

CSR MANUAL
PT GAJAH TUNGGAL Tbk



DRIVEN BY NATIONAL PRIDE

for the betterment of Indonesian society and global sustainability



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Business Activities

Manufacture and trade rubber products, including tires and inner tubes for all vehicle type, and also producing tire cord and synthetic rubber.

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1 Gajah Tunggal Sustainability Policy Statement

GT Philosophy

Our philosophy is that we are “Driven by National Pride” to excel as Good Corporate Citizen of Indonesia. We, PT Gajah Tunggal Tbk, would like to establish a sustainable business model that creates positive value for our Stakeholder's. We want to establish a Corporate Culture in which our employees and the nation can take pride. Therefore, our decisions and actions will be undertaken in a responsible way that contributes to the betterment of Indonesian Society and also towards Global sustainability.

Sustainability to GT means

We want to continue building and maintaining a tire related manufacturing business, while promoting efforts that would safeguard the wellbeing of our employees, customers and neighbouring communities, contribute to the prosperity of our economic Stakeholders, as well as supporting conservation efforts that seek to preserve the natural environment in balance with the related threats from a developing global economy.

Definition of Corporate Social Responsibility (CSR)

CSR is one of the key mechanisms GT has chosen, that involves employees and local communities principally and disadvantaged communities at large, to build our reputation as a good corporate citizen. CSR will also contribute toward attaining and maintaining GT's quest for a sustainable future wherever it is domiciled. CSR is also reflective of GT's desire to act responsibly for the positive and negative impact created by our corporate decisions and operations.

CSR Objective

Through our CSR projects/programs we are committed to show how a Good Corporate Citizen can pursue a more holistic approach in improving Stakeholders value, pride in our Core Business and respect for the Conservation of our Natural Environment, while minimizing any negative impact that might arise from our decisions and business operations.

¹⁾ Stakeholder is any person, or group, who has an interest in the project or any decision or could be potentially affected by its delivery or outputs.

Focus (Scope) of CSR

In order to achieve our objective, we intend to focus effort on four main pillars (refer to Figure 1):

1. **Natural environment:** by reducing our carbon footprint and supporting conservation projects for sustainability of our natural environment.
2. **Wellbeing:** for our employees by assisting them consider lifelong learning from recruitment to retirement; providing a safe working environment through health and education; and ensuring they are proud of the company and its values.
3. **Society:** by addressing the impact of our operations on the local community and giving additional knowledge and skills, through targeted health and education initiatives, to enable the community to create a sustainable livelihood.
4. **Economy:** by creating value for the economic prosperity of all internal and external stakeholders through job creation and career path.

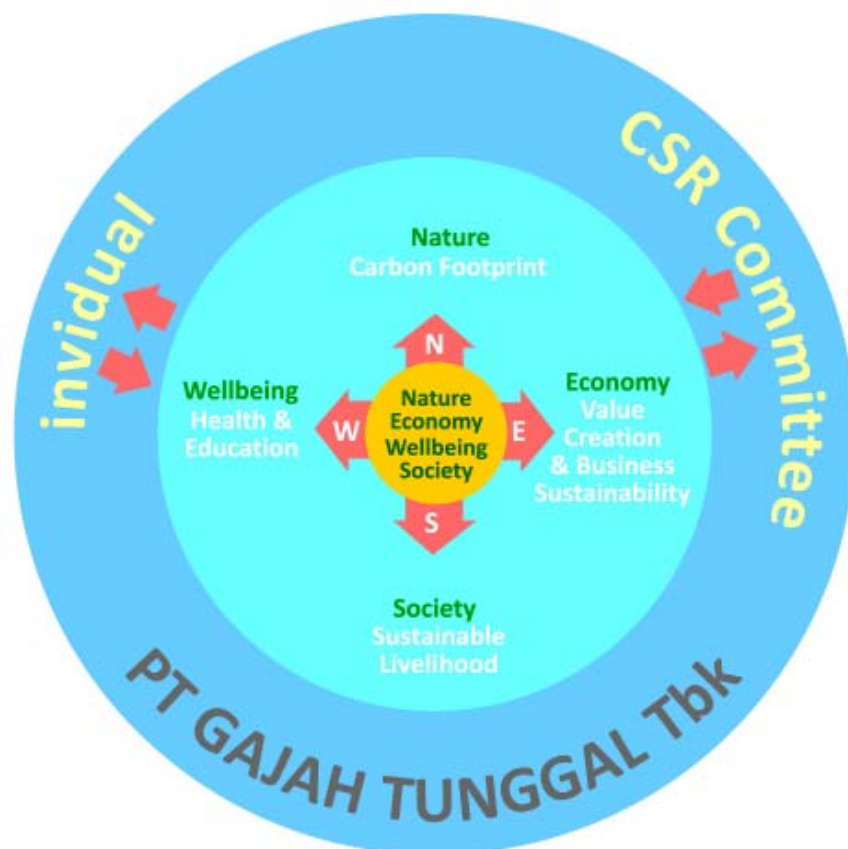


Figure 1: Four Pillars

Rationale for Implementing CSR

GT aspires to be a socially responsible company by building upon our existing core values. As such we intend to adopt an integrated approach to manage any impact of our decisions and activities on the four pillars through transparent and ethical behaviour that:-

- Contributes to sustainable development, including the health and welfare of society;
- Takes into account the expectations of stakeholders
- Is in compliance with applicable local laws and consistent with international norms of behaviour; and
- Is integrated throughout our company and promoted in our relationships with others in our sphere of influence, including our entire value chain from our suppliers, operations, and through to our customers.

