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Stakeholders' Engagement Policy

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THE CHECKLIST OF EDITIONS/UPDATES

No.	Date	No. paragraph	Brief of changing content	Author of edition/update
1	16.12.2015		The policy development	SESC

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Aim

In accordance with the Code of Ethics and Professional Conduct, the Organisation commits, through the ethics, sustainability and compliance department/ officer and the public relations department, to carry out of its operations in terms of ethics and integrity, transparency, and openness to dialogue with stakeholders. The aim of Stakeholders Engagement Policy is to ensure a sustainable development of Electrica by balancing the interests of shareholders and personnel, in general, with the interests of the clients, small investors, and communities in which Electrica carries out its operations, through an open and continuous dialogue.

Applicability

This policy is applicable to all personnel of Electrica SA and its subsidiaries, in all the activities performed for or on behalf of the Organisation.

Definitions

Stakeholder engagement – the activity performed in order to create opportunities for dialogue between the Organisation and one or more of its stakeholders with the purpose of providing information as a basis for Organisation's decisions¹.

Stakeholder – a person or group that has an interest in any decision or activity of the Organisation²

Social Dialogue – negotiation, consultation or simply exchange of information between representatives of government, employers and workers on issues of common interest relating to economic and social policies³. International Labour Organisation defines social dialogue as a voluntary process through which the representatives of employees, employers, and government exchange information and views, consult, negotiate and reach agreements on issues of common interest. At EU level, social dialogue involves discussions, consultations, negotiations and joint actions undertaken by organisations representing social partners (employers and employees). Art. 138 and 139 of the EC Treaty establishes the consulting of the social partners, at Community level, on all initiatives in the field of employment and social protection.

Consultation – an active dialogue between two or more parties. When we say public consultation, it does not refer only to "collecting" views, opinions and suggestions, but to a constructive participatory and dynamic process, generating efficiency.

Organisation – The ensemble of Electrica S.A.'s structures and its subsidiaries, and other entities from the group, whether they have legal personality or not.

The impact of the Organisation - a positive or negative change to the society, economy or environment, wholly or partly resulting from past and present decisions and activities of the Organisation.

Personnel/ Electrica's personnel – The Management, employees and any other persons working within or on behalf of the Organisation, having a decisional power or not, paid or not,

¹ ISO 26000:2011

² ISO 26000:2011

³ ISO 26000:2011

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no matter the legal form of the agreement they have with Electrica S.A, its subsidiaries and other entities, with or without legal personality, inside the group.

Business partners – all the persons and legal entities the Organisation maintains, initiates or intends to initiate a business relationship with, including institutions or state authorities whose decisions can influence the Organisation's operations.

Social partners – the representatives of the employers and employees (employers' associations and trade union) which have a clear role in managing socio-economic issues: they represent the interests and labour issues in all aspects, from working conditions, continual professional training, to wage standards. The social partners are entitled to hold dialogue on behalf of members and engage in negotiations that can lead to collective agreements. Therefore, the social partners express not only the interests of management or employee, but may during the negotiations, to make commitment statements on their behalf.

Trade Union – a voluntary organisational entity of the employees, established for the purpose of protecting their rights and promoting their professional, economic and social interests before the employer.

Civil society – in a larger sense, all citizens who do not directly take public decisions; in a narrow sense, it represents an assembly of organisations consisting of people who fight for common causes. Members of civil society can be considered the following: social partners (trade unions and employers' associations), nongovernmental organisations, professional and business associations, foundations, associations which represent specific types of enterprises, pupils/ students' associations, associations of schools / faculties, etc.

Community - social human entity whose members are bound together by the indwelling the same territory and by constant and traditional social relations, consolidated in time⁴.

