2010-2012
<p><b>Human Rights</b></p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Adhering to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and other conventions and declarations; abiding by the laws and regulations of Myanmar; never engaging in any acts inconsistent with the respect for human rights; and safeguarding the dignity of employees.</p>
<p><b>Labour</b></p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>Strengthening dialogue and exchange with employees; adhering to the principle of equal consultation; prohibiting forced labor and child labor; establishing a selection and appointment mechanism featuring openness, fairness, competitiveness, and merit-orientation; opposing various forms of discrimination; abiding by the requirements of laws and regulations with respect to compensations of employees; conducting various trainings for employees; enhancing occupational safety and health management; and improving work environment.</p>
<p><b>Environment</b></p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Conducting environmental impact assessment for the basin; focusing on the protection of biodiversity; setting up professional environmental protection team to conduct environmental management; protecting vegetation, animals, and water environment in the areas influenced by project construction; disposing waste slag and household waste; controlling air quality and noises.</p> <p>By the end of 2012, the investment for environmental impact assessment and special-topic research has reached 6.683 million dollars. Investment for environmental protection of the projects such as the HHPs of Chibwe Nge, Myitsone and Chipwi has amounted to nearly 10 million dollars.</p>
<p><b>Anti-Corruption</b></p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Enhancing transparent operation and opposing corruption in all its forms.</p>

## Index of GRI Indicators (G3.1)

Serial Number	GRI Standards	Index
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organization	P2
1.2	Description of key impacts, risks, and opportunities	P4
<b>Organizational Profile</b>		
2.1	Name of the organization	P6
2.2	Primary brands, products, and/or services	P16
2.3	Operational structure of the organization, including main divisions, operating companies subsidiaries, and joint ventures	P7
2.4	Location of organization's headquarters	Back Cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	P8
2.6	Nature of ownership and legal form	P6
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	P15
2.8	Scale of the reporting organization	P15,19
2.9	Significant changes during the reporting period regarding size, structure, or ownership	P8,15,40
<b>Report Parameters</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Inside Front Cover
3.4	Contact point for questions	P58
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures suppliers). See GRI Boundary Protocol for further guidance	Inside Front Cover
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Inside Front Cover
3.12	Table identifying the location of the Standard Disclosures in the report	P50
<b>Governance, Commitments, and Engagement</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	P7
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	P7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	P49

Serial Number	GRI Standards	Index
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	P10
4.14	List of stakeholder groups engaged by the organization	P10-11
4.15	Basis for identification and selection of stakeholders with whom to engage	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	P10-11
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	P16,22-24,30,P34,40-41
<b>Economic</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	P18,43
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	P15-17,19,40-41
<b>Environment</b>		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	P15
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	P23
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	P23
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	P23
EN30	Total environmental protection expenditures and investments by type	P25
<b>Labor Practices &amp; Decent Work</b>		
LA1	Total workforce by employment type, employment contract, and region broken down by gender	P19
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	P47
<b>Society</b>		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	P33

## Feedback Form

ACHC values your opinion on this social responsibility report. Please feel free to give your suggestions and views and feedback them to us, so that we can continuously improve the reporting quality.

Have you learned what you want to know about in this report? If not, please specify the topics you are interested in.

Which part (parts) of this report are you most interested in? \_\_\_\_\_

Please tell us your:

Name ..... Tel. ....

Occupation ..... Organization .....

Address .....

Postal Code ..... Fax ..... Email .....



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