Adoption of this approach will enable GT to:

- Maintain corporate/brand goodwill as our competitive edge;
- Enhance our Company's reputation;
- Ensure we are able to attract and retain our human resources;
- Maintain employees morale, commitment & productivity;
- Influence the view of investors, owners, and the local communities; and
- Maintain good relationship with companies, associations, governments, the media, suppliers, customers and the community in which we operate.

Our Core CSR Principles

GT shall comply with the following core principles:

1. **Accountability** for our impact on the four pillars
2. **Transparency** of all of our decisions and activities that impact the four pillars
3. Behave **ethically** at all times
4. **Respect**, consider and respond to the interests of our **stakeholders**
5. **Respect** for the **rule of law**
6. **Respect international norms** of behaviour
7. **Respect human rights** as set out in the International Bill of Human Rights

Application of the CSR Policy

This policy shall be applied at all levels including individuals who are responsible for their own activities, department/business unit managers, and through to the BOD (Board of Directors) who are charged with the responsibility for the establishment and maintenance of the CSR program including its policy, commitment of resources to maintain the program and the achievement of the GT's vision and mission. The "GT CSR Manual" will set out the "how to" requirements to achieve this policy and philosophy.

Policy Linkage

This policy aligns with all other extant policies and forms an integral part of GT's Strategic Plan and Governance Structure. If related policies are not currently available that reflect our four pillars, then guidance for addressing them (in the future) can be found in ISO26000:2010 and in particular for:

- The Natural Environment: "The Carbon Disclosure Project"; KLH (Indonesian Ministry of Environment) Guidance for CSR in Natural Environment;
- The Society: "AA1000 Stakeholder Engagement Standard";
- The Economy and Wellbeing: "GT 2012 Business Plan" and "Code of Ethics for Indonesia Good Corporate Governance", GT "HSE (Health, Safety, and Environment) Policy".

Responsibility & Accountability for CSR

- The BOD shall be responsible and accountable for the integration of CSR within the organization's processes and ensuring there is an appropriate sustainability culture.
- The GT CSR Committee is responsible to the President Director and shall be accountable for the management and administration of the CSR program within this policy and the CSR Manual.
- General Managers shall be responsible for submitting proposals for the CSR program to the Committee for consideration and the latter shall acknowledge, reward and publicize good CSR practices.
- The Internal Audit department shall be responsible and accountable for the provision of advice, support and review of the CSR program.
- The CSR Director should be suitably qualified in CSR, be responsible for overseeing the development and implementation of the CSR program and manual, and be the BOD advisor for all matters concerning CSR.



Figure 2: CSR Committee Structure

Commitment of Resources

To implement this CSR Policy, GT is committed to allocate some resources consistently and continuously. The commitment can take any or all of the following forms:

1. Continuous capacity building for individual employees.
2. Creating and maintaining the application of “GT CSR Manual”.
3. Allocating specific funds from our budget towards CSR activities and projects.
4. Engaging external CSR/Sustainability specialists to support our CSR commitment.
5. Continuous Improvement of the CSR Policy & manual.

CSR Methodology to be used

GT shall use International Standards Organization: ISO/FDIS 26000:2010 as the basis for our CSR manual.

Documentation Requirements & Reporting Protocols

The level of documentation required and reporting protocols shall be detailed in the CSR manual. Documentation compliance shall be mandatory. GT shall use the guidance defined in the Global Reporting Initiative (GRI) as the basis for our Sustainability Reporting.

Policy Review

This policy shall be reviewed by the CSR Committee and the BOD, as a minimum, every 12 months to ensure it remains current and valid.

CSR Credibility Assessment

A series of formal external and internal based audits shall be conducted on a regular basis so that both compliance and continuous improvement can be achieved.

CSR Committee

The CSR Committee is appointed by the Main Board and shall comprise representatives from all aspects our value chain as depicted in the CSR Committee Structure (Fig 2). The quorum is any four members or at least 51% of the Committee, led by CSR Director and Head of CSR.

Authority of CSR Committee

The CSR Committee is authorised by the Main Board to review activities within the business with respect to CSR. It is authorised to seek the information it requires from, and require the attendance at any of its meetings of, any Director or member of management. All employees are expected to cooperate with any request made by the Committee.

The Committee is authorised by the Main Board to obtain, at reasonable Company's expense, independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

These terms of reference may be amended from time to time as required, subject to approval by the Main Board.