The principles of the policy

1. General Provisions

- 1.1. Electrica's personnel correctly and completely inform stakeholders on all relevant aspects of company's activity.
- 1.2. Electrica conducts an annual consultation of stakeholders to identify the relevant aspects of its operations from their perspective and to prioritize its social responsibility initiatives.
- 1.3. The Organisation provides a forum for dialogue and communication of e partners', customers' and other stakeholders' opinions on Electrica website.

2. Shareholders' engagement

- 2.1. In its economic activities, the Organisation is considering reconciling the interests of its shareholders with its focus on clients, small investors and the community in which it carries out its operations, in order to ensure sustainable development of the Organisation through social responsibility policies.

3. Personnel's engagement throughout trade unions

- 3.1. The Organisation adopts common priorities in collaboration with trade unions and professional associations.

⁴ Dicționar de Sociologie; coordonatori C. Zamfir și L. Vlăsceanu, și alții, Editura Babei, București 1998

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- 3.2. The Organisation, through its representatives, promotes an open and continuous dialogue with trade unions and professional associations.
- 3.3. The Organisation engages the trade unions and professional associations in the decision making consultation process that has direct or indirect effect on the personnel.
- 3.4. The Organisation encourages its representatives to participate in social dialogue structures with the purpose of informing and mutual consultation with other social partners, and identifying solutions to the problems that arose.

4. Authorities' engagement

- 4.1. The Organisation and its personnel ensures the collaboration with local, central authorities, as well as other entities, based on principles of fairness and transparency, without compromising Electrica's independence and economic objectives, with respect to the principles and values of the Code of Ethics and Professional Conduct and the provisions of this Policy .

5. Business partners' engagement

- 5.1. The Organisation builds relationships with business partners on effective, unbiased legal practices of fair competition, adopting an objective conduct in relation to their issues of interest, building long-term partnerships and demonstrating its value and integrity.
- 5.2. The Organisation is fiscally responsible to its stakeholders and commits to implement programs to combat tax evasion at its level, and include appropriate clauses in commercial relations with suppliers, partners and distributors.
- 5.3. The Organisation uses integrity and transparency clauses in all its trade relations with public and private entities and includes in its contracts with business partners a clause on their obligation to comply with the Code of Ethics and Professional Conduct's provisions which are incident to them.

6. Clients' engagement

- 6.1. Electrica bases its relationship with clients on effective, fair and legal practices, building long-term partnerships and demonstrating its value and integrity.
- 6.2. The Organisation and its personnel continuously monitors attaining the predetermined levels of quality, the clients' perception on the quality and the degree in which it reaches to satisfy their needs, in relation to services provided.
- 6.3. The Organisation is attentive to the real needs of its clients and provides competitive solutions both for their present and for their future needs, without altering the fair competition.
- 6.4. Electrica submits for consultation and communicates all those decisions that have direct or indirect effects on clients.
- 6.5. Electrica addresses with an objective attitude its clients' issues of interest.

7. Civil society engagement

- 7.1. Electrica, through its representatives, promotes an open and continuous dialogue with the civil society and the community and submits for public consultation all the decisions that have direct or indirect effects on the community.
- 7.2. The Organisation and its personnel comply with legal regulations, are aware of its responsibility towards the environment and contribute both to the environmental performance and sustainability.
- 7.3. The Organisation and its personnel undertake to remedy all negative consequences of its activities that could not be avoided, while launching programs to prevent similar risks.

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- 7.4. Electrica annually publishes data on energy efficiency and/or results of the development of alternative energies programs.
- 7.5. The Organisation develops, adopts and implements social responsibility programs through participatory processes with social partners and other stakeholders.
- 7.6. The Organisation adopts common priorities in collaboration with the civil society, through NGOs and all other actors directly or indirectly concerned by Electrica's activity.

