



Environmental and Social Management System

General Procedure 1.1.2: Policy Cycle

1. Objectives

To manage the environmental and Social Impacts and Risks of the HKI project in a systematic way using the Plan-Do-Check-Act cycle as the core of an Environmental and Social Management System, including requirements for HCV, FSC and SMK3.

2. Scope

Environmental and Social management activities of the HKI project

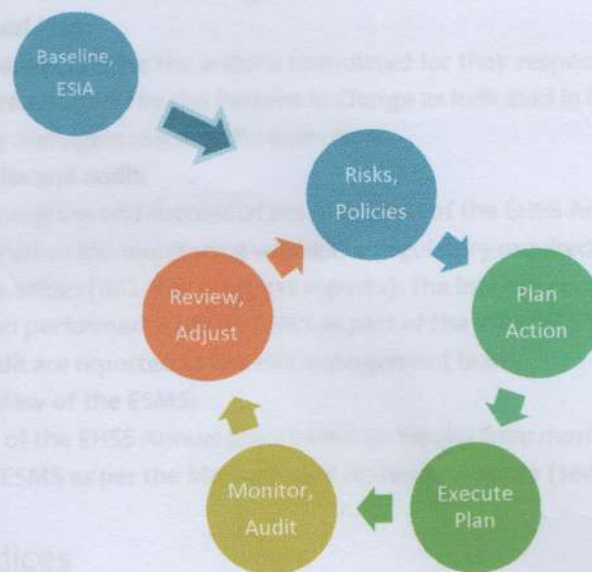
3. Responsibilities

Management Team of PT HKI: it is management's responsibility to set EHSS policies, set priorities and budgets for the Annual plan and review the functioning of the ESMS

Environmental, Social and Health & Safety Managers: these staff functions are responsible for presenting significant impacts (from ESIA), risks (from HIRA) and regulatory requirements to enable prioritisation for the Risk register and the Annual plan and to monitor execution

Department line managers: it is the department manager's responsibility to ensure the HIRA is conducted and that the Annual plan is executed

1. Steps



1. Baseline, ESIA: Conduct assessment of environmental and social risks of the project
2. Develop risk register with input from ESIA, HIRA, Regulatory requirements, policies and results from management review
3. Develop the EHSS Annual plan: set priorities, budget actions
4. Execute the annual plan, driven by persons in charge for each action
5. Monitor the results (2 or 4 x per year) and conduct audit (as part of internal control audit) on progress and functioning ESMS (once per year)
6. Review functioning of ESMS (once per year): evaluate policies, vision, objectives and targets



1 Determine impacts and risks of the project:

Environmental and social impacts are assessed through the ESIA (see section 1.2) and the HCV assessment. The health and safety risks are assessed through the HIRA (see section 2.2.1.2). The Emergency Preparedness and Response Procedure (see section 1.10) identifies which scenarios of risks for the project and for communities could lead to emergencies.

2 Develop / Update Risk Register:

Prioritise the significant environmental and social impacts (from ESIA) and risks (from HIRA) that need to be managed through the Annual Plan.

Develop an overview of Regulatory requirements with regards to Environment, Health & Safety and Social aspects. These requirements are firstly from Indonesian regulations, but also from the Forest Stewardship Council (FSC).

Prioritise those requirements where the organisation is non-compliant.

Compare the priority list of impacts, risks and non-compliances with policies, vision, objectives and targets as set by top management and the results from the last Management Review. Enter the main risks in the Risk Register.

3 Develop Annual Plan:

Starting with the significant impacts, main risks and non-compliances develop the EHSS Annual plan by defining actions for the coming year, action holders (Persons in Charge), budgets, time schedule, monitoring points and success criteria/milestones.

Annual plan to be endorsed by HKI Management team.

4 Execute the Annual Plan:

The department managers drive the actions formulated for their respective departments in the EHSS Annual plan. The actions are executed by the Persons in Charge as indicated in the Annual plan. Environmental, social and health & safety managers assist in the execution.

5 Monitor the results and audit:

Monitoring of the progress and success of the execution of the EHSS Annual plan is conducted by the EHSS staff department. Part of the monitoring will be the regulatory required monitoring reports to the environmental authorities (RKL-RPL progress reports). The internal control department audits the implementation and performance of the ESMS as part of the internal control audit. The overall results of monitoring and audit are reported to the HKI management team.

6 Management review of the ESMS:

Review the results of the EHSS Annual plan (based on results from monitoring and audit) as well as the functioning of the ESMS as per the Management review procedure (see section 1.1.4).

1. Appendices

- A Distribution list of this procedure
- B Definitions
- C References / related documents
- D Process Flow



Appendix A

Distribution of this procedure

Appendix B

Definitions

ESIA: the Environmental and Social Impact Assessment as required by IFC Performance Standard 1

ESMS: The Environmental and Social Management System of PT HKI

FSC: the Forest Stewardship Council for forest products

HCV: High Conservation Value forest

HIRA: the Hazard Identification and Risk Assessment as required by the Indonesian management system for occupational health and safety (SMK3)

SMK3: *Sistem Manajemen Kesehatan dan Keselamatan Kerja*, the Indonesian management system for occupational health and safety

Appendix C

References / related documents

1. IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
2. P-HKI-PNR-CERT-02: Audit Internal
3. P-HKI-PNR-CERT-03: Tinjauan Manajemen

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