Roles and Responsibilities

The responsibilities and objectives of the CSR Committee are as follows:

1. Monitor and review the effectiveness of the GT's strategy for, and management of, significant social, environmental and reputational issues.
2. Responsible to the President Director and shall be accountable for the management and administration of the CSR program within this policy and CSR Manual.
3. Ensure that every designated manager submit proposals for the CSR program on time to the Committee for consideration.
4. Acknowledge, reward and publicize good CSR practices.
5. Attend to the Internal Audit department's provision of advice, support and review of the CSR program.
6. Responsible for overseeing the implementation and continuous improvement of the CSR program and manual, and be the BOD advisor for all matters concerning CSR.
7. Review the policy together with the BOD, as a minimum, every 12 months to ensure it remains current and valid
8. Implementing GT CSR Policy and administering GT commitment to allocate some resources consistently and continuously for:
 - a. Continuous capacity building for individual employees
 - b. Creating and maintaining the application of "GT CSR Manual"
 - c. Allocating specific funds from the budget towards CSR activities and projects.
 - d. Engaging external CSR/Sustainability specialists to support GT CSR commitment.

2 Manual Overview

Background

PT Gajah Tunggal (GT) as an Indonesian company has as its Vision Statement “to be a Good Corporate Citizen with a solid financial standing, demonstrated market leadership and a global reputation as a manufacturer of quality tyres”.

To ensure GT achieves its vision statement as well as its obligations, Corporate Social Responsibility (CSR) will be one of its primary mechanisms. The CSR Policy defines the philosophy, focus, priority of effort and responsibilities.

This Manual is a Step by Step guide² for those individuals who will be held accountable and responsible for the implementation of CSR projects within GT.

Manual Objective

The objective of this manual is to detail the processes and activities to successfully design, implement, evaluate, measure, report and finally terminate a CSR project³.



Figure 3: Plan-Policy-Manual Linkage

²) ISO 26000 has been used as the authoritative document to develop this manual. Wherever practical it should be read in conjunction with this manual.

³) For the purposes of this manual the word “project” may also be replaced by the word “program”.

Strategic Plan-CSR Policy-CSR Manual Link

The GT Strategic plan sets the overall guidance for the direction of the company and its operations to meet the needs and expectations of its shareholders and stakeholders. The GST CSR policy is aligned to this strategic plan. This policy provides the guidance and direction for all of our CSR projects. This manual is the technical description about how to implement the GT CSR Policy.

How to use this manual

In designing CSR projects, the CSR committee, team members and those responsible for CSR must comply in the first instance with the GT CSR policy. The manual will provide detailed guidance, templates and examples to assist in the practical application of CSR.

Applying CSR in GT

CSR in GT also means “Citizen Social Responsibility”. This expanded definition means all members of GT shall apply socially responsible behaviour at all times. CSR in GT will become in due course part of our corporate culture, which is practiced by each and every one of us in daily lives.

At the individual level, we shall encourage the practice Eco-Living in GT, which includes, among other things:

- a) Turning off lights and Air Conditioner (AC) whenever not in use
- b) Setting the AC temperature between 23°C and 24°C
- c) Unplugging computers, printers, chargers, TVs when not in use
- d) Using water wisely (turning off taps)
- e) Using glasses for water instead of plastic/glass bottles of mineral water
- f) Reducing the use of Plastics and Styrofoam packaging
- g) Separate waste (between organic and non-organic) and dispose of these in designated trash receptacles
- h) Reusing and recycling paper from photocopiers and printers
- i) Use refillable markers, pencil, pen and ink cartridges

3 CSR Procedures

What is a GT CSR Project?

For the purposes of this manual a GT CSR project is a set of interrelated activities with a defined start and finish time, designed to achieve one or more of the four main pillars⁴. When GT is developing and implementing more than one project simultaneously then these projects will form the GT CSR program. Individual projects will start and finish progressively under the CSR Program structure.

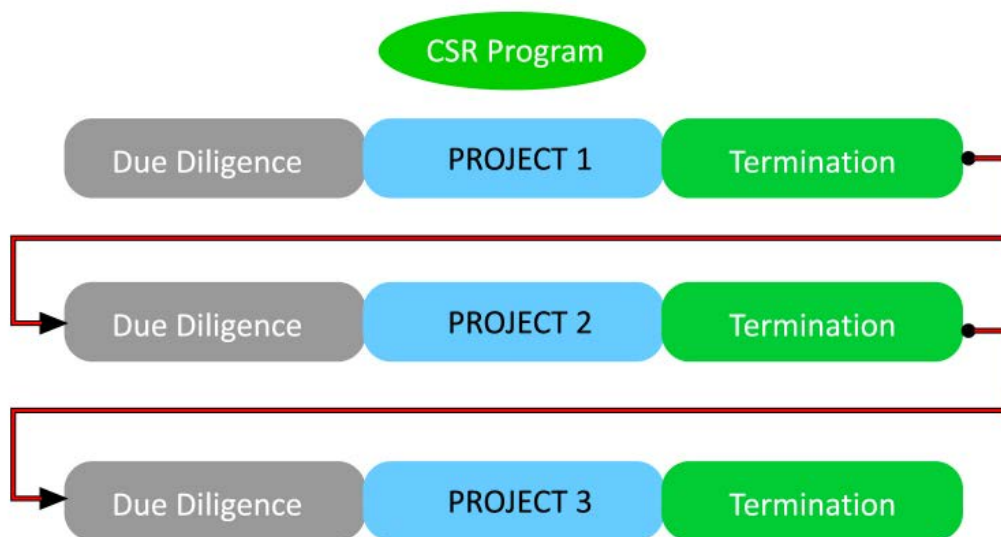


Figure 4: CSR Program Structure

CSR Project Governance & Life-cycle

All CSR projects will be designed, implemented, reported, measured and terminated using a project based approach. To ensure each project remains aligned to our 4 main pillars, and have the highest probability of delivering the original agreed benefits, a phase gate and governance review process will be used. The process GT will use is based on the nine (9) phase “Radyati-Simmonds CSR Life Cycle” model that ensures a continuous process of stakeholder engagement and monitoring and review from start to finish whilst embedding a number of Phase Reviews (hold points) to confirm that the project remains on track:

