



# **ENVIRONMENTAL AND CORPORATE POLICY**

## **INTRODUCTION**

Under the F.K. Environmental and Corporate Policy we promote the usage of environment-friendly fuels and equipment combined with power generation efficiency, as well as social involvement, legal compliance, including strict compliance to labor laws, and anti-bribery and corruption prevention.

Our projects planning process includes a social and environmental assessment of project's impacts during the project life cycle. Based on such an assessment, we determine the specific project management policy.

For each project F.K. establishes a management system with respect to environmental risks and impacts. In addition, we take measures for biodiversity preservation.

F.K. also establishes measures to secure the health and safety of local community, including measures designed to prevent or minimize potential exposure to hazardous materials, diseases and natural hazards such as landslides or floods.

We also promote social involvement where our projects are located and determine the manner of community engagement and social monitoring and reporting. F.K. constantly seeks to improve the quality of life of communities where its projects are located.

F.K. maintains a Human Resources Policy which secures the employees' rights under labor law as well as a strict non-discrimination policy. In addition, F.K. provides its employees a safe and healthy work environment, taking into consideration inherent risks of each specific project.

As part of the F.K. business philosophy, we conduct our activity in accordance with the laws and regulations of the countries in which we operate and enforce a clear transparent anti-bribery and corruption prevention.

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## **A. SOCIAL AND ENVIRONMENTAL ASSESMENT AND MANAGEMENT**

For each project that we perform, we conduct a thorough and comprehensive process of assessment of potential risks and impacts of such project, such as environmental, social and political risks during all project stages (engineering, mobilization, construction, commissioning, O&M, demobilization). Our assessment shall consider alternatives and their financial and technical feasibility.

In addition, as part of this assessment, we invest time and financial resources in order to learn the laws and regulations applicable to such a project, including environmental and human resources regulation. The region taken into consideration within the framework of such assessment is not limited solely to the plant's primary area of construction and other areas which may be affected by the project are examined as well.

On the basis of the assessment process, we shall determine the project's management policy. Through such management policy, F.K. is able to identify, avoid or mitigate adverse social and environmental impacts, provide relevant communities with information regarding issues that could potentially affect them and promote a socially-minded and environmentally-minded performance of the project.

The project management policy shall include the procedures and practices required for the aforesaid performance of the project, including appropriate schedules, costs, training procedures, etc.

In the event that the assessment determines that groups may be affected or disadvantaged by the implementation of the project, our project management policy shall address the measures required in order to avoid or minimize such adverse impacts. A mechanism for complaints by such communities shall be established.

The project management policy shall also address the nature and frequency of community engagement as an on-going process of cooperation and consultation. In addition, it shall include a safety plan and community health standards and local development plan.

The project management policy shall include procedures for monitoring and measuring its effectiveness. The scope of monitoring shall be derived from the project's potential risks and impacts. Monitoring results shall be documented and, where required, we shall implement corrective measures.

In addition, the project management policy shall establish internal and external reporting mechanisms.

The same policy shall apply to our sub-contractors.

The project management policy shall specifically address the following matters:

### **1. POLLUTION PREVENTION**

The policy shall address measures in order to avoid or at least minimize adverse impacts on human health and the environment due to pollution from project activities and shall

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promote the reduction of pollution emissions. It clarifies that "Pollution" refers to odors, noise, vibration, radiation, electromagnetic energy, creation of potential visual impacts including light.

Such measures shall be feasible, cost-effective and tailored to the environmental hazards and risks associated with the specific project, and consistent with good international industry practice.

Our measures shall be tailored to:

- (a) Avoid or at least minimize pollution emissions, whether routine or accidental, promote resources conservation and improve energy efficiency.
- (b) Avoid or at least minimize the generation of hazardous and non-hazardous waste materials as far as practical. The project management policy shall also address methods for treatment of waste.
- (c) Avoid or at least minimize the release of hazardous materials resulting from the specific project.
- (d) Promote the reduction of project-related greenhouse gas (GHG) emissions in a manner appropriate to its nature and impacts, including periodical measurement and monitoring of the power plant's direct emissions and indirect emissions associated with the off-site power production used by the project.
- (e) Coordinated use of pest and environmental information along with available pest control methods.

The project management policy shall determine preparation methods for accidents and emergency situations which may result in pollution, in a manner appropriate to the operational risks.

