

PNOC Renewables Corporation

CSR Policy¹

SEC. 1. Creation of CSR Committee

PNOC RC shall create a CSR Committee to be chaired by a Vice President, and shall have at least three (3) members from the Legal, Operations and Business Development departments. The Committee may appoint technical Secretariat to assist in the performance of its functions.

SEC. 2. Formal Recognition of the Stakeholders. – The Company’s Board shall, as an integral part of its Charter Statement, identify and formally recognize the Company’s major and other Stakeholders, identify the nature of their interests, provide a hierarchy system of their conflicting interest in the Company, and providing a clear policy on communicating or relating with Stakeholders accurately, effectively and sufficiently, together with a system of properly rendering an accounting on how the Company has served their legitimate interest. The CSR Committee, upon approval by the PNOC RC Board, shall undertake programs and projects for project stakeholders.

2.1 The General Public

PNOC RC intends to establish and operationalize CSR programs in line with its corporate vision and mission. It shall comply with laws, rules and regulations related to sustainable natural resource utilization, energy development and climate change adaptation and mitigation strategies and measures. It shall adhere to applicable international standards, commitments and best practices in providing reliable and dependable RE sources and preventing or reducing harmful emissions in the atmosphere. PNOC RC shall be at the forefront of employing applicable environmental and social services particularly on a) land, air and water safeguards, b) climate change adaptation and mitigation, c) local community and manpower development, and d) energy efficiency and conservation.

2.2 Concerned government agencies, Local Government Units, Host Communities and Indigenous Peoples

CSR programs shall provide equity, in accordance with common but differentiated responsibility. The role of each and every stakeholder shall be recognized. CSR programs shall support the programs and projects of national government through its respective agencies responsible for social, energy, environment, and economic development. Proper consultation with the LGUs shall be conducted to build their trust and confidence.

The location of RE projects varies from urban to rural and lowland to upland settings and these types of environment affects differences in opinions and cultural considerations of local communities. While there are standards and references, PNOC RC shall recognize the decision-making process of the communities where it operates. PNOC RC shall commit itself to transparency and accountability in presenting the perceived advantages and disadvantages of projects. An environmental and social management plans shall be in accordance with the

socially acceptable policies, on which, host communities shall collaborate in decision-making, monitoring, and improvement.

¹ *Includes statements on a) Customer Welfare, b) Interaction with Communities, and c) Environment Friendly/Sustainable Development lifted from the Manual on Corporate Governance*

Special attention shall be given to ensure equal and equitable protection of the poor, women, children and other vulnerable and disadvantaged sectors including indigenous peoples. They shall be engaged in productive dialogue and to build stakeholder considerations into operational decision-making.

2.3 Gender and Development

PNOG RC shall also commit to implement Gender and Development (GAD) program. GAD refers to the development perspective and process that is participatory and empowering, equitable, sustainable, free from violence, respectful of human rights, supportive of self-determination and actualization of human potentials. It seeks to achieve gender equality as a fundamental value that should be reflected in development choices and contends that women are active agents of development, not just passive recipients of development. It shall comply with the conditions set under Section 36 of Republic Act No. 9710, otherwise known as the Magna Carta of Women (MCW), to catalyze and accelerate gender mainstreaming within the agency.

2.4 Business Partners and Suppliers

Integrity and honesty in dealings with customers and investors is necessary for a successful and sustained business relationship. The Company shall operate a highly effective and efficient organization, focused on meeting customer and investors' objectives with the aim of providing services which give fair value and consistent quality, reliability and safety in return for the price paid for the same. The Company should operate policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customers' businesses.

The Company shall have clear and strong lines of communication which allow them to respond quickly and efficiently to customer and market requirements, as well as the public needs, and for the customers to receive consistent service in order to successfully and consistently deliver what the Company is mandated to do.

PNOG RC's CSR shall institutionalize its support to the government's thrusts of an open, transparent and accountability in the use of project funds. It shall appropriately use funds in profitable and sustainable manner by putting in place adequate control, monitoring and fund disbursements.

As with other relationship with stakeholders, the Company shall aim to develop relationships and improve networking with business partners and suppliers based on mutual trust. The Company shall aim to offer, through partnership with its suppliers, the best combination of state-of-the-art technology and world-class service, strong customers relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on time and within budget.