⁴) Description in Fig 1 of the GT CSR Policy Statement



Figure 5: Radyati-Simmonds Project Governance & Life-cycle Model

Phase Descriptions

Figure 5 provides a description in broad terms of the major outputs for each of the Life-cycle Phases and Governance process. Each Phase of the Life-cycle has a Section of this manual dedicated to it. Within each section there will be explanations, guidance and tools and techniques provided to successfully manage each Phase. Although not a formal Phase in itself there is Project/Program Governance which includes Monitor & Review, Stakeholder Engagement and Phase Reviews where these aspects are not covered under specific Phases.

Phase	Output
1. Due Diligence	<ol style="list-style-type: none"> 1. Activity-Impact Analysis 2. Stakeholder Analysis (Power, Legitimacy, Urgency) 3. Social Mapping
2. Project Proposal	<ol style="list-style-type: none"> 1. RKT (Radyati KIS Tools) 2. Proposal for CSR: <ul style="list-style-type: none"> • “Financial Feasibility model” • “Business Case for CSR project”
3. Planning and Risk Assessment	<ol style="list-style-type: none"> 1. CSR Project Management Plan 2. CSR Project Risk Assessment
4. Implementation	<ol style="list-style-type: none"> 1. Check List from CSR Project Management 2. CSR Project Budget from KIS tools vs Reality 3. Progress reports 4. Change management
5. Handover	<ol style="list-style-type: none"> 1. Asset Transfer 2. Project closure report
6. Project Report and Impact Evaluation	<ol style="list-style-type: none"> 1. Project Report: Compare between Achievement and KIS 2. Impact Evaluation: SROI
7. Maintenance and Sustainability	<ol style="list-style-type: none"> 1. Capacity Building 2. Coaching/Mentoring 3. Commercialization
8. Sustainability/ CSR Report and Communication	<ol style="list-style-type: none"> 1. Sustainability Report 2. Communication Program for CSR Report
9. Termination	<ol style="list-style-type: none"> 1. Legacy: Best-Practice 2. Reward: Acknowledgement and Appreciation for successful CSR project 3. Program Closure Report
Governance	<ol style="list-style-type: none"> 1. Stakeholder Engagement 2. Phase Review

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Phase 1 - Due Diligence

What is Due Diligence?

Due Diligence is process to identify the actual and potential decisions and activities over the entire life-cycle of a project, with the aim of avoiding and/or mitigating negative impacts and enhancing positive impacts.

GT will usually undertake CSR Projects for one or more of the following reasons:

1. **To be Proactive:** GT⁵ may identify potential projects to proactively design its CSR program to address the negative impacts created by our business operations (decisions) or to enhance its positive impacts. For example: Reducing our carbon footprint by recycling used tyres, disposing of our production waste products in a more environmentally and sustainable manner. The CSR project will be designed to achieve those objectives and benefits.
2. **As a Response (Being Reactive):** GT may create a project in response to an issue faced by the company. For example: employees' strike or community demonstration. These issues can disrupt normal business operations. In order to resolve such issues companies design a CSR project to minimize its impact and to prevent its reoccurrence.
3. **As a New investment:** GT may plan to expand our business operation or distribute our business risks. For example: Establishing a new plant in a new area (can be a village, city, or region). Accordingly, GT needs to have detailed information and data about the new area, the stakeholders, and local culture, wisdom and issues. Appropriate projects/program can then be designed to ensure the outputs meet the needs of their new stakeholders as well as achieve the business benefits for GT.

Why is Due Diligence Important?

As Due Diligence is Phase 1 of the CSR Project Life-cycle, it is important to ensure GT is going to deliver the outputs of the project and subsequently the benefits of the project to meet both the community's and our needs. There are too many examples where companies have decided upon and implemented CSR projects for communities only to find out that:

1. The outputs of the project have not met the community expectations,
2. Lead to project and operational disruptions,
3. Created toxic relations between the community and the company, and
4. Failed to deliver the stated benefits.

⁵⁾ in this case GT may mean any individual or Group

Due Diligence Outputs

To ensure the project starts off on a positive foundation, GT CSR projects will conduct Due Diligence. The key outputs of this Phase are:

1. Activity-Impact Analysis
2. Stakeholder Analysis (Power, Legitimacy, Urgency)
3. Social Mapping

How to Complete Due Diligence

Since there are different reasons for the design of CSR projects, then any or all of the following tools can be used:

1. **Activity-Impact Analysis Tools**
2. **“Mitchel-Agle-Wood” Stakeholder Mapping Tools**
3. **“Social Mapping” Tools**

Below is the explanation on how to use each tool. The template for each tool is available in Templates Appendix File.

