

CEZ DISTRIBUTIE S.A.

Stakeholder Engagement Plan  
2015-2016 Investment Programme

April 2015

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## 1 INTRODUCTION

Dear Reader/Stakeholder,

This Stakeholder Engagement Plan (SEP) provides the framework requirements and applied processes for stakeholder engagement and public consultation, stakeholder identification and grievance mechanism planned for CEZ Distribuție's 2015-2016 Investment Programme in South-Western Romania. This document is intended for public disclosure and will be made available in Romanian language by CEZ Distribuție.

Please do not hesitate to contact us in case of any queries, comments or suggestions that you may have in relation to this SEP or to company's operation using below contact details. Thank you.

- regular mail or in person: CEZ Distribuție, 2 Brestei St., Craiova, 200 581, Dolj County, Romania
- phone number: +40 251 215 002
- e-mail: [cez\\_distributie@cez.ro](mailto:cez_distributie@cez.ro)
- web portal: [www.cez.ro](http://www.cez.ro)

In case specific projects included in the 2015-2016 Investment Programme are classified by the environmental authorities as having potential significant impact on the environment, CEZ Distribuție will produce and disclose to the public the project level ESAPs, NTSs and SEPs.

### 1.1 *Objectives of Stakeholder Engagement Plan (SEP)*

The primary objective of the SEP is to map out the strategy for engaging the various stakeholder groups and public in CEZ Distribuție's activities related to the projects included in the 2015-2016 Investment Programme. The SEP identifies and describes the key CEZ Distribuție stakeholders, summarizes the process of how consultation will work, how feedback or comments will be taken into account and how any grievances will be handled.

### 1.2 *Background of CEZ Distribuție operations*

CEZ Distribuție is part of CEZ Romania Group ("the Group"), operating in the country starting 2005 when the Group took over the power distribution company Electrica Oltenia. CEZ Group in Romania comprises the companies: CEZ Romania, CEZ Distribuție, CEZ Vanzare, CEZ Trade Romania, TMK Hydroenergy Power, Tomis Team, Ovidiu Development, MW Team Invest.

CEZ Romania coordinates and provides management support and consultancy to the Group companies ensuring a uniform approach to policies and strategies across the Group. Services provided by CEZ Romania to the

companies within the Group include Communication and Public Relations and Human Resources

CEZ Distribuție owns all the power distribution assets after the 2007 unbundling of the Group's electricity production and distribution activities in line with EU requirements. The Company's activities include operation, maintenance and development of equipment for electricity distribution between power producers and consumers.

The Company operates following facilities:

- 9,286 km of high voltage (110 kV) transmission lines;
- 21,490 km of medium voltage (20 kV or 6kV) transmission lines;
- 58,431 km low voltage transmission lines;
- 143 transformer stations 110/20kV;
- 10,284 distribution stations (MV/ LV) 20/6/0.4 kV;
- 142 MV/LV substations and switching substation;
- 1,423,452 installed power meters.

The Company identified, among others, operational efficiency and infrastructure modernization as two of their main challenges.

To address the increased pressure for energy efficiency, the Company initiated a programme of gradual implementation of new technology on the existing worn grid infrastructure. The 2015 - 2016 Investment Programme subject to EBRD financing represents a continuation of this currently ongoing modernization plan initiated in the previous years.

The 2015 - 2016 Investment Programme comprises 108 projects including low and medium voltage transmission lines (overhead and underground) modernization/upgrades, electrical stations modernization or construction and transformer stations upgrades/modernization. The programme does not include any projects related to high voltage (110 kV) transmission lines.

### 1.3

#### *General Social Context*

CEZ Distribuție headquartered in Craiova, provides power supply in seven counties in southern Romania: Dolj, Olt, Gorj, Valcea, Mehedinti (together also known as Oltenia SW Development Region) and Arges and Teleorman.



Source: <http://cez-doina-vornicu.blogspot.ro/>

Oltenia SW Development Region covers an area of about 29,000 km<sup>2</sup> and has a population of some 2.2 mio inhabitants. Arges County has a population of 650k inhabitants, while Teleorman County has approximately 370k people. Population structure by gender is about 50/50, as is the split of rural/urban population with the exception of Teleorman, where 32% of the people live in the cities and 68% in rural communities.

