



Framework for the Establishment of an Environmental Management System

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FRAMEWORK FOR THE ESTABLISHMENT OF AN ENVIRONMENTAL MANAGEMENT SYSTEM

A. Introduction

1. HNA Airport Group Company, Limited (HAG) is committed to ensure that its operations will not create adverse environmental and social impacts. In this regard, HAG will establish and effectively operate an appropriate Environmental Management System (EMS). HAG has committed to developing a structured and detailed EMS at both the corporate and subsidiary companies level. The EMS framework will comprise the following elements: an overall policy objective for HAG, environmental assessment processes and procedures consistent with good practices in the civil aviation sector, formal organizational capacity, training opportunities, and monitoring and reporting mechanisms.

2. The framework is based on an understanding of (i) the extent to which HAG can manage environmental and social aspects of its business; and (ii) environmental and social impacts of airport operations and its associated facilities.

B. Environmental Policy Framework

3. HAG will formulate an explicit corporate policy for the environmental and social management of its business. The EMS is a tool to ensure that the corporate environmental and social policy will be efficiently and effectively implemented by all its business units and subsidiary companies. This section proposes a policy statement and guiding principles for implementing the policy as part of the normal conduct of the business.

1. Suggested Policy Statement

4. The environment policy should: (i) be relevant to activities; (ii) comply with relevant environmental legislation and standards; (iii) commit to the prevention of pollution; (iv) commit to continual improvement; (v) commit to setting environmental objectives and targets; (vi) be known to employees and public; and (vii) adopt, wherever and whenever possible, clean technologies in design, construction, and operation of airport facilities

2. Guiding Principles for Policy Implementation

5. The following guiding principles are suggested for implementation of HAG's environmental and social policy:

a. Guiding Principles for HAG Head Office

- (i) HAG will avoid any construction on intensively inhabited land or on ecologically or socially sensitive areas. Examples of such sensitive areas are cultural sites and swamp forests.
- (ii) HAG will ensure that the land, if any, provided by the local government have no pending issues with the former occupants related to compensation and resettlement assistance.
- (iii) HAG will review the project environmental impact assessment and the recommended Environmental Management Plan (EMP) to identify gaps or inadequacies that could undermine environmental and social integrity of the

project. If such inadequacies are found, HAG will initiate dialogue with relevant agencies on measures to improve the environmental impact assessment and EMS.

- (iv) HAG will review the detailed designs and specifications prepared by the engaged design institutes or firms to ensure that they are environmentally sound and fully comply with the EMS.
- (v) HAG will include in the construction contracts appropriate environmental and social management clauses related to the EMS, and ensure that the contractors fully comply with the environmental and social management clauses and applicable rules and regulations of the national and local governments.
- (vi) HAG will fully comply with the environmental monitoring¹ and reporting requirements during construction as prescribed in the EMP and in compliance with applicable national and local laws and regulations.
- (vii) HAG will fully comply with environmental monitoring and reporting requirements during the operation of project facilities as prescribed in the EMP in compliance with applicable national and local laws and regulations.
- (viii) HAG will develop and maintain a management system designed to assure continued environmental and health and safety compliance and support continuous performance improvement.
- (ix) HAG will create a structure to monitor the environmental performance of each subsidiary company in such areas as noise, air pollution, water use, waste management, energy use and greenery.
- (x) HAG will report on its environmental and social management activities as set out in the EMS and as part of its annual reports.
- (xi) HAG will implement an appropriate public information program related to its environmental and social management activities.
- (xii) HAG will continue to be an active partner of the communities in which it operates.

b. Guiding Principles for the Subsidiary Companies

- (i) Each subsidiary company will establish an appropriate EMS to ensure full integration of environmental and social management with its routine operation and maintenance of airport terminal and associated facilities.
- (ii) Each subsidiary company will efficiently operate airport terminal and associated facilities including environmental management facilities such as the wastewater treatment plant and solid waste management facilities to ensure full compliance with the appropriate national and local laws and regulations, and efficient use of energy and water resources.
- (iii) Each subsidiary company will prepare and strictly implement a health and safety plan specific to its operations.
- (iv) Each subsidiary company will implement an appropriate public information program related to its environmental and social management activities.
- (v) Each subsidiary company is encouraged to be part of the community in which it operates.

¹ Environmental monitoring activities include waste, wastewater, health and safety management, noise and air emissions and applicable corrective actions for all stages of the project.

C. EMS Design Framework

1. EMS Elements and Activities

6. The EMS elements will be in line with the four main tasks of management: Plan, Do, Check, Act. These elements involve different activities during construction and operation of project stages of a project. Activities at the corporate and subsidiary company levels are also different in scope and extent. The activities at the corporate level are focused on overseeing the environmental and management activities carried out at the subsidiary company level.

2. Work Processes and Procedures

7. In setting up the EMS, HAG should establish clear work processes and procedures or guidelines for all tasks at the corporate and subsidiary company levels, including:

a. HAG Head Office

- (i) review of environmental impact assessment, EMP, and detailed designs prepared by the engaged design institutes or firms and approved by the local governments as necessary;
- (ii) changes or modifications of the EMP and detailed designs;
- (iii) review of the environmental, health, safety and social management plan of the contractors' proposals;
- (iv) preparation and incorporation of environmental and social management clauses in the construction contracts;
- (v) audit of environmental and social management compliance during the construction and operation of the airport terminal and associated facilities, and rectification of noncompliance and partial compliance; and
- (vi) reporting the company's corporate environmental and social performance.

b. Subsidiary Companies

- (i) Monitoring and evaluation of contractor's compliance with environmental and social management requirements in the contract during the construction and operation stage;
- (ii) Preparation of environmental and social management plan as part of its wastewater treatment plant and solid waste management facilities/equipment (incinerator, garbage trucks and garbage cans) operational plan;
- (iii) Monitoring and evaluation of environmental and social activities as parts of routine operations of the airport terminal and its associated facilities;
- (iv) Coordination with the local environmental protection bureau to keep updated on the recent requirements on environmental monitoring and inspection activities; and
- (v) Reporting the company environmental and social performance.

3. Organization

a. HAG Head Office

8. HAG should have an Environmental and Social Management Unit under the Planning and Construction Department. Designated technical staff (i.e. Environmental Engineer),

supported by professional assistants, will be responsible to operate and implement the EMS. The manager of the unit should report directly to the general manager of the Planning and Construction Department. Health and safety aspects of the airport operations should be included in the EMS.

b. Subsidiary Company

9. At the wastewater treatment plant, the environmental and social management activities are carried out as part of routine airport operations of associated facilities. For example, the effluent and sludge disposal management are normally a part of the operation and control of the wastewater treatment plant. However, the results of environmental and social management should be reviewed and evaluated separately from those of the normal treatment plant operations.

10. The organization for EMS operation at the subsidiary company level should be simple. It is proposed that the head of the Operations and Safety Department concurrently serves as environmental and social manager. His/her main tasks will be monitoring and evaluation of the environmental and social performance of the company and compliance to applicable government environmental regulations and reporting to the general manager.

4. Budgeting

11. Expenses incurred in environmental and social management at the subsidiary company level should be included in the budget for operation of the treatment plants and solid waste management. Expenses incurred in environmental and social management at the corporate level, including training, will be part of the corporate overhead expenses.