1. Activity-Impact Assessment Tools (Appendix 1)

These are the steps to use the tool:

- Step 1 - Analyse the positive and negative impact of major activity in the area of Supply; Input; Process; Output; and Customer (SIPOC)
- Step 2 - Make ranking the negative/positive impact based on the most detrimental/important (1,2,3,etc.) to the GT business sustainability
- Step 3 - By referring to the Focus of GT CSR Policy, CSR Committee can decide which positive impact will be enhanced and negative impact will be reduced (Decide which ranking will be addressed (ex: 1,2, 3))
- Step 4 - Identify (list) the stakeholders surrounding the impact chosen

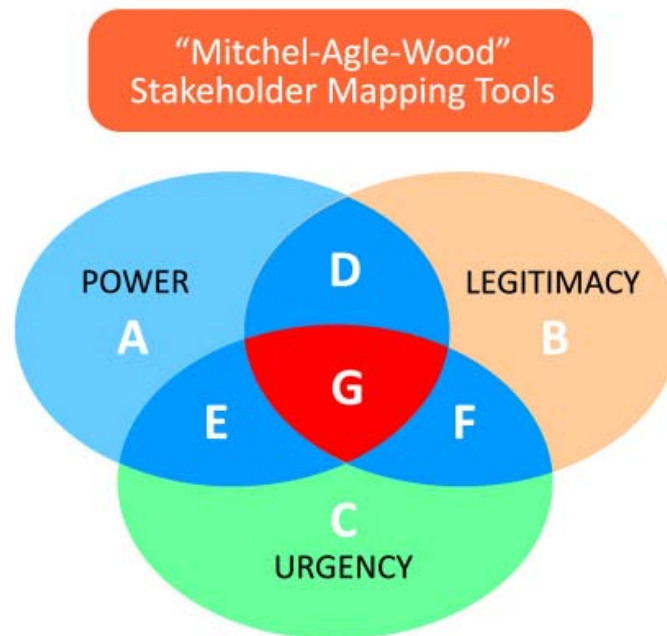
2. “Mitchel-Agle-Wood” Stakeholder Mapping Tools (Appendix 2)

When GT is faced with a community demonstration, there is a need to identify which stakeholders are involved in that issue. Those stakeholders fall into three categories:

1. Stakeholders who have **“power”**: those who have power to influence other and access, whose action might be detrimental to business operation (ex: media, tokoh masyarakat/ agama, thugs, etc.)
2. Stakeholders who have **“legitimacy”**: those who have legitimacy to influence company’s business operation (government; law makers; etc.)
3. Stakeholders who have **“urgency”**: those, if taken for granted, may create disruptive activities that will cause business interruption.

GT must identify which stakeholders fall into every category. Then GT must prioritize to create a CSR project especially designed for those who have all categories, i.e.: power, legitimacy, and urgency.

The diagram for this can be seen below:



3. Social Mapping Tools (Appendix 3)

The objectives of social mapping are, among other things:

1. To present information on village layout, infrastructure, demography, ethno-linguistic groups, health pattern, wealth and other.
2. To be used as simple planning, monitoring and evaluation tools. 'Before' and 'after' maps can be used to record what existed in a community at the beginning of a project and what changes occurred a year later

Social mapping consists of information about, among other things:

1. Demography
2. Geography
3. Local context: local issues, local wisdom, culture, values, norms, local beliefs, etc.
4. General stakeholder mapping: identify who are the 'tokoh' (influential people), and why they are considered as 'tokoh'
5. Community needs assessment and expectations (from the company)
6. Local potential assessment
7. SWOT analysis

Based on the information gathered in social mapping, the company can design a CSR Project/Program in accordance with the Four Focus areas of CSR in accordance with the GT CSR Policy

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Phase 2 - Project / Program Proposal

What is a Project Proposal ?

A CSR Project / Program Proposal defines the key aspects of the project including what is to be delivered, the justification for doing the project and other relevant details to “sell the proposal” for doing the project to the business.

Why is a Project Proposal Important ?

The development of a Project Proposal as Phase 2 of the CSR Life-cycle allows the GT CSR committee to discuss, analyse and then recommend to the Board of Directors (BOD) for approval a list of prioritized projects based on the outputs from Phase 1 – Due Diligence.

Project Proposal Output

Each and every idea for a CSR project must be supported by a Project Proposal which is based on RKT [(Radyati Key Indicators of Success)KIS Tools and a project financial feasibility model]. The key output is a:

1. Project Proposal

How to Complete a Project Proposal

In Phase 1, the CSR Committee has decided the priority issues to be addressed and the relevant stakeholder(s) for each potential CSR project. In this Phase the CSR Committee should take the following steps:

1. Design the specific CSR project using the “RKT (Radyati-Key Indicator of Success Tool)” – Appendix 4
2. Develop the project financial feasibility model for CSR project (Appendix 4)
3. Develop the Project Proposal (Appendix 5). The Structure of CSR Project Proposal is as follows:

- | | |
|---|--|
| I. Background: | VI. Impact Creation for GT and the Beneficiaries (refer to Four Focus (Scope) of GT CSR) |
| II. Objective of the Project: | VII. Project Target |
| III. Output/Deliverables of the Project: | VIII. Key Indicator of Success |
| IV. Assumptions: | IX. Time Frame |
| V. Characteristics of Priority Stakeholders | X. Person in Charge (PIC) |
| | XI. Budget |
| | XII. Project Financial Feasibility |

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Phase 3 - Planning & Risk Assessment

What is Planning & Risk Assessment ?

