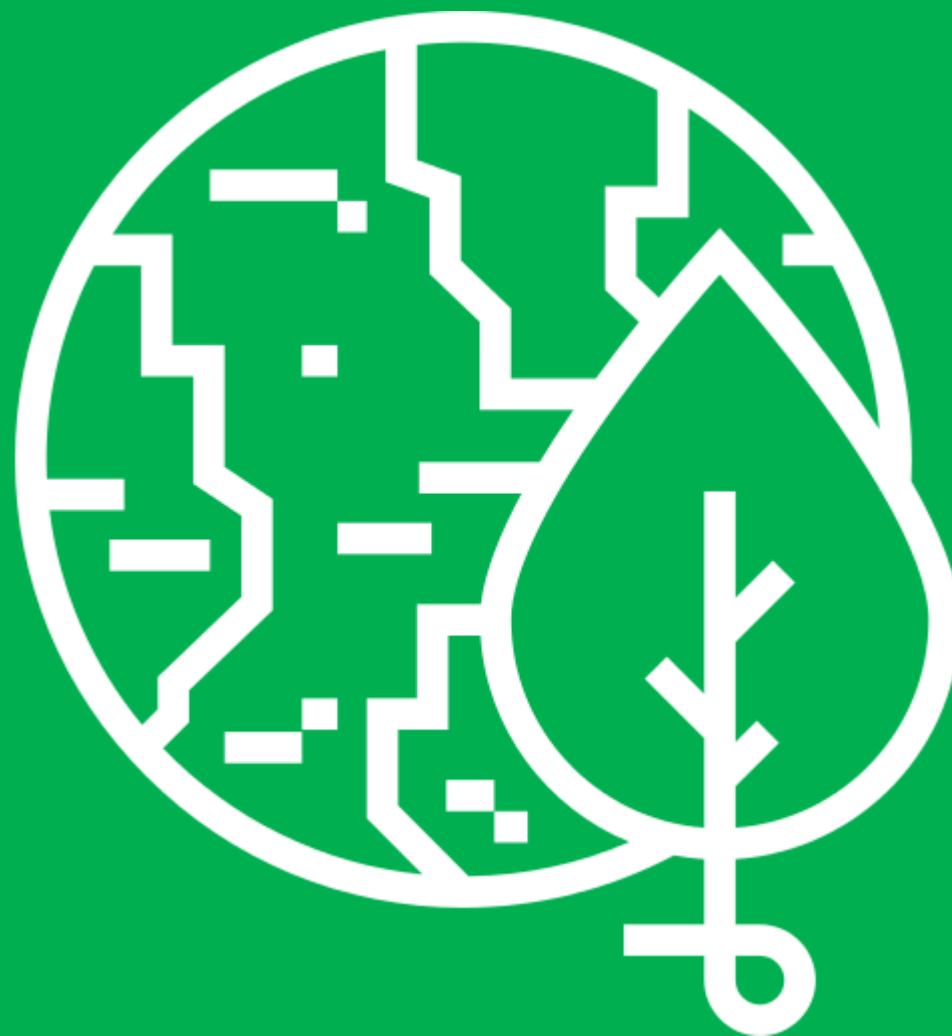


# KERNEL

## Environmental Protection Policy



Kyiv, June 2020








# Policy goals



- 🌱 Compliance with the Ukrainian legislation on environmental protection
- 🌱 Ensuring the unified approach to the environmental management system and its continuous improvement in accordance with the requirements of the international standard ISO 14001
- 🌱 Prevention and minimization of the negative impact on the environment
- 🌱 Developing an effective monitoring system of environmental impact, environmental risk / aspects management
- 🌱 Ensuring the sustainable development of the Company
- 🌱 Contributing to the implementation of best practices and development of knowledge regard to environmental protection aimed to sustainable development.









# Kernel environmental protection principles



-  Civil responsibility in the regions where the Company implements its activities in terms of environmental protection: sustainable utilization of energy and natural resources, support for environmental protection projects
-  Conscientious and responsible project activity, implementation of investment projects with due account of environmental impact assessment
-  Balanced and sustainable utilization of natural resources
-  Training and staff development regarding environmental protection and sustainable utilization of natural resources
-  Compliance with the requirements of the Ukrainian legislation and international environmental standards
-  Open-mindedness to different approaches to solving problems, creating awareness and considering the views of stakeholders
-  Enforcement of compliance with the Ukrainian environmental legislation by third parties (contractors, agents, etc.).

