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JUN 02 2003

DENR ADMINISTRATIVE ORDER
NO. 2003 - 14

**SUBJECT : CREATING THE PHILIPPINE ENVIRONMENT
PARTNERSHIP PROGRAM TO SUPPORT INDUSTRY
SELF-REGULATION TOWARDS IMPROVED
ENVIRONMENTAL PERFORMANCE**

Article I

Policy Statement, Objectives and Definition of Terms

Pursuant to and in line with the policy of the State to promote the people's right to a balanced and healthful ecology, the Philippine Agenda 21, Executive Order 192 [Sec 5, (h)(6), PD 1152 (Sec 58)] and the Medium Term Philippine Development Plan (1999-2004) Clean Air Act of 1999, Pollution Control Law [PD 984, Sec 6 (f)(g)], Ecological Solid Waste Management Act (Article 1, Section 2 (h), Environmental Code (PD 1152, Sec 57), and recognizing that Environmental Management System (EMS), Pollution Prevention/Cleaner Production (P2/CP) are significant programs to reduce pollution and promote sound environmental management, this Order is hereby promulgated to encourage and support establishments to adopt self-regulation for improved environmental performance through the provision of regulatory assistance and other incentives under the Philippine Environment Partnership Program (PEPP).

Section 1. Basic Policy

It is the policy of the State to promote sustainable development by encouraging the business and/or industrial sector to engage in environmental improvement activities and advance self-regulation and mandatory compliance with environmental standards.

Section 2. Objectives

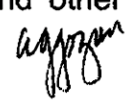
- 2.1 To promote mandatory self-monitoring and compliance with environmental standards and to encourage voluntary self-regulation among establishments for improved environmental performance.
- 2.2 To provide incentives and package of assistance to establishments particularly the small and medium enterprises to achieve pollution prevention/cleaner production process.
- 2.3 To build or enhance the capability of establishments and/or their associations on self-regulation.

- 2.4 To strengthen the capability of the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB) and other Environmental Authorities in implementing the PEPP towards industry self-regulation.

Section 3. Definition of Terms

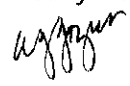
For purposes of this Order, the following terms shall mean as follows:

- (a) Environmental Authority (EA) – primarily refers to the DENR, the Environmental Management Bureau, the Laguna Lake Development Authority, and other government agencies vested by law with the responsibility and authority to implement environmental laws and regulations in order to prevent or reduce impacts of activities that may be harmful to the environment.
- (b) Environmental Management System (EMS) - is a part of the overall management system of a project or organization that includes environmental policy, organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining an improved overall environmental performance.
- (c) EMB PEPP EMS - an environmental management system as defined above but scaled down in terms of focus. Its significant features include commitment and procedures for public disclosure of acceptable indicators of the company's environmental management system and performance, commitment and procedures for public participation in the EMS process, commitment to pollution prevention, compliance with the minimum requirements of environmental laws and commitment and procedures to assist host communities in environmental protection and resource conservation. The EMB PEPP EMS may be upgraded by a company to ISO 14001- based EMS.
- (d) Environmental Consent Agreement (ECONA) - an agreement entered between the DENR/EMB and by an establishment or industry association under Track 2 herein described, i.e., after the establishment or industry association expresses its intention to achieve improved environmental management and performance within the context of implementing an EMS. The ECONA shall state the environmental plans and commitments of the participating organization vis-à-vis its EMS or the prescribed Environmental Management Plan. It is a legally binding document or contract that creates legal rights and obligations for the signatories.
- (e) Environmental Management Bureau (EMB) - a line agency of the DENR that sets the environmental standards such as for air and water quality as well as supervises, regulates and enforces these standards and other environmental rules and regulations.