CSR planning and risk assessment is the process by which a comprehensive implementation plan is developed taking into consideration the risks. In this step the Project Manager analyses the “9 Functions of Project Management” and conducts a Risk Assessment for the chosen CSR Project.

Why is Planning & Risk Assessment Important ?

Planning prevents poor project performance. Without a plan scarce funds and resources could be wasted, key stakeholders may not be engaged, and the project may not deliver the outputs and therefore the agreed benefits may not be realised. It provides the “baseline” from which we can then measure any variances, analyse their impact and implement any resultant changes to that baseline as the project is implemented.

Planning & Risk Assessment Outputs

Each and every CSR project must be supported by a Project Implementation Plan & Risk Assessment. The outputs of this step are:

1. CSR Project Implementation Plan.
2. CSR Project Risk Assessment.

How to Complete Planning & Risk Assessment

This phase requires the Project Manager along with the Project Owner to develop an Implementation Plan that establishes who is going to do what, when and how. Much of the information for the plan can be “copied and pasted” from the project proposal. An example and template has been provided to show the detail needed (Appendix 6).

A risk assessment is also required to support the Implementation Plan. A modified version of a risk assessment tool has been included to provide the guidance needed (Appendix 7).

The completed risk assessment forms an appendix to the Project Implementation Plan.

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Phase 4 - Implementation & Monitoring

What is Implementation & Reporting ?

Implementation and monitoring are the activities of ensuring the completion of all activities and aspects as defined in the Project Implementation Plan.

Why is Implementation & Monitoring Important ?

Whilst planning is important to establish the project baseline (plan) it is equally important to ensure that the project is implemented in accordance with that plan. The project may consume considerable resources such as time, money, equipment and people. It is imperative that the project is kept “on track” so the agreed deliverables and benefits can be realized.

Implementation & Monitoring Outputs

Tracking of the progress of the project requires time and effort. Progress reporting against the baseline is an important management tool. Change management is also critical to ensure costs do not escalate beyond the original baseline and the benefits can still be realized. The outputs of this step are:

1. Progress reports
2. Change Management

How to Complete Implementation & Monitoring

Reporting on the progress of the implementation of the project is done on a regular basis. It generally takes the form of a report. An example of a typical progress report has been provided (Appendix 8). This report can be modified to fit the individual project context. Not all CSR projects will require such a detailed report.

Changes to the CSR project must be controlled and managed. A change request register for each project must be established and maintained. When a change is requested that change must be documented and the impact analysed. A typical change register and change request form have been included (Appendix 9).

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Phase 5 - Handover

What is handover ?

Handover is the process used by the project manager to transfer the ownership of the project deliverable to individual or group who will maintain and sustain the project outputs. It may consist of: a) physical transfer of asset to community; b) train the trainer; 3) creation and handover the operator and maintenance manuals.

Why is Handover Important?

Unless the product(s) of the project are formally handed over to the project owners the project cannot be closed and the benefits realization process cannot commence/continue. Ownership cannot be transferred and therefore GT will continue to be responsible for the project deliverables, and the costs associated with them until that ownership transfer is completed. This will reduce the risk of GT becoming an “ATM” for the project.

Handover Outputs

The Transfer of Ownership document signifies the end of the project and the end of GT’s commitment. The transfer may be part of either a formal or informal ceremony. Every CSR project must prepare and execute a transfer of Ownership document. The output of this step is:

- Transfer of Ownership Document

How to Complete Handover

In order to ensure the transfer of the output(s) of the project to the new owner is completed a checklist has been provided which when signed by the new owners and the representative from GT becomes the legal form of transfer. This document may be supplemented with additional documentation on an “as needed basis”. A formal ceremony reflecting local customs should be included as part of the handover. Until GT supplies a legal document that meets their requirements the template at Appendix 10 can be used.

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Phase 6 - Project Report & Impact Evaluation

What is Project Report & Impact Evaluation ?

The Project Report is the final document completed by the project manager. It consists of a number of components including :

- Impact evaluation – including a comparison between what was actually achieved and the Key Indicators of Success and a Measurement of the Social Return on Investment (SROI)
- Key lessons learned.

Why is Project Report & Impact Evaluation important ?

This phase assists GT to review both the project's and project manager's performance in terms of what was delivered and how it was delivered. It also enables GT to determine if the benefits of the project will be realized. Key lessons learned are captured and used for future CSR projects thus ensuring poor practices are removed and good practices are reinforced.