The project management policy shall incorporate and/or address applicable regulations and conventions guidelines.

## **2. BIODIVERSITY AND NATURAL RESOURCES PRESERVATION**

The Project environmental assessment shall address biodiversity impacts, including habitat destruction, invasive alien species and impacts on ecological system. Where required, we shall retain qualified and experienced external experts for such an assessment and determination of required operation methods.

Following such an assessment, we shall determine the policy and exercise measures in order to avoid or at least minimize any conversion or degradation of the project's habitat, and, where technically and financially feasible and appropriate, identify opportunities to enhance habitat and protect biodiversity. Mitigation measures can vary from post-operation restoration of the project's habitat, offset of losses through creation of ecologically comparable area(s), to compensation to direct users of biodiversity.

Our policy shall determine that:

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- (a) Where the habitat has high biodiversity value, such as (i) where the habitat is required for the survival of endangered species; (ii) habitat of special significance for endemic or restricted-range species; (iii) sites that are critical for the survival of migratory species; and (iv) areas of biodiversity which have significant social, economic or cultural importance to local communities, in some cases, subject to habitat significance, we shall not commence the implementation of the project activities, unless there are no measurable adverse impacts on such habitat.
- (b) We shall comply with legally protected areas' management plans and, where applicable, consult with such protected area's sponsors, managers, local communities, and other key stakeholders. We shall also implement measures to promote and enhance conservation of legally protected areas.
- (c) We shall take all measures in order to avoid invasion of new alien species to the project site and the project habitat, unless such invasion is permitted under applicable regulation.
- (d) We shall manage the use, development and protection of renewable natural resources in a manner which shall not injure local communities' ability to obtain and maintain their present and future social, economic and cultural well-being. In addition, we shall safeguard the life-supporting capacity of air, water and soil ecological systems.

### **3. COMMUNITY HEALTH AND SAFETY**

Under the specific project management policy we shall:

- (a) Evaluate the risks and impacts to the health and safety of the affected communities during all project stages, and determine the required preventive measures in this respect. Potential adverse impacts on the health and safety of affected communities shall be disclosed to such affected communities and relevant government agencies.
  - (b) Develop the project in accordance with good international industry practices, considering potential exposure to natural hazards, especially where project's area is accessible to members of the affected community. Where required, we shall engage qualified expert(s) in order to conduct a review throughout all stages of project.
  - (c) Prevent, or at least minimize, the potential for community exposure to hazardous materials resulting from the project, and will implement measures to avoid, or at least control, community exposure to raw materials, wastes and pesticides.
  - (d) Avoid, or at least mitigate, the exacerbation of impacts caused by natural hazards, such as landslides or floods that could arise from the project implementation and adverse impacts on soil, water, and other natural resources in use by the affected communities, resulting from the specific project.
  - (e) Avoid, or at least minimize, potential community exposure to water-borne, water based, water-related, vector-borne diseases, and other communicable diseases that may be resulted from the project implementation and prevent, or at least minimize, transmission of communicable diseases that may be associated with the presence on site of temporary or permanent project labor.
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- (f) Where required, cooperate with the community and the local government in their preparations in order to effectively respond to emergency situations which may be resulted in connection with the specific project's risks and hazards. Where local government cannot perform such preparations, we shall provide our assistance on this matter. Our preparation measures shall be provided to affected communities and relevant government agencies.
- (g) Provide security for our employees and/or contractors within and outside the project site (e.g., through appropriate training, provision of safety equipment, monitoring the personnel, etc.) and shall comply with applicable law.
- (h) Maintain a complaint mechanism for the affected community in this respect.

#### **4. INVOLUNTARY RESETTLEMENT**

In the event that a displacement of local communities is required, the specific project management policy shall address feasible alternatives for the design of the project in order to avoid, or at least minimize, physical or economic displacement, while taking into consideration environmental, social, and financial implications.

