

PRESS RELEASE

Electrica Group launches its first sustainability report

BUCHAREST, December 13 - ELECTRICA Group, leader in the Romanian electricity distribution and supply market, launches the sustainability report for 2016, thus making the first non-financial report of the company, a year before the legal deadline. The report has been developed in accordance with the Global Reporting Initiative (GRI), the most widely used reporting standard, used by over 90% of the world's largest corporations.

Prepared following the consultation of stakeholders, who have identified energy efficiency in the distribution networks, involvement in social responsibility projects and the impact in the economy as major topics of interest, the document may be consulted, in an interactive format, here: <https://www.electrica.ro/category/raportare-nonfinanciara/>.

The sustainability report shows that, in 2016, Electrica Group distributed 40% of the electricity at national level and supplied energy to 3.6 million consumers, over 55% of the electricity supplied by the company to customers on the competitive market coming from renewable sources.

The impact of the company's activity in the economy is significant: the value of taxes and contributions paid by Electrica in 2016 was RON 1.23 bn. Among the largest employers in Romania, the Group has directly and indirectly supported over 21.000 families of employees and contractors, and was actively involved in supporting the communities where it carries out its activity, also launching the first edition of the Grant Program "Electrica puts Romania in a different light".

Concerned with sustainable development, in 2016, Electrica allocated over RON 145 mln for energy efficiency, accounting for more than 25% of the investment plan, the most ambitious in the energy sector.

Distribution companies within the Electrica Group had, in 2016, the best results among the concessionaire operators in Romania, in terms of unplanned interruptions.

"With this first reporting exercise, Electrica reiterates before the stakeholders its commitment in building a relationship based on transparency and trust. At the same time, we are happy to benefit from the active involvement of stakeholders, as an essential element for a solid partnership. This commitment is also supported by our corporate governance strategy, aimed at providing a climate of ethics and accountability within the Group's companies", Cătălin Stancu, CEO of Electrica, has stated.

IMPROVEMENT OF SUPPLY AND DISTRIBUTION SERVICES

During 2016, Electrica Furnizare carried out a wide range of projects for the efficiency of internal systems and processes, and continued to take steps to improve consumers' experience, especially in the online environment, by launching the application MyElectrica - a platform allowing the payment of bills, the management of customer information and

visualization of consumption. Thus, in 2016, approximately 2 out of 1.000 customers submitted a petition to Electrica Furnizare. At the same time, the average duration for solving petitions was reduced by 25%, as well as the time for issuing the offers, by 21%.

In the fields of research, development and innovation, Electrica Group has carried out a number of projects with significant impact for the emergence of new technologies in the energy sector. They were carried out both locally, such as the partnership with OMV Petrom in the E-Mobility field, for the development of the first fast-charging station for electric vehicles, and internationally, the Group being involved in extensive pan-European projects.

CONCERN FOR EMPLOYEES

With over 9.600 employees, Electrica Group is one of the largest employers in Romania, approximately 22% of the Group's employees being women, a percentage specific for the industry and in line with the average at national level, in the energy sector. At the same time, within Electrica Furnizare, the share of women employed reaches almost 60%.

Also, Electrica Group is a responsible employer, constantly working with employees and continuously improving working conditions. In 2016, company employees attended 400.000 hours of training, mainly in the field of health and security at work, as well as fire prevention and extinguishing, first aid or work improvement. On average, an employee attended 42 hours of training in the field of health and security at work.

SUSTAINABILITY AND SUPPORT FOR COMMUNITIES

As leader of the energy market, Electrica assumes responsibility for the environment and the communities where it carries out its activity. Involvement in social responsibility activities is constant, and in 2016, together with organizations such as "Save Children", "Hospice Casa Speranței", "Help Autism", Sera Foundation" or "Let's do it Romania!", Electrica has tried to meet the needs of the Romanian society and, whenever possible, the employees of the company have been involved in volunteer activities.

Also, in 2016, the first edition of the Grant Program "Electrica puts Romania in a different light" was launched, through which funding was provided for projects with local social impact. At the same time, the Group supported projects that promote Romanian values, the partnership with the "George Enescu" International Festival being an example.

ETHICS AND INTEGRITY

With the support of Transparency International Romania, Electrica Group has outlined a transparent and sustainable approach, materialized in 2016 in a new Code of Ethics and Professional Conduct. At the same, the company has integrated clauses dedicated to the Code of Ethics and anticorruption policies in 93% of the contracts with the business partners.

TECHNOLOGICAL DEVELOPMENT

Investments in research, development and innovation, as well as positioning as an important player in the market of new technologies represent one of the main objectives of the Group. Improving the energy efficiency of the electricity distribution networks is a priority, so, in 2016, almost 20% of the total investments, i.e. RON 110 mln, were directed to upgrade the power grids to a smart grid concept.

Reducing the duration and number of interruptions is another important concern of Electrica Group. Thus, in 2016, Electrica invested RON 47 mln in the installation of SCADA* systems,

in order to improve the distribution systems, and by 2018, it aims to reach an increase by over 20% of the degree of integration of the transformation stations into the SCADA platform. Under these circumstances, the electricity distribution companies within Electrica Group had the best results among concessionaire operators in Romania, in terms of unplanned interruptions.

**The SCADA (Supervisory Control and Data Acquisition) System is a technology that provides the operator with the possibility to receive information from remote equipment and send a set of instructions to them.*

The Sustainability Report for 2016 is the first report of Electrica Group regarding non-financial information and includes the reporting period 1 January 2016 - 31 December 2016. Partner in developing the report is Deloitte Consultanță SRL. To prepare the report, the indicators defined in the Global Reporting Initiative (GRI) have been applied, while complying with the principles for defining content and quality. The material topics addressed in this report have been analyzed using the Generic and Specific Indicators of the GRI Standard, as well as the Specific GRI G4 Standard for the energy sector, applying the Core option of the Standard. Starting with this report, Electrica Group plans to report annually the non-financial information.

Electrica Group is a market leader in electric power distribution and supply of Romania, as well as one of the most important players in energy services branch. Its top position is sustained both by its economic results, and by an experience in the field of almost 120 years.

Electrica Group is providing services to over 3.6 million customers and is operating at national level – organized in three zones for electric power distribution: Transilvania Nord, Transilvania Sud, Muntenia Nord and all over the country for the electric power supply and for maintenance and energy services. Since July 2014, Electrica is a company with majority private capital, listed on Bucharest and London Stock Exchanges. Electrica is the only Romanian company in electric power distribution and supply of Romania.

For more information about Electrica Group, see the company's website www.electrica.ro.