Project Report and Impact Evaluation Outputs

Evaluating the performance of the project and compiling the lessons learned signifies the end of the project manager's involvement with the project and commence/complete the measurement of the benefits of the project. Every CSR project must complete a project closure report. The output of this phase is :

1. Project Closure Report
2. Social Return on Investment (SROI)

How to Complete a Project Report and Impact Evaluation

In phase 5, the project has been handed to the community, which means the project is finished and the role of the project manager is completed.

In this phase, CSR Committee must:

1. Complete the Project Closure Report (Appendix 11)
2. Calculate the SROI (Social Return on Investment) of the project (Appendix 12)

4 Radyati-Simmonds CSR Project Life-Cycle

Phase 7 - Project Report & Impact Evaluation

What is Maintenance & Sustainability?

The Maintenance and Sustainability Phase of the CSR Life-cycle activities maybe occur in one of the following scenarios:

1. included as part of the original CSR project,
2. form part of a larger CSR program, or
3. may not be part of the original CSR project which means this phase will not be applicable

If either Scenario 1 or 2 above then there is a requirement and obligation on behalf of GT to ensure this work is managed well and becomes self sustainable over a specified time. Activities that may assist achieving sustainability include:

1. Capacity building program for the beneficiaries
2. Coaching/mentoring for the beneficiaries
3. Commercialisation program for the beneficiaries
4. Providing ongoing funding

Maintenance & Sustainability may not be acceptable to GT and must be considered on its merits as part of the original Project Proposal or be the subject of another proposal to cover the scope of work required.

Why is Maintenance & Sustainability Important?

Maintenance and Sustainability is important as the primary objective of CSR projects is to establish sustainable outputs for their beneficiaries. If the outputs are not maintainable and sustainable then the real value of CSR is not realized. Projects of this type would simply be known as philanthropic CSR.

Maintenance & Sustainability Outputs

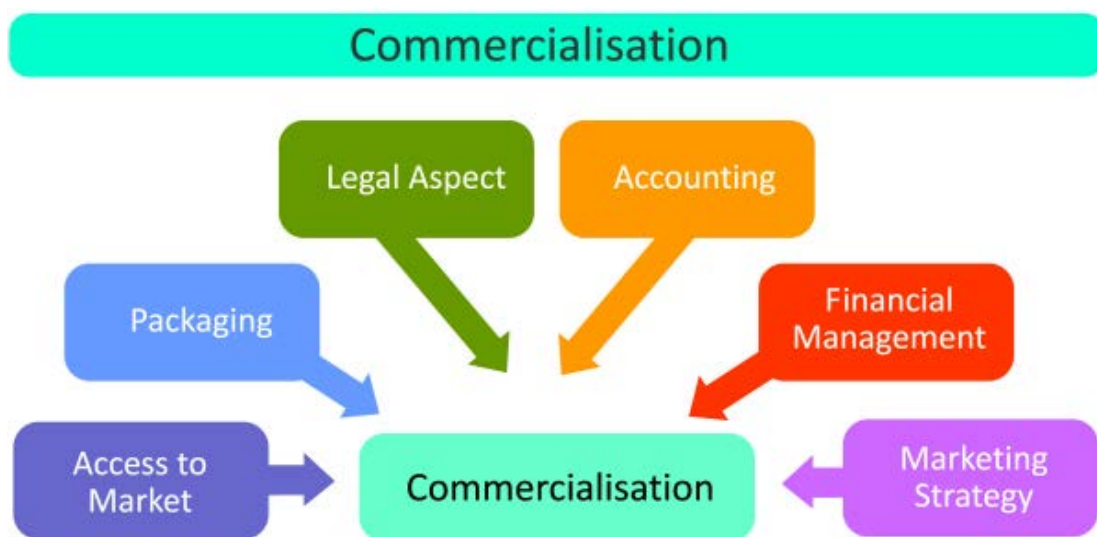
Where applicable an individual will be nominated to manage this phase. Resources will be provided from the operational budget for these activities unless otherwise provisioned for in the project budget. The outputs of this phase are:

1. Capacity building program for the beneficiaries
2. Coaching/mentoring for the beneficiaries
3. Commercialization program for the beneficiaries

How to Complete Maintenance & Sustainability

In phase 6 the closure report has been reported and impact has been measured, in this phase the CSR Committee must ensure that the project will be maintained by the community and the community has access to the market. The CSR Committee, with its partner as implementer, must:

1. Conduct capacity building activities to enhance the beneficiaries' skill and knowledge to maintain the project
2. Conduct coaching/mentoring activities to ensure the beneficiaries are doing the right thing
3. Conduct commercialisation program for the beneficiaries to ensure they have access to market to sell their products/services.



4 Radyati-Simmonds CSR Project Life-Cycle

Phase 8 - Project Report & Impact Evaluation

What is Sustainability / CSR Report & Communication ?

The CSR Committee is responsible for making Sustainability/CSR Report based on GRI (Global Reporting Initiative) as well as communicating the CSR report to the relevant stakeholders.

Why is Sustainability / CSR Report & Communication Important?

It is important to report and communicate what the company has invested for the community and society as part of its social responsibility activities. Making CSR/Sustainability Report is important to inform shareholders and government that the company has measured, disclosed, and been accountable to internal and external stakeholders to contribute to the goal of sustainable development. This will enhance company's reputation, which will impact company's stock price.