# Socio-environmental standards of Kernel activities in accordance with international requirements



-  Environmental and social impact assessment and management
-  Labour Relations and Labour Conditions
-  Resource efficiency, prevention and control of environmental pollution
-  Health and safety
-  Land acquisition, involuntary resettlement and economic displacement
-  Conservation of biodiversity and sustainable management of natural resources
-  During investment activity, take into account the requirements and comments of local communities in the project sites
-  During implementing of investment projects, preserve and protect cultural heritage
-  Information disclosure and stakeholder engagement.




*According to Performance Requirements EBRD*

# General statements






## Kernel's approach to environmental protection (1/2)



### Planning / Investment activity:

-  Environmental protection processes are considered during making strategic, investment and operational decisions
-  The impact of the planned activity on the environment is assessed and, if it is necessary, actions are taken for minimizing negative impact on environment
-  Adoption of a long-term strategy for implementation, supporting at the appropriate level and continuous improvement of the environmental management system in accordance with ISO 14001.

### Organization of activity:

-  Constant search for opportunities to improve the balance between economic feasibility, technical capabilities and environmental consequences
-  Implementation of best practices regarding resource conservation and minimizing the impact on the environment in day-to-day activities, using of Resource Efficient and Cleaner Production
-  Social and environmental responsibility while organizing and carrying on business
-  Compliance with the requirements of the Ukrainian legislation and international environmental standards
-  Emergency preparedness, including contingency procedure and rectification of the potential impact on environmental impact.

# General statements

## Kernel's approach to environmental protection (2/2)



### Motivation and staff development:

- 🌍 Elaboration of environmental awareness and social responsibility among employees and supporting of various social / educational projects regarding environmental protection
- 🌍 Supporting social projects and environmental solo efforts.

### Monitoring and control of activities:

- 🌍 Control and analysis of indicators: air pollutant emissions, water consumption, discharge of wastes, energy consumption, waste generation and management etc.
- 🌍 Monitoring of the sustainable use of natural resources.

Observations on environmental issues are the basis for decision making, setting environmental objectives and activities.

# Environmental protection priorities



- ✿ Compliance with national legislation and requirements, as well as international practices regarding environmental protection
- ✿ Minimizing the negative impact on the environment, resource conservation, taking measures for reducing greenhouse gas reduction (GHGs) and the preservation of biodiversity
- ✿ Risk-based approach and actions for prevention the negative impact on the environment
- ✿ Improving energy efficiency and resource efficiency of production processes
- ✿ Modernization of technical and technological processes in order to reduce emissions, waste interception and waste generation
- ✿ During implementing investment projects - taking into account all possible impacts on the environment and social environment of the project site, including location of National Nature Reserves and Special Protection National Territories
- ✿ Awareness raising and involvement of employees in activities to identify and reduce environmental risks (aspects), the continuous improvement of the environmental management system
- ✿ Capacity building and awareness of the role of employees in addressing issues related to environmental protection
- ✿ Information accessibility related to investment and production activities in the field of environmental protection, which contributes to an open dialogue with all stakeholders
- ✿ Increasing the level of interaction with third parties (contractors, agents, etc.) in the area of compliance with the requirements of Ukrainian legislation on environmental protection.