- (f) **Environmental Management Plan (EMP)** - the plan to achieve the environmental objectives and targets of a facility implementing the EMS. It includes the designation of responsibility, means, time frame and budget by which they are to be achieved. It details the EMS Programs of the company to prevent, mitigate, compensate, and monitor its environmental aspects and impacts.
- (g) **Environmental Management System Audit** - a systematic and documented verification process of objectively obtaining and evaluating evidence to determine whether an organization's EMS conforms with the requirements of the EMB PEPP EMS or an EMS standard such as PNS 1701. It also involves communication of audit results to management.
- (h) **Establishments** - industrial and commercial establishments, in general, both public and private, including agri-industrial facilities, manufacturing and commercial enterprises and other facility services.
- (i) **Industrial Environmental Management Geographic Information System (IEM GIS)** - a decision support system comprising of spatial, textual and statistical attributes of a facility such as its company profile, technical and permit data, location and proximity to important ecosystems like food baskets and tourism areas. It shall assist the EMB Self Regulation Management and Coordinating Unit (SRMC) in strategic planning, review and assessment.
- (j) **Industry Association** - a group of establishments belonging to the same category or type of business usually organized and registered as an association or organization.
- (k) **Interested Person/Party** - a person or party or his/her representative who can be affected by the operations of an establishment participating in Track 2.
- (l) **Laguna Lake Development Authority (LLDA)** - attached agency of the DENR which regulates and monitors activities in the Laguna de Bay region, and has the exclusive jurisdiction to issue permit for the use of all shoreland areas, all surface and ground water for any project or activity in or affecting the said region including navigation, construction, and operation of fishpens/fish enclosures, fish corrals and the like.
- (m) **Permit** - the authority issued by the DENR/EMB or the LLDA to a company to engage in or conduct any construction, operation, modification or expansion of any installation, operation or activity that may be reasonable expected to be a source of pollution.
- (n) **Permittee** - the owner, operator or entity who owns, leases, operates, controls or supervises any source, facility, machine or equipment for which a permit is issued.

- (o) Permit to Operate - the authority granted by the EMB to operate or maintain any facility, machine, equipment or installation for a specified period of time.
- (p) Permit Condition - a stipulation issued with a permit, of which compliance is necessary for continued validity of the permit.
- (q) Philippine Environment Partnership Program (PEPP) - the partnership program between government, industry and civil society to promote improved environmental management and performance of industry. This cooperation involves the provision of Program of Support to industry by PEPP partner agencies and institutions to encourage industry's proper and sustained implementation of EMS and Pollution Prevention.
- (r) Pollution Adjudication Board (PAB) - a Board under the Office of the DENR Secretary composed of the Secretary as Chairperson, two (2) Undersecretaries, the EMB Director and three (3) members to be designated by the Secretary. The Board performs powers and functions with regards to the adjudication of pollution cases under Presidential Decree (PD) 984, Sec 6 (e), (f), (g), (k) and (p), The EMB serves as Secretariat of this Board.
- (s) Pollution Prevention and/or Cleaner Production - terms often used interchangeably. North America tends to use Pollution Prevention (P2) while the rest of the world utilizes Cleaner Production (CP). The US Environmental Protection Authority (USEPA) defines pollution prevention as the use of materials, processes or practices that reduce or eliminate the creation of pollutants or waste at the source. UNEP defines cleaner production as the continuous application of an integrated preventive environmental strategy to processes, products and services to increase overall efficiency and reduce the risks to humans and the environment. For processes, CP results from one or a combination of conserving raw materials, water, energy, eliminating toxic raw materials and reducing the quantity and toxicity of all emissions and waste at source during the production processes. For products, CP aims to reduce the environmental, health and safety impact of products over their entire life cycles, from raw materials extraction, through the manufacturing and use, to its "ultimate" disposal of products. For services, CP implies incorporating environmental concerns into designing and delivering services. Implementation of a P2/CP Program within the context of an Environmental Management System is one of the qualification criteria for Track 1.
- (t) Self-regulation - an approach to environmental management which involves voluntary actions by establishments to prevent pollution and/or mitigate negative environmental impacts through planning and control of their own activities or operations within a defined legal framework or standard even without direct intervention by the environmental authority. It



includes setting performance objectives that may even exceed regulatory compliance requirements.

- (u) Small and Medium Enterprise (SME) - a business establishment that has been classified as such by the Department of Trade and Industry-Small and Medium Enterprise Development Council (DTI-SMEDC).
- (v) Superior Environmental Performance - sustained implementation of an EMS with Programs for at least three (3) years that address both the regulated and unregulated aspects and impacts of a facility including a Pollution Prevention/Cleaner Production Program.
- (w) Registered EMS – an environmental management system that has been verified or audited to conform to an EMS standard, such as ISO 14001 or PN'S 1701. The certifying organization is one duly accredited to perform the EMS audit and issue a certification.

Article II

Philippine Environment Partnership Program

Section 4. Scope and Coverage


The Philippine Environment Partnership Program (PEPP) shall cover all establishments that are governed by relevant environmental laws, rules and regulations.