Rules of enforcement

8. Identify stakeholders

- 8.1. The Organisation through the ethics, sustainability and compliance department/officer, the department/person in charge with marketing, public relations and CSR, legal department, and with support from other competent structures, undertake and annually updates, at the beginning of each period of strategic planning, an identification and analysis process of all stakeholders and draws a stakeholders' map.
- 8.2. In order to identify and analyse stakeholders, the responsible (of the departments) previously mentioned in art.1.1. take into account the following criteria:
 - 8.2.1. The impact - who is positively or negatively influenced by the decisions or operations of the Organisation?
 - 8.2.2. The legitimacy - how justified are the interests of those stakeholders? Does the Organisation have legal obligations towards them?
 - 8.2.3. The contribution (value) – does that stakeholder have any goods, information, expertise or other type of possible contribution that can be useful for the Organisation?
 - 8.2.4. The interest of being involved - to what extent that stakeholder would be willing to take action to the benefit of, along with, or against the Organisation?
 - 8.2.5. The influence - How influential is the stakeholder?
 - 8.2.6. The need to be involved – are there any significant positive/negative effects resulted from the involvement/non-involvement of the stakeholder in the operations of the Organisation?

9. Consultation with stakeholders

- 9.1. The Organisation carries out, at the beginning of each period of strategic planning, annually, and whenever a decision/ plan/ project is launched and produces direct or indirect effects on the stakeholders, a consultation process with the representatives of these stakeholders, using, appropriate to the context, consultation techniques, as:
 - 9.1.1 debates/public hearings,
 - 9.1.2 symposia, round tables
 - 9.1.3 workshops/ planning cells,
 - 9.1.4 world cafes,
 - 9.1.5 any quantitative or qualitative sociological methods of identifying positions that stakeholders have towards the subject in consultation.
- 9.2. The consultation process is jointly organised by ethics, sustainability and compliance department/officer, and departments/persons responsible for marketing, public relations, and CSR, with support from other competent structures within the Organisation.
- 9.3. To conduct the consultation process, an internal committee of experts is established for organising and moderating the consultation. In this committee, external experts with competence in the area subject in consultation may be invited as observers/ advisors.

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- 9.4. At the end of the consultation process, the commission drafts a consultation report which is communicated to the executive/non-executive management of the Organisation by including it in the documentation that substantiate the decisions/plans/ projects.

10. Engaging stakeholders

- 10.1. Electrica invites stakeholders to take part in the participatory monitoring of the implementation of the decisions/plans/projects so that they can be actively engaged in the operations that have a direct or indirect effect on them, and to prevent possible negative side effects produced by the Organisation's activity.
- 10.2. Stakeholders may use the whistleblowing procedure to report any deviations from plans or decisions taken by the Organisation after stakeholders' consultation or any issues affecting stakeholders or the community during the implementation process of these plans and decisions. Use of the whistleblowing procedure by the stakeholders makes an exception from the confidentiality standards applied to notifications/ complaints and involves the clear identification of the person who has submitted it.
- 10.3. The Organisation will respond to these complaints within 45 days from the date of their registration; even if the response requires more detailed assessment of the situation, the Organization will respond not later than 90 days. Electrica will publish the responses on its website in the section dedicated to stakeholder engagement.
- 10.4. The Organisation publishes all information defined in the transparency policy, and keeps them updated, as a mandatory measure for stakeholder informing and engagement.
- 10.5. Electrica SA, through the ethics, sustainability and compliance department, and marketing, public relations, and CSR department issue annually a report at group level, in compliance with the GRI - G4 standard.

Reporting of Non-compliance

Electrica adopts and implements a policy regarding Whistleblowing, based on principles outlined in the Code of Ethics and Professional Conduct. Any employee, customer, supplier, contractor and sub-contractor of the Organisation who is related to its operations, may lodge under conditions that ensure the confidentiality of his identity, notifications or complaints on any action of an employee or a person acting on behalf of the Organisation that would violate the law or internal rules on business ethics and conduct of the Organisation, including the provisions of this policy.

The notification of any breach from this policy may be submitted according to the whistleblowing procedure, at <http://www.electrica.ro/procedura-de-raportare-a-abaterilor-etice/>.