# Environmental aspects management process flow



②

Проведение своевременных и объективных расследований причин аспектов – определение корневых причин их возникновения  
Identifying and promptly informing about environmental aspects at places of their occurrence considering threats and dangers, implementation of planned processes. Conducting timely and objective investigations into the causes of aspects, determining the root causes of their occurrence

①

Continuous forecasting and identification of environmental impacts of processes. Developing goals and processes needed to deliver results



③

Assessment and management of environmental impacts. Monitoring and measurement of process results, communication of monitoring results



④

Continuous improvement of the existing environmental management system. Implementation of continuous improvement activities to deliver expected results



# The stages of the environmental risk management process / aspects



## Stage 1: Identification and classification of ecological risks

Annual identification and revision of acceptable and unacceptable ecological risks



## Stage 2: Development and implementation of measures for minimizing all unacceptable ecological risks

Includes both preventive measures and measures in case of risks



## Stage 3: Continuous monitoring of ecological risks

Includes analysis and assessment of the environmental conditions due to the impact of the Company

# Process participants and responsibilities

## Chief Executive Officer

- Responsible for implementing the Policy at the Company level

## Head of Organizational Development

- Ensures the timely Policy updates at least every year or to reflect changes in legislative requirements, if needed

## HSE Manager

- Responsible for implementing the requirements of the Environmental Protection Policy at the corporate level
- Coordinates the implementation of the requirements of this Policy
- Conducts periodic environmental risk assessment
- Coordinates activities on certification during the implementation of the environmental management system
- Initiates and conducts internal investigations for cases/ situations of the Policy breach

## Compliance manager

- Ensures the Whistle-blower Protection in situations of the Policy breach
- Participates in the official investigations on circumstances that led to the Policy breach

## Senior Management Team

- Responsible for the implementing of the Policy within their functional areas
- Control the prevention of potential situations of the Policy breach
- Control the level of awareness of new employees about the principles of the Policy
- Identify external and/ or internal risks that could potentially affect on the implementation of the Policy
- Guarantee of response to all identified risks and the implementation of appropriate mitigating actions
- Participate in the process of annual identification and risk assessment

## Local HSE Managers

- Responsible for implementing the requirements of the Environmental Policy at the regional level
- Monitor and control of environmental aspects of enterprises
- Interact with external regulatory bodies as well as stakeholders within their powers
- Investigate and analyze of situations related to deviations from regulatory requirements
- Develop recommendations to senior management concern to preventive and/ or corrective actions

## Legal Department

- Conduct internal investigations for cases/ situations of the Policy breach

# Reporting



- Kernel regularly monitors the impact on the socio-economic state of society and the environment, analyses the effectiveness of its social initiatives, indicators of environmental impact and actions aimed to minimizing this impact.
- Kernel regularly discloses information on sustainable development and corporate social responsibility in the annual Report in accordance with the requirements of the legislation and international standards, the principles of the Global Reporting Initiative (GRI) and posts information about the principles and results of activities concern to sustainable development and Corporate Social Responsibility (CSR) on the corporate website and in other sources.
- Kernel regularly provides monitoring reports on the environmental conditions and social environment of the presence regions to international financial institutions in accordance with international standards.

# Illegal actions



- ✓ Violation of the requirements and principles of the Policy
- ✓ Withholding of information on violations of the requirements and principles of the Policy
- ✓ Any actions that lead to financial loss or loss of goodwill of the Company regarding environmental protection
- ✓ Any illegal actions that may lead to deterioration of environmental conditions and human health.

# Other statements



- ✓ The Policy applies to all employees of the Company, including its related subsidiaries worldwide, regardless of their position
- ✓ General control over compliance with the requirements of the Policy and its relevance is entrusted to the Chief Executive Officer
- ✓ The policy is the subject to review by the Audit Committee
- ✓ Each employee of the Company, incl. temporary employee, in situations involving a violation of the Policy should:
  - inform immediate supervisor
  - report about violation through the Hotline channels 0-800-501-483 or to the email address [dovira@kernel.ua](mailto:dovira@kernel.ua), or contact the compliance manager by e-mail [compliance@kernel.ua](mailto:compliance@kernel.ua)
  - take an active part in conducting corporate investigations.
- ✓ **Process owner:** Chief Executive Officer
- ✓ **Related Documents:**
  - Corporate Code
  - Sustainable Development Policy and Corporate Social Responsibility
  - Equality, Diversity and Inclusion Policy
  - Conflict of Interest and Fraud and Anti-Corruption management Policy
  - Personnel management policies and procedures
  - The procedure for receiving and reviewing information received through the Hot Line.
  - The whistle-blower protection procedure
  - Corporate investigations procedure
  - Procedure of the environmental protection management system