Section 5. Program Categories or Tracks

There shall be two (2) categories or tracks of participation of establishments in the PEPP. Track 1 shall cover establishments with proven or demonstrated superior environmental performance while Track 2 shall govern establishments aiming for improved environmental performance but are not yet in full compliance with the administrative and/or technical requirements of environmental laws. Application to either Track shall be made using the prescribed Application Form.

5.1 Features of Track 1

Track 1 shall involve public recognition and regulatory assistance, financial and fiscal incentives to establishments that have a track record of superior environmental performance. Superior environmental performance as defined in Section 3 includes sustained implementation of EMS for at least three (3) years with Programs that addresses the regulated and unregulated significant aspects and impacts of an establishment including a Pollution Prevention/Cleaner Production Program. Similar environmental programs may be



considered under this Track, provided, these programs satisfy the elements and requirements of the EMB PEPP EMS.

5.1.1 High-profile recognition/reward

Establishments that qualify as Track 1 shall be rewarded with the DENR Official Seal of Approval. This seal may be used in the packaging or advertising of the establishment symbolizing its environment-friendly operations. This seal shall be valid for one year and shall be renewable yearly. It may be forfeited anytime for any violation or non-compliance the establishment to the criteria of the Recognition Program.

5.1.2 Regulatory assistance

A qualified establishment may avail of regulatory assistance that shall take any of the following forms:

- a) Relaxation of reportorial requirements as to frequency of submission and consolidation of self-monitoring reports
- b) Simplified requirements for securing ECC for an expansion project of an existing establishment.

5.1.3 Financial assistance

A qualified establishment may be provided preferential access to appropriate financial assistance from PEPP partners such as the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP), subject to compliance with the standard requirements of these banks.

5.1.4 Fiscal incentives

Fiscal incentives such as, but not limited to, tax credits and/or accelerated depreciation deductions may be provided pursuant to Section 1 Rule XXIII of the Clean Air Act and/or subject to compliance with the standard requirements of the appropriate government agency.

5.1.5 Other assistance

Enterprises may avail of technical and/or technology information assistance on appropriate pollution prevention/cleaner production technology from the DENR and DOST and other concerned agencies/institutions.



5.1.6 Qualifications

The qualification criteria for establishments to participate under Track 1 shall include the following:

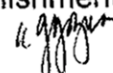
- a) No case(s) filed with the Pollution Adjudication Board (PAB) for 3 years prior to the date of application.
- b) Full compliance with all applicable environmental laws, rules and regulations.
- c) Proven record of superior environmental performance as shown in an Audit Report of the EMS to be prepared by a third party auditor subject to review and validation by DENR-EMB. An EMS registered with a duly accredited certifying agency and maintained for at least three years shall be acceptable as a substitute for this requirement.

5.2 Features of Track 2

Track 2 shall cover establishments that are not yet in full compliance but nonetheless aiming to improve environmental performance. It shall involve the use of the Environmental Consent Agreement (ECONA) as defined in Section 3. Definition of Terms. The ECONA aims to bind an establishment to enforceable provisions indicating that the responsible party shall comply with environmental rules and regulations within the context of implementing an EMS within eighteen (18) months of entering into said agreement using scope and procedures specified in Philippine National Standard 1701 on establishing an EMS or in the EMB PEPP EMS as defined in Section 3. It shall also incorporate requirements for environmental performance through timetables and reporting of performance, in addition to commitments and procedures adopted in the Environmental Management Plan (EMP). Establishments proposing timetables longer than eighteen months for reaching compliance shall be required to first conduct a public consultation before the Consent Agreement is finalized. Its implementation shall be subjected to the provisions below.

5.2.1 Approaches to Track 2

Participation in Track 2 shall be either by establishment or an industry association. Participating establishments shall enter into an Environmental Consent Agreement (ECONA) with the DENR-EMB to achieve regulatory compliance pursuant to the terms and conditions of the ECONA. An industry association may conduct preliminary discussion with DENR-EMB on behalf of its members, and may enter into an agreement together with its interested member-establishments.



a) Establishment

An establishment may participate in this Program by entering into an ECONA with the DENR-EMB. The participating establishment shall be required to submit an Environmental Management Plan using the prescribed EMP outline within 6 months from entering into an ECONA. The EMP should be developed within the context of an EMS.

b) Industry Association

An industry association may enter into an ECONA with the DENR-EMB in the spirit of promoting self-regulation. The ECONA may be negotiated between DENR-EMB and the officials of the industry association but shall be signed by officials of both the association and the participating individual establishments. Participants shall be bound by the terms of the ECONA and shall be held accountable for compliance with their respective commitments. The industry association shall be responsible for monitoring compliance to the ECONA of its participating member-establishments.