(2013-2014 data, source: <http://www.dolj.insse.ro/>, <http://www.arges.insse.ro/>, <http://www.teleorman.insse.ro/>).

Average gross monthly salary in Romania in 2015 is about 2,415 RON (equivalent to approximately EUR 550).

CEZ is deeply involved in communities social programs, as well as in the partnerships with local authorities within all the seven countries, involving cultural workshops, trees replanting, acquisition of medical equipment for public hospitals, acquisition of furniture for medical clinics, cleaning parks and forests, books exhibitions, sport support , helping poor families with food, clothes and home electronics, rehabilitation of churches, kindergartens and local marketplaces, electricity discounts and other sponsorship activities.

## 2 ***PUBLIC CONSULTATION REQUIREMENTS AND STAKEHOLDER ENGAGEMENT TO DATE***

### 2.1 ***Romanian legal requirements for public consultation***

The Romanian legislation states that the public should be informed about the projects which have a potential significant impact on environment, to have the opportunity to comment on the information provided to it during the development/discussion of the project. Such projects are subject to the full procedures for Environmental Impact Assessment (EIA), and the related public consultation procedures.

Classification of the projects falling under full EIA procedure is provided in the Annexes of the EU EIA Directive on environmental impact assessment. For example, high-voltage overhead power lines falls under full EIA, while other projects are subject to screening stage to determined, based on specific criteria (e.g. location, sensitivities) if an EIA is needed.

For majority of the projects, the authority in charge with conducting EIA procedural steps is the Local (County) Environmental Protection Agency (LEPA), while National Environmental Protection Agency (NEPA) is responsible when a project crosses more counties.

The main organisational form of determining the public opinion is public hearings. Public hearings are organized by the project developer, are announced in newspapers in local languages with 20 days in advance and announce submittal of the EIA Report, the modalities to review the documents and submit the comments and the details on public hearing (location, date, hour etc.).

Participants of public hearings include interested public, public and non-governmental organisations and associations, local executive and representative bodies, governmental bodies authorised to make relevant decisions, mass media. During the hearings, any participant has the right to express his or her opinion, address questions related to the project. The results of public hearings shall be recorded in the Minutes of Public hearing which will be attached to the permitting documentation.

In addition to the public hearings, various public announcements should be posted on the company website, on LEPA's website or in newspapers.

### 2.2 ***Stakeholder actions to date by CEZ Distributie***

All of the projects developed by CEZ Distributie to date, including the projects from the 2015-2016 Investment Programme which were already initiated, are considered by the LEPAs to *not* pose a potential significant impact on the environment. Hence, the projects are subject only to short EIA procedures for

which public hearings are not required. The projects were disclosed to the public mainly through public announcements in media.

CEZ did not receive any comments related to environmental or social issues as a result of such announcements.

Data on scheduled maintenance activities, extension of networks, rehabilitation of facilities etc. are regularly announced by the company using printed media, radio, TV or other available channels.

### ***IDENTIFIED STAKEHOLDERS AND COMMUNICATION RESPONSIBILITIES***

Stakeholder engagement is coordinated at Group level by the Public Relations and Internal Communication Departments of CEZ Romania.

Stakeholders for the 2015-2016 Investment Programme were identified on the basis of groups and individuals that will potentially be impacted by or can have influence on the investment programme. The following stakeholder groups have been identified:

1. Administrative bodies and authorities at local, county and national level;
2. Land users and local communities in the area of a specific project planned as part of the investment programme;
3. General Public / NGOs / independent experts;
4. Internal Stakeholders (employees, contractors, major equipment suppliers);
5. Mass media;
6. Other companies within the CEZ Group.

The main groups of stakeholders identified so far are listed in Table 3.1. of Annex A of this SEP. The list will be updated and modified in the course of the 2015-2016 Investment Programme development to reflect any changes in the investment programme's stakeholders (e.g. add new stakeholders).