Sustainability / CSR Report & Communication Outputs

The outputs of this Phase are:

1. Sustainability/CSR Report
2. Communication Program for Sustainability/CSR Report

How to Complete Sustainability / CSR Report & Communication

The sustainability report describes organization's commitments, strategy, and management approach to CSR. Communicating the report needs different strategy for different stakeholders. In this phase the CSR Committee must:

1. Make Sustainability Report based on GRI (Global Reporting Initiative) structure (Appendix 13)
2. Design the strategies for communicating CSR activities to various relevant stakeholders (Appendix 15)
3. Implement the communication strategies with relevant partners.

4 Radyati-Simmonds CSR Project Life-Cycle

Phase 9 - Termination

What is Termination?

This Phase is generally utilized when a CSR program is closed. Individual projects will generally be closed during Phase 6 of the life cycle. Some projects may have maintenance and sustainability scope included in their original scope so these may be closed during this phase. In that case a Project Closure report would be substituted for the Program Closure Report.

Why is Termination Important?

Termination allows a program of projects to be completed so that GT has no further obligation or commitments. Termination may occur as a result of one or more of the following scenarios:

1. Resources are no longer available to support the program
2. The program no longer aligns with the GT strategic plan
3. The various projects within the program have been absorbed into another or larger CSR program

Unless a program is terminated it may cause GT to be committed to supplying resources to work that has no end and this would be unacceptable. When it is terminated then it is imperative that when GT leave a legacy in which both individuals and the company would be proud. Rewarding effort in achieving a successful CSR project contributes to motivation and pride in the work individuals are undertaking.

Termination Outputs

Where a program is terminated the key outputs of this Phase are :

1. Legacy: Best Practice
2. Reward: Acknowledgement and Appreciation for successful CSR projects
3. Program Closure Report

How to Complete Termination

Legacy: Something that is handed down by a predecessor for use by future generations. In the CSR context this means the projects undertaken by GT should have a lasting effect for both the company and the beneficiaries. This effect should last well beyond the initial work completed.

Reward: Individuals and/or teams should be rewarded for implementing successful CSR projects/ programs. The outputs from Phase 6 - Project Report & Impact Evaluation can be used to assist in the determination of the level and type of reward.

In this phase the CSR Committee shall make Program Closure Report, which consists of summary of all CSR projects that have been completed (Appendix 14).

4 Radyati-Simmonds CSR Project Life-Cycle

Project / Program Governance

What is Project/Program Governance?

Project/Program Governance is the mechanism used to ensure the outputs from the project are delivered on time, within budget, in accordance with the scope, to the agreed quality and meets all of the stakeholders' expectations. It involves continuous monitoring & review of project/program progress, and Stakeholder Engagement. Formal reviews will be conducted at the end of each Phase of the life cycle to ensure all aspects of the project/program are on track.

Why is Project/Program Governance Important?

Without project/program governance there is no mechanism to provide the level of assurance the BOD requires to ensure that the project/program and its benefits will be realized.

Project/Program Governance Outputs

Each and every idea for a CSR project must be supported by a Project Proposal which includes two key outputs:

1. Phase Review
2. Stakeholder Engagement

How to Complete a Phase Review

At the completion of each phase of the CSR life-cycle and prior to the commencement of the following Phase there is a need to review the Project/Program to ensure it remains on track to deliver the objective, outputs and outcomes. The Benefits of each/project/program should also be reviewed. A Phase Review checklist has been provided at Appendix 15. The checklist can be modified depending on the Phase and the project/program context.

Stakeholder is any person, or group, who has an interest in the project or any decision or could be potentially affected by its delivery or outputs² ISO 26000 has been used as the authoritative document to develop this manual. Wherever practical it should be read in conjunction with this manual.

³ For the purposes of this manual the word "project" may also be replaced by the word "program".

⁴ Described in Fig 1 of the GT CSR Policy Statement ⁵ In this case GT may mean any individual or group

What is Stakeholder Engagement?

Stakeholder engagement is the activity undertaken to create opportunities for dialogue between the company and one or more of its stakeholders. It provides as well as obtains information relevant to the CSR project/program. Stakeholder engagement can be done through many methods including: formal or informal communication/dialogue; or using media, such as: cell phone, email, forums, formal meetings. The level of engagement may involve providing information, consultation, involvement in decision-making, collaboration during activities, and empowerment when transferring knowledge or skills.

Why is Stakeholder Engagement Important?

Without significant effort and resources dedicated to stakeholder engagement, the probability of a successful CSR project/program cannot be guaranteed. The root cause of most CSR project/program failures can be contributed to poor communications which essentially means a failure to properly engage all relevant stakeholders throughout the project/program lifecycle.

Stakeholder Engagement Output

The output of stakeholder engagement is:

1. Stakeholder engagement plan

How to Complete Stakeholder Engagement Plan

All relevant stakeholders should be engaged from the outset of the CSR lifecycle through to its completion, either at Project Handover or Program Termination. A stakeholder engagement plan has been developed to assist in the process of managing all stakeholders. The company can use or modify the template in Appendix 15. An example has been provided in Appendix 15.