#### **5. INDIGENOUS PEOPLE**

Under the specific project management policy we shall:

- (a) Assess and determine the communities of Indigenous People who may be affected by the project, whether by social, cultural or environmental impacts. Impacts on traditional or customary lands under shall be assessed and engaged by special experts.
  - (b) Avoid or at least mitigate or compensate for such impacts in a culturally appropriate manner. In addition, a development plan shall be determined in cooperation with affected Indigenous People.
  - (c) Establish an on-going relationship with affected communities of Indigenous People throughout all project implementation stages and consult with them with respect to matters affecting them directly.
  - (d) Establish a complaint mechanism with respect to social, cultural or environmental impacts on such Indigenous People.
  - (e) Seek to identify opportunities for development benefits to affected communities of Indigenous People, such as housing improvement, long-term sustainability of the natural resource fostering).
  - (f) Make all efforts to avoid, or at least minimize the size of the land required for the project implementation, especially where such land is traditional or customary, and adverse impacts can be expected on the Indigenous People's livelihoods or their cultural use of such land.
  - (g) Consider feasible alternative of project designs in order to avoid displacement of Indigenous People (where required). If such relocation is unavoidable, we shall enter into a good faith negotiation with the affected communities of Indigenous People.
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The relocated Indigenous People shall be entitled to return to their traditional or customary lands, should the reason for their relocation cease to exist.

## **6. CULTURAL HERITAGE**

Under the specific project management policy we shall:

- (a) Comply with all national laws and regulation on the protection of cultural heritage (whether tangible or not) and other relevant international law, and take all measures in order to protect and support such cultural heritage.
  - (b) Locate and design the project in order to avoid significant damage to cultural heritage.
  - (c) Shall consult with affected communities who use, or have used (within living memory) the cultural heritage and relevant national or local regulatory agencies.
  - (d) Prevent removal of any cultural heritage, unless (i) no technically or financially alternatives are available; or (ii) overall economic and social benefits of the project outweigh the anticipated cultural heritage loss from removal. Any removal of cultural heritage shall be conducted through the best available techniques.
  - (e) Prevent significant alteration, damage to or removal of any internationally recognized heritage or legally protected cultural heritage, unless (i) no technically or financially alternatives are available; (ii) overall benefits of the project outweigh the anticipated cultural heritage loss from removal; (iii) any removal of cultural heritage shall be conducted through the best available techniques; (iv) negotiations with affected communities shall be conducted in good faith.
  - (f) Where the project is located within a legally protected area (i) comply with defined national or local cultural heritage regulations or the protected area management plans; (ii) consult on the proposed project with the protected area sponsors and managers, local communities and other key stakeholders; and (iii) implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.
  - (g) Where the project requires the use the cultural resources, knowledge and traditional lifestyles for commercial purposes, inform the relevant communities of their rights under national law, the scope and nature of the proposed commercial development and the potential consequences of such development. We shall not proceed with such commercialization unless we conduct good faith negotiation with affected communities and share the commercialization benefits with local communities.
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## **B. LABOR AND EMPLOYMENT POLICY**

Under the labor and employment policy we shall:

1. Provide our employees with clear information regarding their rights and benefits under national labor and employment law.
2. Document and communicate to all related employees clear information with respect to their employment terms and conditions of employment, including their entitlement to wages and other benefits. Such terms and conditions shall be at least as beneficial to employees as employment terms according to applicable law.
3. Respect all collective bargaining agreements with workers' organization to which F.K. is a party, if any.
4. Shall not discourage employees from forming or joining workers' organizations of their selection or from bargaining collectively, and will not discriminate employees who participate, or wish to participate, in such organizations and bargain collectively. In such cases, we shall cooperate with the employees' representatives.
5. Shall maintain a strict equal opportunity and fair treatment policy with respect to employment relationships, including with respect to matters such as recruitment and hiring, compensation, employment terms, promotion, termination, etc., whether or not required under applicable law.
6. Establish a mechanism for employees' complaints (and their organizations, where relevant), which shall be accessible by employees.
7. Maintain a strict non-employment policy of (i) children, including non-employment of children below the age of 18 years in dangerous work and (ii) forced labor (i.e., any work or service not voluntarily performed).
8. Maintain a safe and healthy work environment, taking into account inherent risks and hazards of the project, take all required preventive measures.

The same policy shall apply to supply chain employees as well.

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## **C. LEGAL COMPLIANCE AND ANTI-BRIBERY AND CORRUPTION PREVENTION**

All our business is conducts its business in accordance with applicable laws and regulations, whether international or local, addressing a variety of matters (such as environmental laws, labor laws and corporate and financial laws).

We reject any unethical, unlawful business conduct by our employees, subcontractors, or clients and fully enforce a clear transparent policy to mitigate the possibility of the occurrence of such conduct.

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