Dear Reader/Stakeholder:

If you are not included on the below stakeholder list and wish to receive information about the 2015-2016 Investment Programme, please contact our company by using the contact details specified in Section 1 of this SEP.

**Table 3-3-1 Identified Groups of stakeholders**

Group of Stakeholders	Stakeholders
<b>1. Administrative Bodies and Authorities</b>	<ul style="list-style-type: none"> <li>- National /central authorities (e.g.: ANRE, M of Energy, Government, M of Economy etc.)</li> <li>- County authorities (e.g.: Emergency Situation Inspectorate, Labour Inspectorate, Local Environmental Protection Agency, County Council, National environmental Guard – County Office, other regulatory bodies etc.)</li> <li>- Local authorities (e.g.: mayoralties etc.)</li> </ul>
<b>2. Land users and population of the villages</b>	<ul style="list-style-type: none"> <li>- Villages and localities potentially impacted by implementation of the 2015-2016 Investment Programme.</li> </ul>
<b>3. General Public / NGOs / Independent experts;</b>	<ul style="list-style-type: none"> <li>- environmental, scientific-social and research organizations, experts, general public;</li> <li>- General public</li> <li>- Non-governmental social and environmental organizations</li> </ul>
<b>4. Internal Stakeholders</b>	<ul style="list-style-type: none"> <li>- Company staff ;</li> <li>- Contractors and contractors’ staff;</li> <li>- Major equipment suppliers.</li> </ul>
<b>5. Mass media</b>	<ul style="list-style-type: none"> <li>- county, regional and national newspapers</li> <li>- internet-based media</li> <li>- local, regional and national radio, TV.</li> </ul>
<b>6. Other companies within the CEZ Group</b>	<ul style="list-style-type: none"> <li>- CEZ Romania</li> <li>- CEZ Vanzare</li> <li>- CEZ Trade Romania</li> <li>- TMK Hydroenergy Power</li> <li>- Tomis Team</li> <li>- Ovidiu Development</li> <li>- MW Team Invest</li> </ul>

## *STAKEHOLDER ENGAGEMENT PROGRAM*

The Company has identified specific project information that is to be disclosed to each group of stakeholders and defined the ways of communication with each of them.

The Company has developed the following procedures for establishing clear internal and external communication:

- Management of internal communication;
- Management of external communication;
- Management of external communication with the regulatory authorities;
- Management of communication in crisis situations;
- Management of Corporate Social Responsibility (CSR) activities.

For each stakeholder group the anticipated information disclosure needs and means of communication are summarised in the table 4-1 below.

*Table 4-1 Stakeholder Engagement Programme for the 2015-2016 CEZ Distributie's Investment Programme*

Information Disclosed or Engagement Actions	Form(s) of communication	Location and Dates	Target Stakeholders	Responsibilities
EIAs outcomes and mitigation measures considered, in line with national regulations, <i>only in case projects within the 2015-2016 Investment Program require EIAs or AAs (Appropriate Assessments)</i>	Public hearings Posters, public announcements at local offices of CEZ Distributie and on CEZ Distributie website, according with the requirements of the national regulations.	Community center the relevant villages	Local population; Administrative Bodies and Authorities Landowners/farmers in the project area that may be directly impacted; General Public / NGOs / Independent experts Mass media	CEZ Distributie in collaboration with Local Environmental protection agency and EIA/AA expert
Non-technical summary (NTS) Environmental and Social Action Plan (ESAP), Stakeholder Engagement Plan (SEP), <b>Grievance Mechanism</b> (High level or for each project with significant impact on local population and/or environment)	Upload on company website at www.cez.ro - In printed / hard copy forms at CEZ Distributie Customer Care Centres	Initial disclosure: 2015 Updated versions: as needed, on on-going and project basis	General Public and Local population;	CEZ Distributie
Specific Projects information prior starting any rehabilitation/construction works (leaflets, posters) relevant for local public, in line with national regulations.	Information panels in affected villages for each of the Project in the Investment Programme with <b>significant impact</b> on local population and/or environment, information disclosed on company	Information panels Disclosed information updated as needed on on-going basis	Local population Landowners /farmers in the projects area	CEZ Distributie