5.2.2 ECONA signatories

a) Individual Establishment


The signatories of the ECONA shall be the Chief Executive Officer/President of the participating company and the EMB Director.

b) Industry Association

The signatories of the ECONA shall be the President of the concerned industry association/group, the member companies and the EMB Director.

5.2.3 Qualifications

The qualification criteria for establishments to participate under Track 2 shall include the following:

- a) Explicit company policy to achieve superior environmental performance.
- b) Self-reporting of self-discovered non-compliance with environmental regulations.
- c) Submission of all Track 2 documentary requirements. 

Establishments with pending pollution cases with the PAB or LLDA have to seek endorsement from the PAB or LLDA to participate under this Track.

5.2.4 Grounds for Termination of ECONA

DENR-EMB may terminate an ECONA upon the request of the establishment or if the establishment is in substantial non-compliance, refuses to amend an ECONA, is unable or unwilling to meet commitments to improved environmental performance or has not addressed substantive issues raised by a majority of the interested persons/parties affected by the operations of the establishment.

5.2.5 Regulatory assistance

Regulatory assistance shall have the following forms:

- a) Phased timetable for attaining compliance to regulations ranging from 18 to 30 months within the context of implementing an EMS.
- b) Flexible payment schemes.
- c) Simplified requirements for securing an Environmental Compliance Certificate (ECC) for an expansion project of an existing establishment.
- d) For companies operating without an ECC and are covered by the EIS system, the EMP prepared within the context of an EMS shall be acceptable as basis for issuance of an ECC and a waiver or reduction of corresponding penalties.

5.2.6 Financial and other assistance

Like establishments participating under Track 1, establishments under Track 2 shall be provided access to appropriate financial assistance from PEPP's partner banking institutions subject to compliance with their respective standard requirements for borrowing. Participating establishments shall likewise be encouraged to utilize other mechanisms that adopt the cooperative mode of establishing and implementing EMS.

Fiscal incentives such as, but not limited to, tax credits and/or accelerated depreciation deductions shall also be provided, subject to compliance with the standard requirements of the appropriate government agency.



Establishments may avail of technical and/or technology information assistance on appropriate pollution prevention/cleaner production technology from the other concerned agencies/institutions.

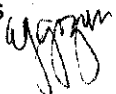
Article III Evaluation and Monitoring of EMPs

An Environmental Management Plan (EMP) as defined in Section 3. Definition of Terms, shall be submitted to DENR-EMB under both Track 1 and Track 2 to serve as proof of commitment of an establishment to manage its significant aspects and impacts including compliance to environmental rules and regulations. It shall comprise of data inclusive of but may not be limited to environmental programs, objectives and targets of an establishment as well as the means or resources, designation of responsibility and procedures needed to attain the objectives, targets and programs. It shall be used as reference of the parties in the ECONA in evaluating the progress or level of accomplishments of an establishment relative to its environmental management and performance. An EMP shall be reviewed and evaluated subject to the provisions below.

Section 6. Creation of Self-Regulation Management and Coordinating Units (SRMCU)

The DENR-EMB shall designate a Self-Regulation Management and Coordinating Unit at the Head Office and equivalent Units at the EMB Regional Offices. These units shall have the following functions:

- a) Review, evaluation and recommendation for Director's approval of all submitted EMPs.
- b) Provision of assistance in the setting up of EMS and preparation of the EMPs and ECONAs.
- c) Coordination with PEPP partner institutions concerned in the implementation of EMPs and/or compliance monitoring.
- d) Maintenance of a program database (that is gender disaggregated as appropriate).
- e) Review and evaluation of the efficiency and effectiveness of self-regulation policy.
- f) Preparation of the Program's Accomplishment Report and Annual Work and Financial Plans



The Laguna Lake Development Authority (LLDA) may create an equivalent unit to perform similar functions within its jurisdiction.

Other EAs may complement or support DENR-EMB and/or LLDA in the evaluation and monitoring of EMPs and other environmental self-regulation functions and responsibilities. However, these shall be subject to agreements between DENR-EMB or LLDA and the other environmental authorities.

A database management system for the program shall be developed and managed by the various SRMCU in coordination with the EMB-MIS to serve as part of its decision support system.