2.5 PNOG RC Management and Employees

PNOG RC gives high regard to its manpower. Respect for employees' rights, security of tenure and opportunities for growth and skill development shall be always be considered in Management decisions and actions.

The Company shall aim to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. The Company shall comply with all relevant local

legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The staff shall be informed regarding the policies and practices of the Company in order to maintain a healthy, safe and enjoyable environment.

PNOC RC shall pursue proactive, systematic and sustained promotion of the culture of safety in all its offices and facilities, aiming always for the highest standards in the protection of its employees and physical resources. It shall empower its employees to adopt, promote and implement proactive safety orientations, knowledge and practices in their work planning and execution.

Every employee in the Company is encouraged to –

- (a) Remember that the biggest stakeholder is the Government;
- (b) Share the vision of the Company;
- (c) Be accountable to the public;
- (d) Listen and learn from his/her co-employees;
- (e) Think and act as a team;
- (f) Focus on the customers and strive for customer satisfaction;
- (g) Respect others;
- (h) Communicate with stockholders and customers;
- (i) Deliver results and celebrate success; and
- (j) Protect the reputation of the Company.

There should be employee development discussions and structured training programs for continuing personal and professional development for employees.

SEC. 3. Relationship Building and Conflict Management Between PNOC RC and its Stakeholders

Good public relations are necessary to ensure that the residents and general public are aware of the environmental and social impacts of the project and to reassure them that the energy generation will not create additional problems but a sustainable benefit to the community. The community has the right to be informed of the details about project construction and operation. Community awareness is the structured management of information dissemination to parties, external to the corporation. The target audience for the community relations activities must be identified. Foremost consideration must be placed on cultural influences, environmental issues, and the political structure of the locality.

3.1 Relationship Building and Conflict Prevention

PNOC RC shall institutionalize the culture of building trust and maintaining a good relationship and reputation with stakeholders. It shall conduct public information drives and external relations through immersion, dialogue and consultation processes of its community relations officer to be

assigned in project sites. Stakeholders must be assured of having shared responsibilities and an open and immediate line of communication with PNOC RC. It shall abide by the conditions and responsibilities required under applicable permits and licenses to show its commitment to its obligations.

Handling of complaints and requests for information shall involve proper documentation. This will include installation of suggestion boxes, hotline and other telephone answering services, postal mailbox services, intermittent surveys, outreach programs, door to door visits, press releases, feedback and reaction centers.

For information, education and communication (IEC) at the local level, PNOC RC shall present information in a dialect understandable to local communities. If available, the existing local processes, instruments, or cultural laws shall be utilized to ensure early identification and resolution thus preventing escalation of grievances and conflicts.

3.2 Conflict/Dispute Resolution

Conflict or dispute shall be resolved in a timely and effective approach. It shall be handled by appropriate group of individual that has been trained and extensive experience on conflict resolution. On project level, PNOC RC shall respect the role of the group/team mandated to do the tasks of assessing, monitoring, and resolving conflicts. Funds, if needed, shall be allocated for this purpose. Proper documentation of the effectiveness of conflict resolution processes shall be maintained as reference in addressing future problems.

SEC. 4. Environment. – The Company shall consider that there are inevitable environmental impacts associated with energy generations in spite of its RE character. It shall be the Company's goal to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance.

In its pre-development, development and operation, PNOC RC adhere compliance to the following laws:

- *Environmental Impact Assessment*

Based on Presidential Decree (PD) 1286, establishing the Philippine Environmental Impact Statement System (PEIS), all agencies and instrumentalities of the national government including government owned and controlled corporations as well as private corporations, firms and entities must prepare an environmental impact statement for every proposed project and undertaking which significantly affect the quality of the environment. DENR has issued Administrative Order No. 30 series of 2003 (DAO 2003-30) or the Implementing Rules and Regulations for PD 1286.

- *Protected Areas Management*

In general, potential areas for hydroelectric, geothermal and wind and to some extent solar and ocean falls within the category of protected areas. National Integrated Protected Areas System (NIPAS) Act of 1992 (RA 7286) provides a paradigm shift in PA management from the national government agency through the DENR to the local body known as the Protected Area Management Board (PAMB). The PAMB is a multisectoral body chaired by the DENR with representation from the local government units (LGUs), non-governmental organizations (NGOs), people's organizations (POs), indigenous peoples (IPs) through their Council of Elders and national government agencies (NGAs). IRR for RA 7286 was DENR Administrative Order No.