Information Disclosed or Engagement Actions	Form(s) of communication	Location and Dates	Target Stakeholders	Responsibilities
	website, according with the requirements of the national regulations			
General support to and engagement with local communities	Direct communication with local administrations	Ongoing basis/as needed/feasible	Local population	CEZ Distributie

### Reporting Grievances

A grievance is an actual or perceived problem or other issue related to a project of the investment programme that might give grounds for complaint by a member of the public or other stakeholders. As a general policy, the Company will work pro-actively towards the prevention of grievances through the implementation of impact mitigation measures and community liaison activities that enable CEZ Distributie to anticipate and address potential issues before they become grievances.

Nevertheless, should grievances emerge, the Company is committed to addressing these in a timely and effective manner in accordance with Romanian Law, international best practice and the Company's Internal Grievance Procedure.

A Public Grievance Form (provided in Annex B) should be completed by anyone wishing to lodge a grievance in written form. The form comprises fields for (i) the name and contact details of the person lodging the grievance (for the purposes of enabling communication on grievance process and its resolution) including preferred means of communication, (ii) description of the grievance/incident, (iii) the date when the grievance/incident occurred, (iv) grievance resolution outcome expected by the person lodging the grievance, (v) grievance categorization and (vi) indication on the expected resolution time as per the Company procedure.

This Form is available in Romanian language at Company's offices in all the seven counties, on the website. . .

The grievance procedure also allows for the less-formal processing of grievances that may be verbally received from land users in the Projects area, whereby there may be certain limitations induced in such cases in terms of feedback possibilities by the Company (e.g. if such land users only sporadically use the land and a contact address/number is not known).

The Grievance Procedure will be advertised on company website at [www.cez.ro](http://www.cez.ro) and on printed / hard copy forms at CEZ Distributie Customer Care Centres

#### How to Register a Grievance?

There are several ways that a grievance can be registered:

- By sending a completed Grievance Form to one of our offices:

	NAME OF CRC	ADDRESS	WORKING PROGRAM
1	PITESTI	STR. DARZU , NR.1A	Monday-Friday 8:00 - 17:00
2	CRAIOVA	STR. ROMANIA MUNCITOARE , NR.13	Monday-Friday 8:00 - 17:00
3	TG-JIU	STR. G-RAL Gh. MAGHERU, BL. 6, PARTER	Monday-Friday 8:00 - 17:00

4	DR.TR.SEVERIN	B.DUL REVOLUTIEI, NR, 19	Monday-Friday 8:00 - 17:00
5	SLATINA	STR. PRIMAVERII, NR.18B	Monday-Friday 8:00 - 17:00
6	ALEXANDRIA	STR. DUNARII, NR. 145	Monday-Friday 8:00 - 17:00
7	RM.VALCEA	STR. STIRBEI VODA, NR.7	Monday-Friday 8:00 - 17:00
8	Caracal	STR. PIATA VICTORIEI, BL. 1ABC, PARTER	Monday-Friday 8:00 - 16:00
9	Rosiori de Vede,	Str. Oituz, Nr. 11, Judet Teleorman	Monday-Friday 8:00 - 16:00
10	Dragasani,	Str. Gherea, Nr. 414, Bl.T3, Sc. E, Parter	Monday-Friday 8:00 - 16:00
11	Bailesti,	str. Victoriei, Nr.98, Judet Dolj	Monday-Friday 8:00 - 16:00
12	Videle,	Aleea FRE, Nr. 1, Judet Teleorman	Monday-Friday 8:00 - 16:00
13	Campulung,	Str. Nicolae Iorga, Bl.3, Sc. A, Ap.3, Judet Arges	Monday-Friday 8:00 - 16:00

- By contacting the Customer Care Department tel: 0251 929;
- By sending an email to the following address: cez\_crc@cez.ro
- By calling our company at: 0251 929
- By web portal at: www.cez.ro

### Confidentiality

Some grievances may be raised in confidence under this procedure. Grievances will not be disclosed without the consent of the stakeholder.