Section 7. Environment Reporting and Auditing

7.1 Environmental Reporting

- a) The participating establishments under Track 2 shall submit environmental reports quarterly and annually to the EA based on the format prescribed by EMB. The time schedule for submission shall be prescribed individually by the EA concerned. Those participating under Track 1 shall have less frequent reporting requirements as specified by EMB.
- b) The report shall present the measures that have been taken in order to fulfill all relevant environmental requirements as well as the results. The report shall be signed by the Company's CEO and the EO/PCO concerned.
- c) The Annual Environmental Report, which shall be submitted to the EA concerned within a prescribed period, shall be audited and certified by an independent and accredited environmental auditor. EMB shall establish a system of standards and procedures for accrediting environmental auditors.
- d) Manuals shall be provided to the Regional Offices to effect a standardized system of monitoring.
- e) LLDA may prescribe its own system of reporting, consistent with the provisions of this Order for establishments that it solely regulates.
- f) An establishment shall submit only one (1) Environmental Report, provided that where it is both covered by the DENR-EMB and LLDA according to existing regulations, it shall submit copy of the same report to both offices.



7.2 Environmental Audit

- a) Within 12 months from the effectivity of this Order, the EMB shall establish and implement a system of environmental audit following generally accepted best practice. It shall adopt a manual of audit to be used as guide.
- b) The EAs may undertake the environmental audit. However, EAs may have the option to allow an external/independent auditor to audit the establishment's compliance with the EMP and environmental regulations.
- c) The EA shall have the right to be present during the environmental audit of the establishment.
- d) Expenses for the conduct of the audit shall be borne by the establishment.

Article IV Education and Training

The DENR-EMB shall design and implement a training program on self-regulation that may include industry-specific training manuals for EAs and EOs/PCOs. The participation of industry associations shall be encouraged in the formulation of the manuals.

Section 8. Training of DENR-EMB/EAs

Training of personnel of DENR-EMB/EAs shall include modules on the principles of self-regulation, preparation and approval of reports, practices of systematic inspection, environmental monitoring and auditing, correctional orders and sanctions, gender sensitivity and gender responsive planning exposure training among others. Expenses to be incurred shall be borne by their respective offices.

Section 9. Training of Establishments

- a) The EOs/PCOs shall undergo training on self-regulation. The training module for establishments shall include, among other things, the preparation of environmental management programs, quarterly and annual environmental reports, inventory of chemicals/chemical products, instructions and routines, gender sensitivity and gender responsive planning training and mandatory self-monitoring.
- b) The CEOs shall undergo training on the modalities/arrangements and instruments on self-regulation; implementation of their respective EMPs that includes planning for future compliance, evaluation and reporting on environmental performance related to the Plan and compliance with



environmental regulations; and the distribution of environmental responsibilities within the company.

- c) EMB shall also organize an informal national network for EOs/PCOs to serve as a mechanism for the exchange of information and experiences. An Internet website on self-regulation practices shall be developed by the EMB for continuing education of the concerned personnel of the EAs.
- d) Training expenses shall be borne by the establishments.

Section 10. Information Dissemination

EAs and partner institutions shall conduct a massive information, education and communication campaign to ensure understanding and successful implementation of self-regulation.

Section 11. Phased Implementation

While this Program shall be of nationwide application, the DENR-EMB may phase its implementation not to exceed three years in geographic or sectoral pilot areas.

Section 12. Implementation Review

The PEPP shall undergo periodic review and evaluation to enhance its implementation. DENR-EMB/LLDA/EAs may engage the participation of the PEPP partners and the industries/industry associations in the review process.

Section 13. Confidentiality

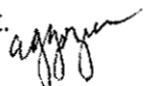
The DENR-EMB/EAs shall ensure that all records on business and trade secrets of participating establishments shall be treated as confidential. The confidentiality assurance shall be applicable at all levels of the DENR.

Section 14. Issuance of Supplemental Guidelines

The EMB Director may issue clarificatory or supplemental guidelines and orders for the effective implementation of this Order.

Section 15. Separability Clause

In the event that any provision of this Order is held invalid or null and void, the validity of the other provisions shall not be impaired by such declaration and shall remain valid and in effect.



Section 16. Repealing Clause

All orders, circulars and instructions inconsistent herewith are hereby repealed or amended accordingly.

Section 17. Effectivity

This Order shall take effect after fifteen (15) days from date of publication in at least two newspapers of general circulation and date of filing of three (three) certified copies thereof with the University of the Philippines Law Center."


ELISEA G. GOZUN
Secretary

PUBLICATION:

Manila Times	-	June 06, 2003
Philippine Star	-	June 06, 2003