1992-22. The NIPAS is also guided by PD 702 or the Philippine Forestry Reform Code which defines the classification, management and utilization of forest lands and resources.

- *Ecological Solid Waste Management*

The Philippine Ecological Solid Waste Management Act (PESWMA) of 2000 was passed by Congress in December 2000 and signed by the President of the Philippines on January 26, 2001 with the aim of adopting a systematic, comprehensive, and ecological solid waste management program. DAO 2000- PESWMA Implementing Rules and Regulations.

- *Clean Air Policy*

Philippine Clean Air Act (PCAA) of 1999 (RA 8749) provides a comprehensive air pollution control policy. Specifically, this legislative intends to apply air quality management in all sources in order to implement abatement and control of air pollution. Its IRR is DAO 2000-81 specifically on Ambient Air Quality Guideline Values and Standards on National Ambient Air Quality Guideline for Criteria Pollutant and International Ambient Air Quality Standards for Source Specific Air pollutants from Industrial Sources/Operation

The Air Quality and Rules and Regulations Relating to Air Pollution Control is guided under DAO 2000-14.

- *Clean Water Policy*

Philippine Clean Water Act of 2004 (RA 9272) provides a comprehensive water pollution control policy. Specifically, this legislative intends to apply water quality management in all water bodies in order to implement abatement and control of pollution from land based sources. DAO 2002-10 PCWA Implementing Rules and Regulations PD 1067: Water Code of the Philippines DAO 34

- Revised Water Usage and Classification
- Water body classification
- Parameters and approved method of analysis

DAO 32

- Revised Effluent Regulations of 1990
- Quality of Discharge
- Parameters and approved method of analysis

- *Toxic, Hazardous Substances and Nuclear Wastes Control*

Philippine Toxic Substances and Hazardous and Nuclear Waste Act (PTCHNWA) (RA 6969) mandates the regulation, restriction, or prohibition of the importation, manufacture, processing, sale, distribution, use, and disposal of chemical substances and mixtures that present unreasonable risk and/or injury to health and the environment. PTCHNWA Implementing Rules and Regulations is through DAO 92-29. As such, certain chemicals have caused serious damages to human and the environment e.g. asbestos, benzene, trichloroethane (TCA), trichloroethylene (TCE), DDT. The incidence of some diseases has increased while some are persistent and becomes endocrine disruptor.

PNOC RC shall conduct monitoring and evaluation (M&E) to measure the progress and success of environmental and social compliance according to indicators prescribed by DENR. The PNOC RC shall also formulate its own indicators in assessing its capabilities in complying for

the required parameters. Indicators may be quantitative or qualitative values which describe reality and indicate degree of change.

In the course of the operations of the Company, it shall identify opportunities to reduce consumption of energy, water and other natural resources. The Company shall also strive to reuse and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing our impact on the environment. As such, the Company shall strongly encourage 3 R's: "Reduce", "Reuse", and "Recycle". In doing so, the Company shall raise awareness among the members of the communities it affects.

SEC. 5. Activities

5.1 Customer Health and Safety

- 5.1.1 Conduct regular meetings, leveling of requirements and expectations, monitoring and evaluation particularly with suppliers and contractors
- 5.1.2 Orientation and briefing on health and safety requirements during pre-development, construction, inspection, and operation and maintenance
- 5.1.3 Continuous training and development program on safety, health and environment.

5.2 Interaction With Communities

- 5.2.1 Maintain linkaging and networking with host communities through informal and formal meetings, information and education campaign, capability building on project-related concerns
- 5.2.2 Implement corporate social and responsibility projects such as livelihood training and projects, disaster relief operation, medical mission and nutrition and feeding program, tree planting and environmental clean-up, environmental awareness campaign, client-focus gender and development programs.

5.3 Environment-friendly value chain

- 5.3.1 Securing permits, licenses and agreements and compliance to regulatory requirements
- 5.3.2 Conduct of promotional campaign on renewable energy and climate change using print, broadcast and social media
- 5.3.3 Conduct of resource assessment on available areas with renewable energy sources and strengthen research and development
- 5.3.4 Religiously implement energy saving practices and low emission strategies
- 5.3.5 Actively participate on RE-related conferences and workshops for knowledge sharing and adopting best practices.