### Grievance Procedure

CEZ Distributie handles grievances received in line with the "Registration, Investigation, Resolution of Grievances" (PO-05-01-01#04 Inregistrarea, investigarea si solutionarea petitiilor primite in companiile CEZ, unde proprietar operational de proces este CEZ D) implemented at the Company.

The procedure addresses the process of receiving, recording, investigation, resolution, reporting and response to grievances received and is interconnected with other specific procedures implemented at the Company. Responsibilities are appropriately defined for each process stage. The procedure also provides for continuous improvement based on feedback from all involved in handling the grievance process.

Five process streams are defined for handling the grievances, pending on how the grievance is received: (i) by email or by fax, (ii) by regular mail or in person/verbal, (iii) through the call centre, (iv) through the client relations centre or (v) through the web portal.

In all cases, once received, a grievance is registered, managed and tracked using the SAP business operations and customer relations software system used and operated by the Company. Once received grievances are processed according to clearly defined five different work streams but generally following the main phases indicated in the table below:

Recording Phase		Resolution Phase		Monitoring Phase
Grievance recording and allocation	Classification	Analysis and Resolution	Response to grievance	Reporting and evaluation
<ul style="list-style-type: none"> <li>•Grievance receipt (through five possible streams)</li> <li>•Grievance allocation to the relevant grievance administrator and recording in SAP system</li> </ul>	<ul style="list-style-type: none"> <li>•Grievance clasification by grievance administrator</li> <li>•Assignment of resolution deadline (with consideration of legal requirements when applicable)</li> </ul>	<ul style="list-style-type: none"> <li>•Grievance allocation to relevant employee or Company department for analysis and resolution</li> <li>•Grievance analysis and resolution</li> </ul>	<ul style="list-style-type: none"> <li>•Preparation and provision of response to grievant</li> <li>•Grievance closure</li> </ul>	<ul style="list-style-type: none"> <li>•Periodic monitoring based on key performance indicators (KPI) when applicable, reporting, continuous process improvement</li> </ul>

Between 2010- March 2015 there were five grievances related to environmental topics and all were registered and appropriately addressed. These grievances refer to a small amount of waste which was not collected, being abandoned after the maintenance of the power network and piles, noise due one transformer and wood which was not collected after scheduled deforestation.

### Workers' Grievances

CEZ Distributie has implemented a general Appeals and Complaints Handling Procedure (*PO-07-02-06#01\_Sesizari si reclamatii*), allowing for appropriate internal grievances management pertaining to human resources/labour aspects. The procedure addresses suggestions, complains requests and proposals filed by employees or former employees with respect to aspects including salary rights/compensation, absence, retirement, etc. as specified by internal regulations.

The procedure addresses the process of receiving, recording, investigation, resolution, reporting and response to all documents mentioned above, called generically grievances. Responsibilities are defined for each process stage.

Human resources/labour grievances submitted in writing (by letter or email) to the Registration Office are forwarded to the relevant managers of specific activities within HR Department. Grievances received by HR Department either through the Registration Office or directly from grievant are entered in the electronic application for documents management. The grievance is then

forwarded to the Legal Representative for recommendations on the grievance resolution process, and then submitted to the relevant managers within in HR Department who allocates it to the relevant HR specialist for resolution. The specialist in charge drafts the answer to the grievance which, after the Legal Representative's review and resolution of any comments, is submitted to the grievant. The term for answering a grievance is 30 days from the day of registration.

## **Annex A**

### Stakeholder List and Contact Details

**Administrative Bodies and Authorities (local, county and national level)**

<b>Name</b>	<b>Contact details</b>	<b>Responsibility / Involvement in the project/project area (if applicable)</b>

**NGOs / Independent experts**

<b>Name</b>	<b>Contact details</b>	<b>Responsibility / Involvement in the project/project area (if applicable)</b>

**Major equipment suppliers and contractors**

<b>Name</b>	<b>Contact details</b>	<b>Responsibility / Involvement in the project/project area (if applicable)</b>

**Mass media**

<b>Name</b>	<b>Contact details</b>	<b>Responsibility / Involvement in the project/project</b>
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		area (if applicable)

**Other companies within the CEZ Group**

Name	Contact details	Responsibility / Involvement in the project/project area (if applicable)

## **Annex B**

### Public Grievance Form



### GRIEVANCE FORM

Date	
Reference no.	
<b>Distributor of electric energy</b> SC CEZ Distributie SA Str. Brestei, Nr. 2 Craiova, jud. Dolj, CP: 200581 Tel: 0251 929 Fax: 0248 524834 <a href="mailto:cez_distributie@cez.ro">cez_distributie@cez.ro</a> Other details:	
<b>CONTACT INFORMATION</b>	
<b>Final customer</b>	
Full Name of contract holder or name of company:*	
Code of final customer	
Code of metering point/Code of consumption place :	
Please mark how you wish to be contacted (mail, telephone, e-mail)	<input type="checkbox"/> <b>By Post: Please provide mailing address:</b> _____
	<input type="checkbox"/> <b>By Telephone:</b> _____
	<input type="checkbox"/> <b>By e-mail:</b> _____
	<input type="checkbox"/> <b>By Fax:</b> _____
Legal representative:	
<b>GRIEVANCE OF FINAL CUSTOMER</b>	
<b>Description of problem</b> (What happened? Where did it happen? Who did it happen to? What is the result of the problem?)	
Finding date of the nonconformity:*	<input type="checkbox"/> <b>One time incident (data _____)</b> <input type="checkbox"/> <b>Happened more than once (how many times? _____)</b> <input type="checkbox"/> <b>On-going (currently experiencing problem)</b>
Please check the category afferent to problem sensed*	<input type="checkbox"/> •Contractual clauses regarding distribution of electricity <input type="checkbox"/> •Billing of distributed electricity <input type="checkbox"/> •Consumption and value of invoice for distributed electricity <input type="checkbox"/> •Not recorded payments/erroneous payments allocation for distributed electricity <input type="checkbox"/> •Continuity in electricity supplying <input type="checkbox"/> •Quality of distributed electricity <input type="checkbox"/> •Functioning of metering groups <input type="checkbox"/> •Change of supplier <input type="checkbox"/> •Information of final customers related to distributed electricity <input type="checkbox"/> •Performance standard for electricity distribution <input type="checkbox"/> •Others - distributed electricity
Additional information:	.....
<b>Requests of final customer:</b>	
Please check the category afferent to your request*	<input type="checkbox"/> •Payments calendar for distributed electricity invoices <input type="checkbox"/> •Compensations in accordance with performance standard for distributed electricity <input type="checkbox"/> •Verification of meter <input type="checkbox"/> •Invoice reversal <input type="checkbox"/> •Verification and remedy measures <input type="checkbox"/> •Others
For other type of request please provide more details:	.....
<b>Attached documents</b>	
List with supporting documents	_____
Fields marked with * are mandatory. Sending data mentioned above is granting your accept for confidential data processing and declaration on own responsibility that provided information are correct. Please return this form filled via one of contact channels mentioned above.	
Signature: _____	

## **Annex C**

### Summary of 2015-2016 CEZ Distributie's Investment Programme

CEZ Distributie is committed to protect the environment and to have a major contribution to wellbeing of the community.

Therefore, CEZ Distributie Investment programme is focusing on network modernization, grid expansion including new connections, reducing technical losses and installing smart metering.

The 2015 - 2016 investment programme includes 108 projects for modernization of electrical stations and upgrade of existing medium and low voltage transmission lines including transformer stations. All works associated with electrical stations modernization are performed within the premises of existing facilities. Medium and low voltage transmission lines upgrades include replacement of insulating elements and cable supports, in certain situations electrical cable replacement, replacement of existing damaged poles, installation of transformer units/cabinets. Any new infrastructure elements (transformer units, new poles, underground transmission line sections, connection points) will be built on public land. In case the new poles replacing existing ones are to be built on new locations (limited situations), these will be located adjacently to existing, damaged poles locations. In cases where undeveloped areas are affected, the initial conditions will be reinstated at the end of construction works.

The investment programme implementation is not associated with significant environmental impacts.